



Jonathan Rose Companies



NEWS RELEASE

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**SOMERSET DEVELOPMENT, JONATHAN ROSE COMPANIES AND NCP CELEBRATE
OPENING OF PORTNER FLATS AFFORDABLE HOUSING HIGH-RISE IN DC**

***Unique Project Utilized the Power of Gentrification to Preserve and Double Number of
Affordable Apartments***

(Washington, D.C. – May 10, 2018) - A joint venture of [Somerset Development Company](#) (Somerset), [New Community Partners](#) (NCP) and [Jonathan Rose Companies](#) (JRCo) joined with community and elected officials to celebrate the grand opening of Portner Flats, a new 96-unit affordable housing high-rise built on the former site of Portner Place Apartments at 1440 V Street, NW in Washington, DC on May 10.

Elected and public officials on hand for the celebration included Washington, DC Mayor Muriel Bowser; Polly Donaldson, Director of the DC Department of Housing and Community Development; Todd Lee, Executive Director of DC Housing Finance Agency, Councilmember Brianne Nadeau, and Marvin Turner, Field Office Director, U.S. Department of Housing and Urban Development.

Portner Flats serves as a model of how to use zoning density increases to preserve and expand affordable housing in rapidly gentrifying areas. The joint venture successfully used the strength of the market to achieve the doubling of number of affordable apartments from the previous 48 to 96, by increasing the zoning density that permitted the construction of 288 market rate apartments on the balance of the site located in the 1400 block of U Street, NW in Washington.

Every resident of the original 48 apartments was provided relocation apartments during the 18-month demolition and construction process as well as a guaranteed return to the new building. Over 75% of the original residents are now returning to their brand-new, modern, energy efficient apartments. In addition, hundreds of applications are under review for qualified low-income apartment seekers for the additional units. All of the 96 units are covered under the Low Income Housing Tax Credit (LIHTC) program assuring affordability at 60% of Area Median Income of which half are covered by a HUD project based Section 8 contract which provides deeper affordability at 50% of AMI or below.

This project was powered by the shared vision of 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 internally subsidize the development of the new high quality, green affordable units. Portner Flats was designed to meet Enterprise Green Communities standards, integrating energy efficiency, recycling, resident health and well-being. It also 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 redevelopment of Portner Flats 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.

"We are extremely grateful for the support of The District for the Portner Flats project from its inception," said James Campbell, founding partner of Somerset Development. "Without the unwavering commitment and financing from DHCD, DCHFA, the Office of Planning and the Mayor's office, Portner Flats could not have preserved and expanded affordable housing at this location."

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, a Rose managed investment fund capitalized by Citi Community Capital, enabled the property to be rezoned, thus making the development of Portner Flats possible. The property was planned and 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 severe 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 which preserved affordability for the original tenants and doubled 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.

"I moved into Portner Place with my Mom when it first opened in 1980, fresh out of high school, and now I live here with my son. Before the new owners took over the place had started to show its age, but I really love the community and was really happy that we were able to stay at the new Portner Flats," said long-time resident Marlene Frost. "I really love it now. Everything is on one level which helps with my mobility issues and I just love my new views on the V Street side of the property. The new rooftop garden access is just awesome. I really am enjoying the new landscaping and other community services as well, and so does my son."

In conjunction with the tenants exercising their TOPA rights, the joint venture team obtained a Pass-through Section 8 contract from HUD for existing residents to assure affordability while they were off-site during construction and obtained HUD approval to extend the Section 8 contract for 20 years upon their return. The team provided support services to residents during their temporary off-site relocation and upon their return to Portner Flats.

"I've lived in Portner Place for 27 years with my three kids and was so worried about possibly having to leave, but Somerset and Jonathan Rose Companies took such good care of us – assuring us we could stay, moving us out and back in," said another longtime tenant, Earlene Hayes. "The new community is so overwhelming and we are so blessed to be here. We are really enjoying the new gym, community room, rooftop garden for the family, playgrounds and computer room for the kids. We really love our new home at Portner Flats."

The development of Portner Flats was financed with tax exempt bonds issued by the [District of Columbia Housing Finance Agency](#) (DCHFA) and 4% Low Income Housing Tax Credits (LIHTC). [Prudential Mortgage Capital Company](#) (PMCC) underwrote the FHA insured construction and permanent loans through the 221(d)4 program, with the [AFL-CIO Housing Investment Trust](#) purchasing the Ginnie Mae securities. [Boston Financial](#) served 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 completed the project utilizing a Project Labor Agreement (PLA) for the construction of Portner Flats. The building was designed by Eric Colbert & Associates. Eagle Point Management will serve as property manager.

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. Somerset Development 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. For more information, visit www.somersetdev.com

About Jonathan Rose Companies LLC:

Jonathan Rose Companies, Inc. is a seasoned real estate investment, development and project management firm whose mission is to create Communities of Opportunity. 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 or acquired more than \$2.5 billion of real estate projects from offices in New York, Connecticut, Colorado, California and New Mexico. For more information, visit www.rosecompanies.com

Portner Flats Fact Sheet

Property Information

Address: 1440 V Street, NW

Owner: Portner Flats, LLC

Developer and Managing Member: a joint venture between Somerset Portner PF Partners, LLC; and Rose 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 Capital 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)