

# Hamilton Manor Preservation

A Joint Venture by  
NHT Communities  
&  
Washington Housing Conservancy



**NHT Communities.**



**Washington Housing  
Conservancy**

## **BACKGROUND**

After submitting a proposal to Prince George's County Department of Housing and Community Development ("DHCD"), NHT Communities ("NHTC") has been assigned the Prince George's County Right of First Refusal ("ROFR") to preserve Hamilton Manor, a 245-unit property located at 3342, 3326 Lancer Drive in Hyattsville.

NHTC is working with Washington Housing Conservancy ("WHC") to ensure that Hamilton Manor can be preserved as naturally occurring affordable/workforce housing that it is today. NHTC and WHC are mission-aligned, non-profit affordable housing developer/owners are excited to combine our regional and national experience. NHTC and WHC will form a joint-venture, single purpose entity that will own Hamilton Manor.

## **PRESERVATION & AFFORDABILITY PLAN**

NHTC and WHC's plan to preserve Hamilton Manor includes restrict rents for a period of 20-years through a recorded land use restriction agreement. Our plan restricts 40% of the units at 60% of AMI and an additional 35% of the units at 80% of AMI. The balance of the units will have unrestricted rents and will continue to operate as unsubsidized workforce housing.

WHC and NHTC will hold annual rent growth across all units to 2.8% for a 15-year period. The annual rent increase projections were based on the historical increases of incomes in the Washington DC metro region. It is important to note that there are no rent or income restrictions at the property today and the contract purchaser did not propose to implement any.

In addition to effectively capping rent increases at wage growth, NHT and WHC will invest approximately \$3.3 million to remedy capital needs in 10 years. Capital investments will include HVAC upgrades, roof replacements, parking lot upgrades, energy efficiency improvements, and perhaps most importantly unit renovations. The capital expenditures are expected to be funded by cash flow.

## **FINANCING PLAN**

NHTC and WHC have secured lender preliminary commitment letters from Berkadia Commercial Mortgage and the JBG SMITH Impact Pool. Berkadia will provide the first trust mortgage in the amount of \$29.1 million. The developers have also secured a preliminary commitment from the JBG SMITH Impact Pool, an investment fund to provide low-cost subordinate financing for the acquisition and preservation of affordable housing, for a loan in the amount of \$9.7 million.

The developers are seeking for a County DHCD Loan totaling \$1 million. The \$1M County investment will leverage private capital at a ratio of approximately 40 to 1 to secure affordability in a rapidly gentrifying Prince Georges County neighborhood. The balance of the capital stack, approximately \$2 million in sponsor equity, will be provided by NHT and WHC.

In addition to the County Loan, NHTC and WHC are requesting a payment in lieu of taxes (PILOT) setting taxes at \$1,000/unit growing at 2% annually (inclusive of all local and utility charges). There are no fees paid to either developer at closing.

Currently, the capital stack for the Hamilton Manor acquisition is estimated below:

### **FINANCING PLAN, cont.**

<b>Sources</b>	<b>%</b>	<b>Total</b>	<b>Uses</b>	<b>%</b>	<b>Total</b>
1 <sup>st</sup> Mortgage	69.0%	\$29,100,000	Acquisition	93.9%	\$39,500,000
Impact Pool	23.1%	\$9,700,000	Closing Costs	2.8%	\$1,200,000
Sponsor Equity	5.5%	\$2,300,000	Financing Fees	1.0%	\$450,000
County Loan	2.4%	\$1,000,000	Cost Reimbursements	0.6%	\$250,000
			Indigency Reserve	0.4%	\$150,000
			Lender P&I Reserve	1.3%	\$550,000
Total	100%	\$42,100,000	Total	100%	\$42,100,000

### **ABOUT THE DEVELOPERS**

## **NHT Communities.**

National Housing Trust (“NHT”) is a national non-profit committed to creating and preserving affordable homes to provide opportunity, advance racial equity, reduce economic disparities, and strengthen community resilience through practice and policy. Over its 30-year history through policy, advocacy, lending, and development, NHT has been a national leader dedicated to affordable housing preservation, production, and protection.

