



Jonathan Rose Companies



NEWS RELEASE

Contact: Nancy Hooff

FINAL DRAFT

202-363-2090

nhooff@somersetdev.com

SOMERSET DEVELOPMENT COMPANY, JONATHAN ROSE COMPANIES AND NCP COMMENCE DEVELOPMENT OF PORTNER FLATS AFFORDABLE HOUSING HIGH-RISE IN WASHINGTON, DC

SALE OF U-STREET PARCEL TO NATIONAL DEVELOPER FOR 288 UNIT MARKET RATE BUILDING HELPS FUND DOUBLING OF AFFORDABLE UNITS AS MIXED-USE, MIXED-INCOME PROJECT MOVES AHEAD

(Washington, D.C. – July 11, 2016) - A joint venture of [Somerset Development Company](#) (Somerset), [New Community Partners](#) (NCP) and [Jonathan Rose Companies](#) (JRCo) has closed on unique transaction that serves as a model for how to use zoning density increases to preserve and grow affordable housing in rapidly gentrifying areas. The joint venture is commencing construction today on a project that allows not only for the doubling of affordable apartments at Portner Flats, a new 96-unit affordable housing high-rise to be built on the former site of Portner Place Apartments, but also for an increase of zoning density that will permit the construction of 288 market rate apartments on the balance of the site located in the 1400 block of U and V Streets, NW in Washington, DC.

This deal was powered by the shared vision of the residents, the developers, the community and the DC Office of Planning to dramatically increase the density on the site and harness the economic value created by that increase to subsidize the development of the new high quality, green affordable units.

The joint venture closed on the sale of the half-acre U Street portion of the site to developer High Street Residential, which has partnered with Deutsche Asset Management to develop the 288-unit, Class-A, multifamily project located at 1441 U Street, NW. This market rate apartment project will also feature more than 15,000 square feet of retail in the core of the U Street Corridor. Construction is scheduled to commence Q3 2016, with completion in mid-2018.

The redevelopment of Portner Flats will begin in July, double the number of the affordable units on the site and provides for the return of the current residents. The project is well aligned with the District's priorities for preserving and expanding affordable housing options in walkable, infill locations with

excellent access to mass-transit. Portner Flats was also designed to meet Enterprise Green Communities standards.

Previously, Portner Place was a distressed 48-unit, HUD Section 8, garden-style housing complex. A visionary acquisition in 2013 by the joint venture and the Rose Green Cities Fund, itself a joint venture between Rose and Citi Community Capital, enabled the property to be rezoned, thus making the development of Portner Flats possible. The property is being developed in collaboration with the Portner Place Tenant Association, which exercised its right of first refusal through the Tenant Opportunity to Purchase Act (TOPA) and assigned those rights initially to Somerset and then to the joint venture team. At the time of purchase, the property consisted of four three-story wood frame apartment buildings with a large surface parking lot; and suffered from deferred maintenance in a rapidly gentrifying neighborhood. In addition to an equity investment via the Rose Green Cities Fund, Citi Community Capital provided the initial first mortgage loan through Freddie Mac. The D.C. Dept. of Housing and Community Development provided an acquisition loan.

The development team was successful in gaining broad neighborhood support for the redevelopment of the site into a new mixed-income, mixed-use property to preserve the affordability for the original tenants and double the affordable housing units by cross-subsidizing the affordable project with funds from the sale of the market rate site. The project plans were approved by the Historic Preservation Review Board and a Planned Unit Development was secured to increase the allowable density on the site for a maximum of 403 units.

The redevelopment of the site will begin in July 2016 with the construction of the 96 affordable building on V Street called Portner Flats, simultaneously with the construction of the 288-unit, market rate building with ground floor retail at 1441 U Street. The project will provide significantly more and deeper affordability than the requirements under Inclusionary Zoning (IZ), with all units set-aside for households at or below 60% AMI, less than the 80% AMI level required by IZ.

At Portner Flats, the joint venture team obtained a Pass-through Section 8 contract for the current residents to assure affordability while they are off-site during construction, and obtained HUD approval to extend the Section 8 contract for 20 years upon their return. The team is providing support services to current residents during their temporary off-site relocation and upon their return to Portner Flats.

The design integrates sustainable design principles, emphasizes resident health and well-being, and includes high-quality resident amenities and outdoor landscaped spaces. Amenities include a playground, a community garden, community meeting rooms, computer lab, fitness room and laundry facilities. A robust array of resident services will be offered at Portner Flats, such as computer training, after-school and senior programs, financial counseling and job training.

The development of Portner Flats is being financed with tax exempt bonds issued by the [District of Columbia's Housing Finance Agency](#) (DCHFA) and 4% Low Income Housing Tax Credits (LIHTC). Prudential Mortgage Capital Company (PMCC) is underwriting FHA insured construction and permanent loans through the 221(d)4 program. [Boston Financial](#) is serving as the Tax Credit Syndicator and [Capital One](#) as the LIHTC investor. Owner financing (the joint venture team) is providing internal subsidy to expand the affordability and the amenity package. [Clark Construction](#) has signed a Project Labor Agreement for the construction of Portner Flats. The building was designed by [Eric Colbert & Associates](#).

Portner Flats

Property Information

Address: 1440 V Street, NW

Owner: Portner Flats, LLC

Anticipated number of affordable units: 96 units

Affordability: at 60% AMI or below, of which 48 units will be 50% AMI or below)

Project Partners

Architect: Eric Colbert & Associates

Construction: Clark Construction

Project Labor Agreement: Building and Construction Trades Department & MRCC

Initial Acquisition and Pre-Development Financing:

Equity Investor: Rose Green Cities Fund

Lender: Citi Community Capital with Freddie Mac

Subordinate Acquisition Loan: DC Dept. of Housing & Community Development

Interim Financing: Eagle Bank

Redevelopment Financing:

Bond & Tax Credit Issuer: DC Housing Finance Agency

LIHTC Equity Syndicator & Investor: Boston Financial and Capitol One

Construction & Permanent: Prudential Mortgage Capital Company

Purchaser of GinnieMae Securities (FHA Loan): AFL-CIO Housing Investment Trust

Long Term Affordability: Section 8 contract for 48 units for 20 years

Owner Financing/ Joint Venture Internal Subsidy: Portner Place, LLC (the joint venture team)

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About Somerset Development Company, LLC:

Founded by Jim Campbell and Nancy Hooff in 2000, Somerset specializes in revitalization of urban communities, developing and preserving affordable housing, renovating historic properties, and mixed use properties which strengthen communities in transit oriented locations. Somerset, with a strong record of partnering with tenant associations, community organizations and local businesses, has a portfolio of \$429 million with over 1,750 residential units in Washington and Baltimore of projects completed or under development. To develop Portner Place, Somerset Development has teamed with New Community Partners, LLC, founded by Bill Whitman with over 30 years in real estate development and finance, specializing in public-private partnerships in DC and other cities.

About Jonathan Rose Companies LLC:

Jonathan Rose Companies, Inc. is an award-winning real estate investment, development and project management firm whose mission is to repair the fabric of communities. The firm is nationally recognized for its ability to achieve visionary goals through practical, duplicable strategies. The firm acquires, develops, and acts as a consultant to assist not for profits with transit-oriented, green, mixed-income residential, innovative office, civic, education and health serving projects. Jonathan Rose Companies has

developed more than \$1.5 billion of real estate projects from offices in New York, Connecticut, Colorado, the Pacific Northwest and New Mexico. For more information, visit www.rosecompanies.com.