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SRM secures construction loan for Microsoft-backed Bellevue workforce housing project

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SRM

Construction is expected to start later this month on this five-story affordable housing project in Bellevue, developer SRM announced on Wednesday.

Developer SRM on Wednesday said it plans to start construction this month on a lower-cost apartment building off of Interstate 405 south of downtown Bellevue.

The planned construction start of the five-story, 135-unit project comes after SRM said it has closed a \$38 million construction loan on the project, Nuovo, which is the first phase of the development. Washington Trust Bank is the lender.

The second phase of the project, which is at 991 118th Ave. SE near Greenbaum Home Furnishings, entails turning a half-built, 150-room hotel into apartments.

Dale Sweeney Architects is the architect for Nuovo and Baldwin Construction is the general contractor.

As previously reported, Microsoft is supporting the project through its affordable housing initiative. All of the apartments in the project, which is being built without public funding, will be offered at below-market rents due to Microsoft's initiative.

Bellevue has the state's highest housing costs, said Conor Hansen, affordable housing principal at SRM. According to RentCafe, the average rent citywide is \$2,561 and \$2,875 in downtown Bellevue.

Apartments at Nuovo will be set aside for households with incomes of 80% to 100% of the area median, and homes in the hotel building will be reserved for households that make less than 60% of the area median income. For a household of three, 80% AMI for a family of three is \$85,800, and 60% is \$69,000.

The project would not have been possible without Microsoft adding flexible financing through its affordable housing program, Hansen said.

Once construction is complete, SRM said it will transfer the building to a qualified nonprofit housing operator to preserve long-term affordable rents.

Microsoft announced the affordable housing initiative in 2019, with a commitment to make \$750 million worth of grants and investments to preserve or build affordable apartments in the greater Seattle region. In early 2022, the company said it had allocated \$583 million to preserve and create around 9,200 affordable units.

Privately owned SRM, which is headquartered in Spokane and has an office in Kirkland, develops multifamily, senior housing and mixed-use projects across the western U.S.

In addition to the Bellevue project, it has nearly 1,500 affordable housing units scheduled for completion in the Puget Sound region over the next three to five years.



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