



Microsoft's commitment to addressing affordable housing in the Puget Sound region

The Need

The Seattle region is continuing to experience a growing housing affordability crisis, where demand for low- and middle-income housing continues to outstrip supply. It's a long-term challenge, made worse by the COVID-19 pandemic, and one that disproportionately impacts communities of color.

"This is bigger than just building more homes. It's about creating inclusive communities with room for all of us."

—Jane Broom
Senior Director, Microsoft Philanthropies

Our Approach

In 2019, Microsoft launched an affordable housing commitment that currently stands at \$750 million, focused on advancing affordable housing solutions in the Puget Sound region through targeted investment of loans and grants. We continue to engage with jurisdictions, housing developers and finance agencies to determine the best opportunities for accelerating the construction of more affordable housing in the region.

Examples of investments to date, include:

Washington State Housing Finance Commission: \$250 million line of credit to the Washington State Housing Finance Commission (WSHFC) (could create up to 3,000 more affordable housing units over the next decade).

Evergreen Impact Housing Fund: \$75 million investment for low-income housing on the Eastside (will create approximately 1,500 estimated units).

King County Housing Authority: \$60 million loan at below-market rates to finance acquisition of five middle-income residential apartment complexes in Kirkland, Bellevue, and Federal Way (preserved 1,029 units).

Innovative Financing

Microsoft's approach goes beyond simply writing a check. A common barrier to creating affordable housing is the ability to quickly secure financing for the period between project construction and completion. A similar challenge relates to extending borrowing capacity for partners who are working to preserve and grow our region's supply of affordable housing. Microsoft is piloting creative financing programs that accomplish both goals, providing partners with much-needed capital to move their projects forward.

Smart Policy

Addressing the affordable housing crisis will take more than just money – our community must also adopt critical housing policy measures to truly make a difference. We applaud leaders from the cities in our region who are enacting housing reforms such as reducing parking requirements, expanding affordability, and increasing density near transit.

Community Support

We all need to work together as a community to make progress. We believe that every individual and every business, large and small, has a responsibility to contribute however they can. That's because ultimately, a healthy business needs to be part of a healthy community, and a healthy community must have housing that is within the economic reach of everyone.

Looking Ahead

We continue to listen to, learn from and work with our public and private partners on the front lines of our region's housing crisis. Together, we are working to turn the vision of affordable housing into reality across the Puget Sound region.

Urban Housing Ventures Fund

Affordable Housing Initiative



Investment

Date Committed	November 2020
Commitment	\$40 million
Commitment Term	20 years
Affordability Bracket	60-80% AMI
Partners/Sponsors	Stream Real Estate, Freddie Mac, WAFd Bank and Washington Trust Bank

Properties

Properties	Waterscape at Juanita Village	Borgata	Aventine
Address	11801 97 th Ln NE, Kirkland	37 103 rd Ave NE, Bellevue	211 112 th Ave NE, Bellevue
Year Built	2012	2001	2010
Approx. # of Units	197	71	68

Locational context

Located within downtown Bellevue and downtown Kirkland, the investment provides housing for middle income earners within some of the highest priced neighborhoods in the region. The properties offer renters close proximity to job centers and neighborhood amenities.

Conversion & preservation

Creating affordability for middle income workers

Microsoft invested \$40 million to support the acquisition of 336 units across three properties through the fund Urban Housing Ventures (UHV). The fund is led by Stream Real Estate with the support of Freddie Mac, WAFd Bank and Washington Trust Bank. The properties, located in Bellevue and Kirkland, will allocate 40% of the units to maintain affordable rents for middle income workers. This investment creates new affordable units from existing units over an initial period of twenty years in market-rate buildings with high-demand locations. Learn more at urbanhousingventures.org.

Financial structure

Privately funded structure, with \$40 million impact equity from Microsoft in combination with an interest-only loan provided by Freddie Mac at a below market interest rate. Stream Real Estate contributed the remaining equity while WAFd and Washington Trust provided mezzanine debt.

