



Memorandum

Date: 9/17/2024  
Meeting of: City Council

File No. AM No. 24-129  
Type: Consent Item

TO: Members of the City Council  
FROM: Mayor Angela Birney  
DEPARTMENT DIRECTOR CONTACT(S):

Planning and Community Development	Carol Helland	425-556-2107
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DEPARTMENT STAFF:

Planning and Community Development	Seraphie Allen	Deputy Director
Planning and Community Development	Jeff Churchill, AICP	Planning Manager
Planning and Community Development	Ian Lefcourte, AICP	Senior Planner

TITLE:

Approval of Motion to Remove Reversionary Interest from Emma McRedmond Statutory Warranty Correction Deed

OVERVIEW STATEMENT:

City staff recommends that City Council adopt a motion authorizing the release of the deed restriction and reversionary clause contained in the Emma McRedmond Statutory Warranty Correction Deed.

The Deed currently provides that the property is conveyed “to be used solely for multi-family residential dwelling units for low or moderate income persons, aged 62 and Over, and handicapped and said property including all improvements, now or hereafter made to or on said property shall revert to the Grantor, its successor or assigns, in the event said property is used for any other purpose...”

The Emma McRedmond Manor is an existing three-story senior housing project with 32 apartments located in downtown Redmond. Built in 1988, the building is nearly 35 years old and in need of rehabilitation. Funding for the rehabilitation effort was included as part of the Fall 2023 Housing Trust Fund (HTF) Recommendation from A Regional Coalition for Housing (ARCH) Executive Board (Attachment A, page 10). The funding request was approved by all ARCH member jurisdictions as required by the Interlocal Agreement. Redmond City Council approved the funding request during the [February 20, 2024](#) <https://redmond.legistar.com/LegislationDetail.aspx?ID=6515912&GUID=B962E8E3-7B04-4F64-A9EB-DBC33C5F4E73> Business meeting.

The Emma McRedmond Manor rehabilitation effort, a project managed by Catholic Housing Services (CHS), includes a plan to refinance the property using a private lender, Centennial Mortgage, providing a United States Department of Housing and Urban Development (HUD)-backed loan. The HUD-backed loan will be approximately \$6 million, and HUD will also extend its \$500,000 annual rental assistance contract for a 20-year term. This loan, and companion rental

assistance contract supporting all 32 units, provides an interest rate and rental assistance to maintain long-term affordability for the residents. Through this process, Centennial conducts underwriting and prepares loan documents including a HUD affordability covenant and HUD-approved lender deed of trust, and submits a loan application to HUD. Housing and Urban Development staff then review the application to approve conformance with HUD program guidelines. Specific loan terms and requirements for how the loan is secured are dictated by HUD. Housing and Urban Development staff have flagged the City’s reversionary interest clause in Redmond’s pre-existing deed. For the renovation financing transaction, HUD would condition the Centennial loan on the release of Redmond’s reversionary interest. The release would be subject to CHS and all its lenders executing and delivering their funding agreements and other loan docs and funds for closing. Among the loan documents would be a new ARCH regulatory agreement that requires the provision of 32 units serving people 55 years and older for a 55-year period.

By removing the reversionary clause in the deed of trust, the rehabilitation project will qualify for the HUD-secured loans, allowing the rehabilitation project to move forward.

**Additional Background Information/Description of Proposal Attached**

**REQUESTED ACTION:**

- Receive Information**                       **Provide Direction**                       **Approve**

**REQUEST RATIONALE:**

- **Relevant Plans/Policies:**  
Comprehensive Plan policy HO-4 directs the City to cooperate with A Regional Coalition for Housing (ARCH) to “assess housing needs, create affordable housing opportunities, and coordinate a regional approach to funding and meeting the housing needs of Eastside Communities.”
- **Required:**  
City Council action is required to amend the deed.
- **Council Request:**  
N/A
- **Other Key Facts:**  
The Emma McRedmond rehabilitation will not receive the federal funds if the City does not remove the reversionary provision from the deed.

**OUTCOMES:**

Rehabilitated development will result in 32 one-bedroom units made affordable at 50% of area median income. Thirty-one (31) of the units will receive Section 8 Project-Based Rental Assistance through July 2032.

**COMMUNITY/STAKEHOLDER OUTREACH AND INVOLVEMENT:**

- **Timeline (previous or planned):**  
The ARCH HTF is an annual process.
- **Outreach Methods and Results:**  
Opportunity for input through Council review process.
- **Feedback Summary:**

Any feedback provided will be summarized by staff and provided to Council.

**BUDGET IMPACT:**

**Total Cost:**

Staff working on this project are funded through the adopted budget.

Approved in current biennial budget:  Yes  No  N/A

**Budget Offer Number:**

0000037 Housing and Human Services

**Budget Priority:**

Vibrant and Connected

Other budget impacts or additional costs:  Yes  No  N/A

**If yes, explain:**

N/A

**Funding source(s):**

General Fund

**Budget/Funding Constraints:**

N/A

Additional budget details attached

**COUNCIL REVIEW:**

**Previous Contact(s)**

Date	Meeting	Requested Action
9/3/2024	Committee of the Whole - Planning and Public Works	Provide Direction

**Proposed Upcoming Contact(s)**

Date	Meeting	Requested Action
N/A	None proposed at this time	N/A

**Time Constraints:**

ARCH requests timely approval of the item to ensure funding for the rehabilitation.

**ANTICIPATED RESULT IF NOT APPROVED:**

If not approved, the rehabilitation will not receive funding from Centennial Mortgage via HUD backed loan.

**ATTACHMENTS:**

Attachment A: ARCH Fall 2023 Housing Trust Fund (HTF) Recommendation

Attachment B: Emma McRedmond Deed Reversion Provisions