

CITY COUNCIL REGULAR SESSION

Resolution authorizing the City Manager, or his designee, to 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.

Michael Kattermann, Director, 452-6191
Emil King, AICP, Planning Director, 452-7223
Linda Abe, Affordable Housing Manager, 452-4853
Community Development

Lindsay Masters, Executive Manager, 861-3677
Elsa Kings, Housing Trust Fund Manager, 553-1257
A Regional Coalition for Housing (ARCH)

EXECUTIVE SUMMARY

This resolution authorizes the City Manager, or his designee, to execute (1) a “Request for Partial Reconveyance [of Deed of Trust] without Satisfaction”, and (2) a “Partial Release of Regulatory Agreement and Declaration of Restrictive Covenants.” Exhibits A and B.

These documents reconvey and release only a portion of real property - 132.72 sq. feet - previously encumbered by a deed of trust and a restrictive covenant recorded in favor of ARCH member cities as part of a Housing Trust Fund loan to the Samma Senior Apartments LLC. The partial reconveyance and release are needed to facilitate a right-of-way dedication to the City of Bothell, which will accommodate the future Sound Transit SR-522 Bus Rapid Transit Project.

The \$2,500,000 investment from ARCH members, supporting the construction of 76 units of rental housing for vulnerable seniors at or below 50% of the area median income, remains secured by a funding agreement, promissory note, and those portions of the deed and covenant that will remain on title and recorded against the property. There is sufficient collateral to secure the original investment, and there will be no loss of affordable units.

RECOMMENDATION

Move to adopt Resolution No. 10290

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 \$2,500,000.00 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.

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, and preserving the affordability of any units constructed for a period of fifty (50) years.

The City of Bothell requires a right-of-way dedication from the Samma Senior Apartments, which will accommodate the future Sound Transit SR-522 Bus Rapid Transit (BRT) project. This 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 Exhibits A and B.

The proposed reconveyance and release removes only a small portion of the property (132.72 sq feet) from interests conveyed/granted to the ARCH member cities. There is sufficient collateral to secure ARCH's investment in the project as .88 acres (38,627 sq ft) of improved property will remain subject to the previously recorded deed and covenant. Additionally, the previously executed promissory note shall remain in effect.

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 \$2,500,000.00 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 (.88 acres) remains encumbered by the original deed of trust and restrictive covenant, which provides sufficient collateral for the underlying loan.

OPTIONS

1. Adopt the Resolution authorizing the City Manager, or his designee, to 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. 10290

AVAILABLE IN COUNCIL LIBRARY

Resolution No. 9922

Ordinance No. 6675

Donation Agreement – Amazon Donation for the Samma Senior Apartment Affordable Housing Project

Funding Agreement (date 10/12/2022)

Promissory Note (date 10/12/2022)

Deed of Trust (Recording No. 20221017000300)

Regulatory Agreement (Recording No. 20221014000600)

Priority and Subordination Agreement (Recording No. 20221017000460)