

May 15, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing execution of the Grant Agreement to provide the King County Housing Authority \$2 million in 2017 from the City's Housing Fund to contribute to the acquisition of the Highland Village Apartments.

FISCAL IMPACT

This Grant Agreement obligates the City to fund a total of \$2 million from the City's Housing Fund to contribute towards the acquisition of the Highland Village Apartments. Sufficient funds exist within the 2017-2018 Housing Fund Budget to cover this obligation in 2017. Alternatively, the City may consider funding \$1 million from the Housing Fund in 2017, followed by an additional \$1 million dollars spread across the following four years for a total of \$2 million. In this alternative, funding for the latter three years of the contract would be requested during the 2019-2020 and 2021-2022 biennial budget processes.

STAFF CONTACTS

Dan Stroh, Planning Director, 452-5255

Janet Lewine, Associate Planner, 452-4884

Department of Planning and Community Development

POLICY CONSIDERATION

Comprehensive Plan:

Bellevue funding for this property is consistent with Comprehensive Plan policies HO-21, 22, 25, and 26 that:

- Address the entire spectrum of housing needs, including the need for affordable housing for very low, low, and moderate income households;
- Promote regional cooperation to create affordable housing;
- Provide funding to support housing needs, especially for low and very low income households; and
- Partner with not-for-profit agencies to provide permanent low-and moderate-income housing.

BACKGROUND

In the fall of 2016, the Council orally agreed to contribute \$2 million from the City's Housing Trust Fund to assist in the acquisition of the Highland Village Apartments. This Resolution authorizes execution of a Grant Agreement with the King County Housing Authority (KCHA). The Agreement establishes the terms of the City's funding and enables the City's payment of its contribution to the project.

(This information previously provided in a September 19, 2016 Management Brief)

In July and August of 2016 several entities came together to address the potential purchase of the Highland Village apartment community, located in the Crossroads area (14526 NE 7th Place). 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, KCHA stepped forward to coordinate a public purchase of the property, with the intention of maintaining and operating the current complex. This purchase preserves 76 units of housing that is affordable to families with incomes that are generally below 60 percent of median income. In addition, the purchase 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 KCHA is contributing the lion's share of funds and assuming the on-going maintenance and operations, several other public entities will contribute funds to the purchase. Those additional partners are King County and the State of Washington. The total purchase price for the complex is \$20 million with Bellevue contributing \$2 million of that total.

(New information)

The purpose of the Grant Agreement is to reimburse KCHA for a portion of the funds it has provided for the acquisition of the Highland Village Apartments. If KCHA had not purchased the 76-unit multifamily property, it would have been demolished and replaced with for-sale market rate townhomes. The City Council has identified affordable housing as a key priority. Preservation of these existing low-income apartments otherwise threatened by development helps advance this Council priority and allows for many existing low-income families with children to remain in Bellevue.

In the September 19, 2016 Management Brief, the structure of the City's contribution was represented as providing half the contribution in 2017, with the remaining \$1 million to be contributed over the next four years. After further examination of contract options, staff instead recommends Council authorize payment of the entire \$2 million in 2017 as this option would result in reduced resource demands and ease administration. Funds are available in the City's Housing Fund to contract the \$2 million in 2017.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS

1. Adopt the Resolution authorizing execution of the Grant Agreement to provide the King County Housing Authority \$2 million in 2017 from the City's Housing Fund to contribute to the acquisition of the Highland Village Apartments.
2. Adopt the Resolution authorizing execution of the Grant Agreement to provide the King County Housing Authority \$1 million in 2017 from the City's Housing Fund, and an additional \$1 million across the following four years for a total of \$2 million to facilitate the acquisition of the Highland Village Apartments.
3. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No. 9271 authorizing execution of the Grant Agreement to provide the King County Housing Authority \$2 million in 2017 from the City's Housing Fund to contribute to the acquisition of the Highland Village Apartments.

ATTACHMENTS

- A. City Recoverable Grant Agreement between City of Bellevue and King County Housing Authority
- B. Bellevue Affordability Covenant
- C. Highland Village Management Brief September 19, 2016
Proposed Resolution No. 9271

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N/A