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# \$97M deal makes 350 new Seattle apartments affordable for 99 years

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Rents in six new Seattle apartment buildings will not increase over 3% a year for income-qualified residents under a complicated \$94 million deal announced Monday.

SRM Development and the Urban League of Metropolitan Seattle are the new owners of the buildings with 354 apartments, including SEDUs, or small-efficiency dwelling units. The buyers said financial support from Amazon.com Inc. (Nasdaq: AMZN) and the city made the transaction possible.

Public records list the seller as Seattle-headquartered Blueprint Capital REIT.

The deal that preserves the affordable rents for 99 years comes less than a month after the city reportedly passed on a deal to buy and



MICHELLE MERRIWEATHER

Michelle Merriweather is the president and CEO of Urban League of Metropolitan Seattle. The organization is part of a \$97 million deal that will make over 350 Seattle apartments affordable for nearly a century.

preserve the affordability of a portfolio with over 1,400 micro-units with financing help from Amazon.

Conor Hansen, SRM's managing principal of affordable housing, in a press release called the preservation of this many homes a "once-in-blue-moon opportunity." He noted it can take up to five years to bring new apartments to market in the city.

Catherine Buell, director of Amazon's Housing Equity Fund, said preserving homes that are already affordable is among the most effective ways to address housing affordability, though one source, Apartment List, this month reported the city saw year-over-year rent growth of 2.6%, with the median rent at \$1,700 for a one-bedroom.

The largest annual increase, 12.1%, was in Mountlake Terrace, where the median rent for a one-bedroom was \$1,790, according to Apartment List.

The current rent range at one of the apartment buildings, The Alloy at 802 Fifth Ave. N. in Lower Queen Anne, is from \$1,395 to \$1,695, with units ranging from 240 to 320 square feet, according to a leasing agent.

Under the new ownership, rents will drop to house people with incomes from 50% of area median income (AMI) or below, to up to 80% of AMI. Fifty percent AMI equals \$45,290 for a one-person household, according to the city Office of Housing.

Other buildings in the portfolio are:

Brooklyn 65, 1222 NE 65th St.

Luna, 6921 Roosevelt Way NE

Track 66, 836 NE 66th St.

Vega, 4528 44th Ave. SW

The Yale, 2037 Yale Ave. E.

Hansen said SRM had had previous conversations with Amazon about the company's \$2 billion Housing Equity Fund, which provides below-market loans and grants to preserve and create affordable homes in the Puget Sound region; Arlington, Virginia; and Nashville, Tennessee.

As equal owners, SRM and the Urban League will be responsible for overseeing the affordability of these buildings over the course of the 20-year Amazon loan. Once the loan is repaid, SRM will donate its ownership share to ULMS so that it may own the properties in perpetuity.

Redside Partners LLC of Seattle will continue to manage the six properties and the Urban League will provide resident services.

"We have been looking for opportunities to expand our work in affordable housing and fortuitously connected with SRM as they were looking for partners that could help them in this acquisition," Urban League CEO Michelle Merriwether said. "We were all at the right place at the right time to make this size of a deal come together."

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