

CITY COUNCIL AGENDA TOPIC

Resolution authorizing the City Manager, or her designee, to partially reconvey and release certain interests in real property, located in Bothell, Washington, that were recorded as part of an ARCH Housing Trust Fund loan for the Samma Senior Apartments affordable housing project.

Emil King, Director, 452-7223
Thara Johnson, Planning Director, 453-4087
Community Development

Lindsay Masters, Executive Director, 861-3677
Patrick Tippy, Investments Manager, 305-5364
ARCH

EXECUTIVE SUMMARY**ACTION**

This resolution authorizes the City Manager, or her designee, to execute (1) a “Request for Partial Reconveyance [of a Deed of Trust] without Satisfaction”, and (2) a “Partial Release of Regulatory Agreement and Declaration of Restrictive Covenants”, which will facilitate a future dedication to Sound Transit to construct/complete the SR-522 Bus Rapid Transit (BRT) project.

RECOMMENDATION

Move to adopt Resolution No. 10492

BACKGROUND/ANALYSIS

On October 12, 2022, the ARCH member cities, by and through their administering and fiscal agent, the City of Bellevue, executed certain loan documents with the Samma Senior Apartments LLC in connection with an award of \$2,500,000 in Housing Trust Funds.

The \$2.5 million loan was comprised of an initial award of \$500,000 from the ARCH members; and a subsequent allocation of \$2,000,000 by the City of Bellevue, which was donated to the City, specifically for the housing project, by Amazon. As a result of the loan, 76 studio apartments will be constructed in Bothell, Washington to serve the region’s senior population (55+) with household earnings at or below 50% of the area median income (AMI).

To secure the loan, the Samma Senior Apartments LLC conveyed/recorded a deed of trust in favor of the ARCH member cities. Additionally, the Samma Senior Apartments executed/recorded a restrictive covenant, identifying the ARCH member cities as grantees, to preserve the affordability of any units constructed for a period of fifty (50) years.

In 2023, the City of Bothell required a right-of-way dedication from the Samma Senior Apartments to accommodate a SR-522 Bus Rapid Transit (BRT) project for Sound Transit. To facilitate the City of Bothell’s acquisition, the Bellevue City Council, in its capacity as the Administering Agency for ARCH, authorized a partial reconveyance of the aforementioned deed of trust and a partial release of the aforementioned recorded covenant. See Resolution No. 10290. This reconveyance and release

removed only a small portion of the property (132.72 sq. feet) from the interests conveyed/granted to the ARCH member cities. Sufficient collateral, amounting to .886 acres (38,627 sq. ft) of improved property, remained subject to the previous recorded deed and covenant to secure ARCH's investment.

To complete the BRT, Sound Transit now requires an additional dedication of property from the Samma Senior Apartments. Similar to Bothell's right-of-way acquisition, this new dedication must be free and clear of any encumbrances, requiring the City of Bellevue, as the administering agency for ARCH, to execute (1) a partial reconveyance of the recorded deed of trust, and (2) a partial release of the recorded covenant. See Exhibit A and B.

Again, the proposed reconveyance and release removes only a small portion of the property (197 sq feet) from interests conveyed/granted to the ARCH member cities. There remains sufficient collateral to secure ARCH's investment in the project as 0.882 acres (38,142 sq. ft.) of improved property will be subject to the previously recorded deed and covenant. Additionally, the previously executed funding agreement and promissory note shall remain in effect.

The reconveyance and release will not result in any loss of affordable housing units or otherwise the affect the intended population (seniors (55+) at or below 50% AMI).

POLICY & FISCAL IMPACTS

Revised Code of Washington.

RCW 35A.11.020 vests the authority to dispose of real property interests in the City's legislative body.

Bellevue City Code

BCC 4.32.060 requires the City Council's approval to release any real property interest.

ARCH Interlocal Agreement.

Pursuant to Sections 3(b) and 12(f)(i)-(ii), ARCH member cities have authorized the City of Bellevue to enter into agreements with third parties for the use and application of public funds contributed by the cities to the Housing Trust Fund.

Fiscal Impact

There is no fiscal impact associated with the contemplated reconveyance and release. The financial investment of \$2,500,000 by the ARCH members remains secured by the existing funding agreement, promissory note, and those portions of the deed of trust and restrictive covenant that will remain recorded against title on the property. Approximately one acre (0.882 acres) remains encumbered by the original deed of trust and restrictive covenant, which provides sufficient collateral for the underlying loan.

There is no loss of affordable housing units, and the property will continue to provide 76 units of affordable housing to seniors (55+) at or below 50% of the area median income.

OPTIONS

1. Adopt the Resolution authorizing the City Manager, or her designee, to partially reconvey and release certain interests in real property, located in Bothell, Washington, that were recorded as part of an ARCH Housing Trust Fund loan for the Samma Senior Apartments affordable housing project.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

- A. Request for Partial Reconveyance without Satisfaction
- B. Partial Release of Regulatory Agreement and Declaration of Restrictive Covenants

Proposed Resolution No. 10492

AVAILABLE IN COUNCIL LIBRARY

Resolution No. 10290