

Stabilization Eligible Costs

As the Office of Housing works to fairly and efficiently support the stabilization of its portfolio to best ensure ongoing affordability for residents, below is an outline of the limited expenses that will be considered eligible for stabilization funds.

Note that even if costs are considered eligible, applications that show efficient use of funds and illustrate hard negotiation of expenses will be most competitive. Further, OH may decide to omit or reduce line items during the underwriting process and in the calculation of final awards.

Eligible Costs for Stabilization Funds may include, but are not limited to:

- Debt buydown related to sustained increase in operating expenses or lower rents achieved
- Financing fees related to loan pre-payment or loan issuance
- Partial reimbursement of sponsor funds used to make loan current
- Capitalization of property expenses that result in equal or greater amount of permanent debt, e.g. Sewer Development Charge
- Legal fees related to the closing of proposed stabilization loan
- Title policy related to proposed stabilization loan
- Operating Reserve replenishment if required by lender/investor and if depletion/deferral of funding was previously approved by OH *
- Replacement reserve replenishment if required by lender or investor and if depletion/deferral of funding was previously approved by OH*

*While reimbursement for past expenses may be necessary to allow project owners and managers to continue to serve residents, calculation of the amount requested from stabilization funds will be heavily scrutinized as OH seeks to prioritize properties' future healthy operations over alleviation of past project losses. A cap may be imposed upon review of applications.

Expenses NOT Eligible for Stabilization Funding:

- Project management or asset management fees
- Developer fee
- Operating expenses
- Construction costs
- Costs associated with unrestricted residential units or commercial spaces

If you are interested in including expenses that are not explicitly mentioned above, please reach out to Madison Kremer at madison.kremer@seattle.gov for further guidance.