

Seattle Housing Levy
Acquisition and Preservation Program
June 13, 2018

The Acquisition and Preservation (A&P) Program provides short-term funding for strategic property acquisition for future low-income housing development and preservation. Loans can be made for acquisition of land or buildings, with a priority for acquisition of occupied buildings, and can support development of rental or ownership housing.

The A&P Program is authorized for up to \$30 million in total loans using funds from other Levy programs that are not yet needed for Levy-funded projects. To date, OH has awarded \$15.3 million in A&P program loans. We are in conversation with two other developers on existing occupied housing acquisition opportunities set to close by the end of August 2018. A&P Program loans to date:

Developer	Site	Population	Units	Neighborhood	Loan Amount
GMD	Encore Apts	Low-Wage Workforce	60	Belltown	\$ 4,800,000
Mercy Housing	Mt. Baker	Homeless Families	95	Mt. Baker	\$ 3,340,000
AfricaTown - CHH	Midtown Center	Low-Wage Workforce	134	Central District	\$ 4,500,000
Community House	23rd and Jackson	Low-Wage Workforce	74	Central District	\$ 2,700,000
Acquisition and Preservation Program Total			363		\$15,340,000

The A&P Program provides for acquisition opportunities of vacant land or buildings, as well as occupied rental housing where residents may be at risk due to rising rents. To prevent displacement of existing tenants, the program can serve initial residents up to 80% area median income, or \$72,250 for a family of 3. Upon “unit turn”, the rental unit will be regulated to serve households at a lower income, as required by the permanent financing sources, but no more than 60% of area median income, or \$54,150 for a family of 3.

The loan term is for 5 years with the potential for extensions. OH records a 20 year regulatory agreement on the property to ensure affordability for at least 20 years, even if we are not the permanent lender on the project. If the applicant needs permanent financing, the OH regulatory agreement for permanent financing is 50 years.

Bridge Loans

In addition, Rental Housing Program policies authorize OH to provide short-term bridge loans for acquisition of vacant or occupied properties throughout Seattle. The intention is to seize on opportunities that may otherwise be lost in a competitive market-place. Sponsors seeking bridge financing must demonstrate that they will seek permanent financing for the project within 2 years and that the bridge loan is necessary for the project to proceed. For example, other acquisition loan products are unavailable, the cost of other loans are prohibitive, and/or the borrower is unable to extend the Purchase & Sale Agreement to time with the NOFA.

OH has authority to lend up to \$7 million of Levy Funds as bridge loans. To date, OH has awarded \$2.6 million to the following proposed projects:

Developer	Site	Population	Units	Neighborhood	Loan Amount
CHS	YK Building	Low-Wage Workforce	34	Central District	\$2,192,047
CHS	Rainier Beach	Low-Wage Workforce	70	Rainier Beach	\$ 500,000
OH Bridge Loan Total			104		\$2,692,047

Bridge Loans provide for acquisition opportunities of vacant land primarily. The maximum term of the loan is 2 years with the director having authority to extend the term. A 20-year regulatory agreement is recorded against the property; replaced with 50-year agreement upon permanent financing.

Other Short-Term Acquisition Loan products available:

- Impact Capital – OH has a \$1 million investment in this loan pool
- REDI Fund – OH has a \$1 million investment in this loan pool
- Enterprise Community Development
- Forterra
- Washington State Housing Finance Commission
- Private Lending Institutions