King County Housing Authority

Affordable Housing Initiative



Investment

Date Committed	January 2019
Commitment	\$60 million
Commitment Term	15 years
Affordability Bracket	Moderate Income
Partners/Sponsors	KCHA

Properties

Properties	Juanita View	Emerson	Kirkland Heights	Kendall Ridge	Riverstone
Address	11800 101 st Pl NE, Kirkland	11010 NE 124 th Ln, Kirkland	13310 NE 133 rd , Kirkland	15301 NE 20 th St, Bellevue	27314 24 th Ave, Federal Way
Year Built	1971	1983	1971	1978	1985
Approx. # of Units	94	207	180	240	308

Locational context

Located in Bellevue, Kirkland and Federal Way, the investment contributes to preserving affordability in some of the neighborhoods with the fastest rent growth in the region.

Conversion & preservation

Support of KCHA acquisitions preserving workforce housing

Microsoft invested \$60 million to support King County Housing Authority's (KCHA) acquisition of five multifamily properties. The investment helps preserve 1,029 units at affordable rent levels for middle income groups. The project was funded with an additional \$30 million from King County and \$140 million in bonds from KCHA. Rents will be preserved through KCHA's ownership and operation, with a priority on maintaining and growing affordability for residents. Without KCHA and Microsoft's action, these properties would likely be bought by investors looking to turn the properties into market-rate housing and likely significantly rent-burdening or displacing current residents.

Financial structure

This investment was structured as permanent debt financing with below market interest rates.

Together Center

Affordable Housing Initiative



Investment

Date Committed	August 2020
Commitment	\$6.8 million
Commitment Term	2 years
Affordability Bracket	0-60% AMI
Partners/Sponsors	ARCH, Inland Group, Together Center

Property

Address	16225 NE 87 th St
Year Built	2023
Approx. # of Units	280

New housing development

Non-profit & affordable housing support

Microsoft invested \$6.8 million in the development of a non-profit hub that will include 280 units of affordable housing above.

The property, owned by Together Center, includes covenants for affordable housing. The completed project will be owned by Together Center, Polaris (Inland Group) and Horizon Housing Alliance.

The Together Center, a consortium of non-profit groups, will take up approximately 50,000 square feet of the ground floor. These non-profit and community groups include A Regional Coalition for Housing (ARCH), Kinderling, Child Care Resources, NAMI Eastside, Open Doors for Multicultural Families, People with disAbilities, and many more.

This project will provide housing for families and individuals earning 0-60% of area median income (AMI), including 60 units for families existing homelessness. Inland Group is the developer and general contractor supporting the project. The project is expected to be complete in Spring 2023. Learn more at togethercenter.org.

Financial structure

This investment was structured as mezzanine debt for the construction period of the project.

Locational context

The project, which is located at the Together Center's current location, is approximately two blocks north from the Redmond Transit Center. The neighborhood offers many services and several food options within walking distance.

Rise Together Collaborative

Affordable Housing Initiative



Investment

Date Committed	January 2020
Commitment	\$2.5 million
Affordability Bracket	Low Income
Partners/Sponsors	Rise Together

Properties

Name	Africatown Plaza	LGBTQ – Affirming Affordable Senior Housing	Boylston-Howell Family Housing Rehabilitation	White Center Community Hub	Liberty Bank Building
Address	1120 23 rd Ave, Seattle	1515-1519 Broadway, Seattle	1726 Boylston Ave, Seattle	10821 8th Ave SW, Seattle	1405 24 th Ave, Seattle
Year Built	2023	2023	1998	2024	2019
Approx. # of Units	126	118	30	81	115

Locational context

This grant supports specific communities by stabilizing housing opportunities and providing support services while helping the communities maintain proximity to the economic opportunity within the city of Seattle.