Formed in 1999, NHT Communities (“NHTC”) is National Housing Trust’s non-profit affiliated development arm. Based in Washington, D.C., NHT Communities collaborates with local partners and investors to raise the capital necessary to acquire, renovate, and build affordable homes. Using sustainable practices and cooperating with residents and partners, we create long-lasting, affordable homes and communities. NHTC’s core values are rent affordability, innovative financing, sustainable practices, and resident empowerment. NHT Communities has participated in the preservation and improvement of over 10,000 affordable units.

NHTC currently owns nearly 4,000 units in 33 communities in 11 states and the District of Columbia with an average property size of 120 units. Most of our projects were financed with LIHTC. NHTC has an extensive background with partnering with other developers (for-profit, non-profit, housing authorities) to carry out shared visions. Over our 20-year history, NHTC has successfully joint-ventured on about one-third of our projects. We joint venture only where we can add value and where we have a shared vision. Additionally, we pride ourselves on being flexible; we do not have a one-size-fits-all approach. Facilitated by D.C.’s Tenant Opportunity to Purchase Act (TOPA), NHTC also has a deep background in working with tenant associations and cooperatives to fulfill mutual housing preservation goals. In D.C., we have completed ten such TOPA projects preserving nearly 1,000 units.

In Maryland, we have developed over 600 affordable and mixed-income units and secured 9% LIHTC allocations for the acquisition and preservation of Mountain View Towers (Cumberland) and Vintage

Gardens (Baltimore). In 2015, in partnership with Homes for America and the Housing Partnership Equity Trust, we acquired The Bradford a 418-unit naturally occurring affordable property in Hagerstown, MD. The Bradford is workforce housing with households at 80-120% AMI.

For more information about NHT and NHTC visit <https://www.nationalhousingtrust.org/>.



The Washington Housing Conservancy is an independent 501(c)(3) non-profit that preserves affordable housing, avoids displacement, and promotes economic mobility, particularly for low- and moderate-income African Americans and other residents of color. WHC's model fuses private-sector real estate capital and expertise with a social impact mission. We are now providing a blueprint for the preservation of affordable housing using flexible private capital that can be deployed with speed in strong market cities.

WHC's work is grounded in two inextricably linked aspirations: housing stability and economic mobility. Together, these form our north star. Housing Stability: WHC will keep rents low to relieve our residents' financial stress, grow their disposable income/savings, and free their energy to focus on self-advancement. Economic Mobility: WHC promotes upward economic mobility for our residents, through investments in a resident's education and personal growth, providing access to services and supports (i.e., daycare, financial literacy classes, etc.), and building social capital and connections.

The WHC model exercises our expertise in intentional community building and placemaking strategies to foster inclusion. Our communities will be places where people with different profiles, storylines, incomes and experiences want to live—and can connect outside of their sphere. They are places where property managers go well beyond the traditional role, coaching residents to solve problems and encouraging them to be active and engaged neighbors. In this way, WHC is fostering the kind of engagement that leads to more inclusive communities and opportunities that enrich the community quality of life.

WHC was formed in 2019 specifically to acquire and preserve workforce housing in the Washington DC metro area. WHC made its first acquisition in 2020, an 825-unit property in Arlington, VA called Crystal House. In the Crystal House transaction, WHC committed to rent and income restrictions on 75% of the existing units. The recent Crystal House closing highlights the speed and precision by which the entity can operate. The organization identified the transaction in October of 2020 and finished the acquisition at year-end 2020.

For more information about WHC visit <https://www.washingtonhousingconservancy.org/>.

For more information about our plan to preserve Hamilton Manor, please contact Kevin White of NHT Communities at 202-621-1603 or [kwhite@nhtinc.org](mailto:kwhite@nhtinc.org) and Kimberly Driggins of Washington Housing Conservancy at 202-481-3258 ext. 510, [kdriggins@washhousing.org](mailto:kdriggins@washhousing.org).