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Amazon aids in \$84M deal for 358 First Hill units, all to remain affordable

By **BRIAN MILLER**
Real Estate Editor

Earlier this month, the Amazon Housing Equity Fund announced its contribution of another \$1.4 billion to help create and preserve affordable housing in the three national locations where it has a large office presence. (That's on top of the \$2 billion committed in 2021.)

At the recent Seattle presentation, included among several apartment buildings highlighted on a looping video display, was The Mill at First Hill, at [1000 Eighth Ave](#). But that postwar development, which occupies a full block just east of the freeway, hadn't yet sold. The questions left unanswered were when, to whom and for how much.

SRM Development announced yesterday that it has purchased the 358-unit complex for about \$84 million. King County hadn't yet recorded the sale before deadline Thursday, so not all details were available.

The seller, via several LLCs, was Sequoia Equities of California, which acquired the property in 2015 for almost \$92.9 million. That represents a nearly 9.6% loss over nine years. The county assesses the property at over \$113 million, so SRM got a very good deal.

The seller's brokers, at Institutional Property Advisors, were Giovanni Napoli, Philip Assouad, Nick Ruggiero, Ryan Harmon and Anthony Palladino. The deal was worth about \$234,636 per unit. (The county says there are 352 units.)

Partnering in the deal with SRM and the fund were the nonprofit Shelter America Group, Fannie Mae and the Washington State Housing Finance Commission, which had earlier valued the pending deal at \$88.5 million.

Developed in 1949, the complex has two 14-story buildings, and a structured underground parking garage with some 185 stalls, plus a large outdoor pool. Units run from studios to two-bedrooms, averaging around 619 square feet.

SRM says that rents will remain permanently affordable to households earning in a range from 60% to 80% of area median income. SRM says that Amazon put up about \$34 million, and that \$6.8 million came from bond funding — presumably via the WSHFC.

SRM's Conor Hansen said in a statement, "I can't emphasize enough how rare it is to coordinate and execute a capital stack like this, especially in today's challenging real estate market. What makes this funding collaboration particularly unique is how we were able to attract and place private equity while maintaining 100% below market-rate rents in the buildings."



Photo via SRM Development [[enlarge](#)]

The 75-year-old complex was originally developed as The Nettleton, by the timber baron and philanthropist of the same name.

The fund's Senthil Sankaran added, "The Mill at First Hill is exactly the kind of project the Amazon Housing Equity Fund is designed to support. By keeping these 358 existing homes affordable for the long-term — homes that are close to transit, employment, and so many other critical resources — we're able to help current residents and future generations realize a better quality of life."

The Mill predates the freeway, and is also bounded by Spring and Madison streets. It'll be served this fall by the RapidRide G Line on Madison.

Before Sequoia bought the block, prior owner Acacia Capital had floated a plan to add two more towers with 256 units to the complex. That scheme, from Runberg Architecture Group, did not advance. The last major renovation was in 2007. In recent years, some of the units have been rented on a furnished basis as corporate housing.

The property was originally developed as The Nettleton, by partners including Walter Nettleton (1878-1969), of Nettleton Timber. Earl W. Morrison was the architect; he also designed Olive Tower, the Gainsborough (also on First Hill), downtown's Tower Building and what we today call Horizon House.

Like others in the timber trade, Walter Nettleton started his career in Minnesota, then moved to Puget Sound. His handsome mansion remains standing on Queen Anne Hill. City records also say that his West Seattle mill — the first in our region to be powered by electricity — operated from 1910 to 1965. He and wife Emma were among the two dozen founders of Seattle Children's.

Made of reinforced concrete, the Nettleton opened in November 1949, with rents beginning at \$72.50 per month. That information came from an old Facebook post from the seller, when a time capsule was discovered in 2016. It's unclear when the old name was retired.

SRM is based in Spokane, has a Kirkland office, and remains an active builder and developer in our region. Also with Amazon support, SRM is now building the 206-unit Altaire at Jackson Park; that's a project in collaboration with the Urban League of Metropolitan Seattle.

Over in Bellevue, SRM has topped out on the first 135-unit component of an affordable housing project at 991 118th Ave. S.E., just west of Interstate 405. That's backed by the WSHFC and Microsoft's Affordable Housing Initiative. Another 200 units will follow from the half-built foundations of a failed hotel effort.

Brian Miller can be reached by email at brian.miller@djc.com or by phone at (206) 219-6517.
