

DATE: September 15, 2016

TO: Mayor Stokes; Members of the City Council

FROM: Brad Miyake, City Manager

SUBJECT: Highland Village Apartment Update

As Council is aware, in July and August several entities came together to address the potential purchase of the Highland Village apartment community, located in the Crossroads area. The effort was prompted by the announced pending sale of the property to a developer intending to redevelop the property with market-rate townhomes.

Due to the affordability of the units and the high proportion of families with children in the Bellevue School District potentially impacted by relocation, the King County Housing Authority (KCHA) stepped forward to coordinate a public purchase of the property, with the intention of maintaining and operating the current complex. This action preserves 76 units of housing affordable to families with incomes of generally below 60 percent of median income. In addition, it allows about 85 children living in the complex to continue their education in their current schools.

The purchase negotiated by KCHA will require the resources of several public entities. While the Housing Authority is contributing the lion's share of funds and taking on the on-going maintenance and operations, it is anticipated that several other public funders will contribute funds to the purchase. Those partners include the City of Bellevue, King County and the State of Washington.

The details of the transaction are being worked through, and will come back to the City Council and other agencies for formal approval in the next several weeks. The total purchase price for the complex is \$20 million with Bellevue contributing \$2 million of that total. Bellevue's share will likely be structured to provide half of the contribution in the next few months, with the remaining \$1million spread over the next four years.

Tonight's meeting is an opportunity to recognize the regional collaboration and quick work required not only by the partner agencies listed above, but by the residents of Highland Village and various supporting agencies that ensures preservation of this affordable housing. Formal action approving the transaction is expected at a future Council meeting.