New housing development

Grant for community driven equitable housing development

Microsoft contributed a \$2.5 million philanthropic grant to Rise Together, a unique collaboration between six non-profit organizations (Community Roots Housing, Byrd Barr Place, White Center Community Development Association, Africatown Community Land Trust, Southwest Youth & Family Services, and GenPRIDE) who have come together to prevent displacement and preserve the diversity of their communities.

The coalition will result in approximately 475 new and preserved units of low-income housing in Seattle’s Central District, Capitol Hill and White Center neighborhoods. The Rise Together partners have come together to make a bigger impact on housing affordability and healthy communities than they could working individually.

With a comprehensive approach to community needs, their collective work will result in the creation of housing and vital neighborhood resources that encourage opportunities for all. Learn more at risetogethernow.org.

Plymouth Housing's Proof Campaign

Affordable Housing Initiative



Investment

Date Committed	January 2019
Commitment	\$5 million
Partners/Sponsors	Plymouth Housing

Properties

Name	Bob & Marcia Almquist Place	2 nd & Mercer	Madison/Boylston	12th & Spruce	Ballard Crossing	Eastgate
Address	501 Rainier Ave S, Seattle	607 2 nd Ave N, Seattle	1400 Madison St, Seattle	169 12 th Ave, Seattle	6419 15 th Ave NW, Seattle	SE Eastgate Way, Bellevue
Year Built	2020	2021	2022	2022	2022	2023
Approx. # of Units	105	93	115	103	81	95

Locational context

The new housing built through Plymouth Housing's PROOF Campaign will primarily be located in Seattle, with one of the projects in Bellevue to address the growing need for supportive housing in East King County.

New housing development

Grant for permanent supportive housing

Microsoft provided a grant of \$5 million to Plymouth Housing's PROOF campaign. The PROOF campaign is aimed at developing new permanent supportive housing for people experiencing chronic homelessness.

"Permanent supportive housing" is a permanent with on-site social services that will help residents thrive. The campaign will fund the development of approximately 600 new housing units by 2023, one of which opened in April 2020.

The PROOF Campaign has garnered financial support from corporate and community partners and coupled that support with public funds to finance new housing projects. Learn more at plymouthhousing.org/proof/.

Financial structure

This contribution to affordable housing was provided in the form of a philanthropic grant.

Congregations For The Homeless, Eastgate Housing Campus

Affordable Housing Initiative



INVESTMENT

Date Committed	August 2021
Commitment	\$3.3 Million
Commitment Term	3 years
Affordability Bracket	Homeless
Partners/Sponsors	Congregations for the Homeless, Plymouth Housing Group, Horizon Housing Alliance, Inland Group

PROPERTY

Address	13620 SE Eastgate Way, Bellevue
Year Built	2022 (<i>In progress</i>)
# of Beds	100

NEW HOUSING DEVELOPMENT

BRIDGING THE FINANCIAL GAP FOR EASTSIDE SUPPORTIVE HOUSING

Microsoft committed \$3.3 million in the form of a loan and philanthropic grant to Congregations for the Homeless. The commitment will support the development of the first ever permanent Eastside 24/7 Center and Shelter for Men and will include 100 beds accompanied by supportive services. The shelter is an integral part of the Eastgate Housing Campus, an innovative collaboration designed for comprehensive impact. The campus includes Plymouth Housing's 95 units of permanent supportive housing and Inland Group's ~360 units of affordable housing. Each part of the campus addresses housing needs in specialized and complementary ways. Learn more at cfhomeless.org.

FINANCIAL STRUCTURE

Microsoft's contribution to the Congregations for the Homeless Eastgate men's shelter included a \$3 million low interest revolving bridge loan and a \$300,000 philanthropic grant.

LOCATIONAL CONTEXT

Located in Bellevue's Eastgate neighborhood, the project provides enhanced shelter and services for men experiencing homelessness in one of the region's highest priced cities.

