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Bellwether turns to crowdfunding to raise cash for low-income housing

- ***The nonprofit developer is using the new approach to help bring in \$4.5 million for the construction of 750 units in the Seattle area.***

By [LYNN PORTER](#)
Journal Staff Reporter

Seattle-based Bellwether Housing is ahead of the game in using social impact investing funds for low-income housing.

In June, it launched its third such fund that offers investors a chance to do good and get a return on their investment. The Building Opportunity Fund aims to raise \$4.5 million for four projects — three in Seattle (Roosevelt, First Hill and Rainier Beach) and one in Tukwila (Bellwether's first outside Seattle) — with 750 units total slated to come online in the next three years.

Because of a recent relaxation of rules by the U.S. Securities and Exchange Commission, investments to this fund can come from people who do not necessarily have a high net worth, said Amy Besunder, Bellwether's director of fund development and communications.

The nonprofit is soliciting money from those folks via crowdfunding, an approach it was encouraged to use by Seattle-based Tech 4 Housing, which bills itself as “a community of tech workers who believe that the tech boom can and should benefit every resident.” Besunder said people are coming here for jobs in that sector “and they want to be part of the solution.”

Her organization hopes to raise \$500,000 (with a minimum \$500 investment) via crowdfunding, and \$4 million from “accredited” investors who have a certain high level of income or assets.

Crowdfunding involves soliciting contributions from a large number of people, especially online. It is more labor intensive to raise money that way but it allows Bellwether to build long-term relationships with people who are interested in housing affordability.

“This is a way to cultivate a new audience,” Besunder said. “I don't know of another way we would engage this many people in our mission and grow our base.”

The nonprofit has developed, owned and operated housing for low-income people for 39 years. Today it serves more than 3,200 people in 2,100 apartments.

Its social impact investing funds are structured as loans that pay the investor 2% simple interest with a 15-year term, and offer the ability to stay put or get out at years five and 10. The loans are unsecured and not FDIC insured. Besunder said investors are relying on the strength of Bellwether's balance sheet in deciding to loan the money.



Rendering by VIA Architecture [\[enlarge\]](#)

Bellwether is using a social impact fund to help finance Cedar Crossing, a 255-unit low-income project in Seattle's Roosevelt neighborhood slated to open in 2020. VIA Architecture is the architect and Walsh Construction is the general contractor.

Bellwether adopted social impact investing after seeing it being used in other sectors, particularly by environmental organizations.

Besunder said Bellwether is the first nonprofit in the nation to start social impact investing funds for acquiring, preserving and building low-income housing. And while crowdfunding has been used previously for market-rate real estate projects, she said Bellwether is the first nonprofit in the country to employ it to build low-income housing.

Bellwether launched its first social impact investment fund in 2015, raising \$2 million from accredited individuals to acquire and rehab the 50-unit Parker Apartments on Queen Anne.

About 40 people signed on, with investments from \$25,000 to \$250,000. They were interested in maintaining affordable housing in the city, and several had children who after college couldn't afford to live here, Besunder said.

The nonprofit launched another such fund in 2016, opening it also to foundations and corporations. It raised \$2 million toward building its 71-unit Anchor Flats apartments in South Lake Union.

So far, \$2.7 million has been committed to Bellwether's latest fund, Besunder said.

It helps that Amazon.com is matching its employees' investments in the fund — crowdfunding and accredited. Besunder said that is “huge” because the employees are making significant investments and the company is doubling the impact: “Amazonians are being very generous.”

If all goes well, Bellwether envisions starting a larger-scale “revolving” fund not tied to a specific project. The developer would draw on it for projects in its pipeline, using the low-interest capital to pursue the best possible opportunities — to be more aggressive “in helping to build our way out of this crisis,” Besunder said.

Lynn Porter can be reached by [email](#) or by phone at (206) 622-8272.