Homesight, Othello Square

Affordable Housing Initiative



INVESTMENT

Date Committed	January 2020
Commitment	\$2.5 Million
Affordability Bracket	60% - 120% AMI
Partners/Sponsors	HomeSight

PROPERTY

Address	7301 Martin Luther King Jr Way S, Seattle
Year Built	2021
# of Units	~192

NEW HOUSING DEVELOPMENT

INVESTMENT IN AFFORDABLE TRANSIT ORIENTED DEVELOPMENT

Microsoft committed \$2.5 million in the form of a philanthropic grant to support HomeSight’s Othello Square project. The project includes ~22,000 square feet of community-serving commercial space to increase access to economic opportunity, post-secondary education, small business incubation, financial services, and cultural preservation. Moreover, the project will provide ~170 units serving people with incomes between 65% and 80% of the area’s median income. The project is unique in serving low-income populations without the use of federal tax credits and is funded exclusively through private and impact capital.

FINANCIAL STRUCTURE

This contribution to affordable housing was provided in the form of a philanthropic grant.

LOCATIONAL CONTEXT

Located in South Seattle in the Othello neighborhood, this project is transit-oriented and provides easy access to downtown via the adjacent Othello Light Rail Station.

Renton Housing Authority, 95 Burnett

Affordable Housing Initiative



Photo courtesy of CoStar Group

INVESTMENT

Date Committed	May 2021
Commitment	\$17.15 Million
Commitment Term	15 years
Affordability Bracket	80% AMI
Partners/Sponsors	Renton Housing Authority, Fannie Mae, Berkadia and Pacifica Law Group

PROPERTY

Address	95 Burnett Ave South, Renton
Year Built	2007
# of Units	~100

ACQUISITION & PRESERVATION

IMPLEMENTING INNOVATIVE FINANCING FOR WORKFORCE HOUSING

With the first-of-its-kind financing structure in Washington state, Microsoft supported Renton Housing Authority’s acquisition of 95 Burnett under the new Middle-Income Tax-Exempt Mezzanine (MIT-E Mezz) program. The acquisition preserves affordability in the community by maintaining at least 50% of the ~100 units at 80% AMI for a minimum of 15 years. Very low acquisition cost through the MIT-E Mezz program enables mission-aligned entities like Renton Housing Authority to broaden their impact on affordable housing.

FINANCIAL STRUCTURE

Through its new MIT-E Mezz program, Microsoft provided \$17.15 million as subordinate mezzanine, tax-exempt bond financing. In conjunction with the \$26.7 million Fannie Mae-guaranteed senior tax-exempt debt facilitated by Berkadia, Microsoft’s favorable tax-exempt debt enabled 100% project financing. This allows Renton Housing Authority to share, in excess, cashflow and asset appreciation over the term, while returning appropriate risk-adjusted returns with modest coupon payments to the mezzanine debt holders.

LOCATIONAL CONTEXT

The apartments at 95 Burnett are located steps from downtown Renton and the Renton Transit Center. The investment provides housing for middle income earners in a central location which is highly accessible to major employment centers in the region such as Seattle and Bellevue.

\$250 Million Line of Credit for the WSHFC

(Washington State Housing Finance Commission)

Affordable Housing Initiative



Investment

Date Committed	January 2020
Commitment	\$250 million
Commitment Term	10 years
Affordability Bracket	Low Income
Partners/Sponsors	WSHFC

Property

Approx. # of Units	3,000
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Capital source expansion

Public-private financing partnership

Microsoft has partnered with the Washington State Housing Finance Commission (WSHFC) on an innovative and award-winning public-private initiative.

Microsoft committed \$250 million as a no-cost line of credit. This line of credit will allow WSHFC to recapture and reuse a portion of its tax-exempt bond authority, extending scarce resources and financing approximately 3,000 additional units that the WSHFC would not otherwise be able to fund.

This investment reflects a deep partnership with the WSHFC and received the National Council of State Housing Agencies' 2020 Award for Financial Innovation. Learn more at wshfc.org.

Financial structure

Microsoft's commitment is structured as a line of credit at below market rates.

Locational context

These funds will support the financing of affordable housing development throughout Washington State.

Expanded Land Acquisition Program (ELAP)

Affordable Housing Initiative



INVESTMENT

Date Committed	November 2020
Commitment	\$25 million
Commitment Term	Indefinite
Affordability Bracket	Below 120% AMI
Partners/Sponsors	WSHFC

Capital source expansion

Expansion of the WSHFC land acquisition program

Microsoft invested \$25 million to build upon the Washington State Housing Finance Commission's (WSHFC) successful Land Acquisition Program (LAP).

LAP supports land acquisitions for non-profits, housing authorities and tribes who intend to build affordable housing that serves residents up to 80% of area median income.

The Expanded Land Acquisition Program (ELAP) is funded by Microsoft to support acquisitions within East King County. Any developer, non-profit or for-profit can utilize the program if their intent is to purchase land for affordable housing that serves residents up to 120% of area median income. Under the program, the project must remain affordable for 20 years. The project can also earn a lower interest rate by influencing local ordinances or regulations to meaningfully and positively impact affordable housing projects. Learn more at wshfc.org.

Financial structure

This is a revolving debt fund with a three-year maximum term. WSHFC administers the loans which are sized up to 75% loan to land value and have interest rates varying from 2-5%.

Locational context

ELAP applies to projects within East King County, which has the largest gaps in low and middle income housing in King County.

Evergreen Impact Housing Fund

Affordable Housing Initiative



Investment

Date Committed	January 2020
Commitment	\$75 million
Commitment Term	15-20 years
Affordability Bracket	Low Income
Partners/Sponsors	Seattle Foundation & WSHFC

Property

Approx. # of Units	1,500
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Capital source expansion

Investment in new capital source

Microsoft has committed \$75 million to the Evergreen Impact Housing Fund (EIHF). EIHF is an innovative fund that generates catalytic capital for affordable housing.

The fund was launched by a newly formed partnership between Seattle Foundation and the Washington State Housing Finance Commission with support from JPMorgan Chase & Co and the Tableau Foundation.

The fund supports affordable housing developments that are primarily financed with tax-exempt bonds. The tax-exempt bond financing, however, often does not cover all project costs. Filling this gap in financing can be challenging for affordable housing developers. The EIHF fills this gap with low interest, patient capital.

Providing this resource to the affordable housing community is expected to promote the development of approximately 1,500 additional low-income housing units. Learn more at evergreenimpact.org.

Financial structure

The EIHF investment uses investor impact equity to fund the finance of low interest loans available to affordable housing developers.

Locational context

The Fund is available for projects throughout King County.

Home Base Program

Affordable Housing Initiative



Investment

Date Committed	January 2019
Commitment	\$5 million
Partners/Sponsors	United Way of King County, Seattle Mariners & King County Bar Association

Impact

Households Served	6,500
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Services & system capacity building

Grant for eviction prevention and rental assistance

Microsoft was proud to provide a \$5 million grant as title sponsor and work with founding partners (Seattle Mariners, King County Bar Association, and United Way of King County) to support the Home Base program.

The Home Base program works to prevent housing displacement and homelessness by providing an array of services for those strained by the cost of housing. Services include legal representation, back rent assistance, and providing caseworker help.

Originally focused on eviction prevention when the program launched, Home Base was able to quickly pivot to provide rental assistance amidst COVID-related eviction moratoriums and will continue to evolve to provide quick and flexible support to keep people in their homes.

Home Base’s goal is to reduce the number of unsheltered people in our community by fifty percent. Learn more at uwkc.org.

Financial structure

This contribution was structured as a philanthropic grant.

Locational context

The Home Base program supports people throughout King County.