

**Hyattsville City Council Meeting
5/3/21
Hamilton Manor Joint Venture
NHT Communities and Washington Housing Conservancy
Question and Answer Information Sheet for the Hyattsville Resolution of Support**



Who is the new ownership group?

A joint venture between Washington Housing Conservancy and NHT Communities. These two entities are being offered the opportunity to purchase the property Pursuant to the Prince George’s County Right of First Refusal (“ROFR”) program.

The program allows the County the right to match the purchase price and material terms of a contract of sale for multifamily units. The County issued an RFP, NHT Communities and the Washington Housing Conservancy replied to the RFP and they were selected by the County to be assigned the contract and preserve the existing affordability at Hamilton Manor.

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.

The Washington Housing Conservancy ("WHC") 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.

WHC was established in 2018 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.

When will the new ownership group take control of property?

Our team is working as quickly as possible to purchase the property. The ROFR provides us until mid-August 2021 to purchase it but we are hoping to finish the acquisition earlier in the summer.

Why will this ownership group be better than another?

NHT Communities and WHC have 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, we are fostering the kind of engagement that leads to more inclusive communities and opportunities that enrich the community quality of life. In addition, we have a modest resident support reserve to help residents who are experiencing hardships. There is a process for accessing the reserve but residents will be encouraged to apply for County and/or City of Hyattsville rental assistance programs before applying and utilizing the reserve.

Will rents increase at Hamilton Manor?

There are 245 total units in total at Hamilton Manor.

In the recent past, rents in the Hyattsville submarket have been rising faster than incomes. This acquisition by non-profit ownership will tie future rent increases for 184-units at this property to increases or decreases in incomes.

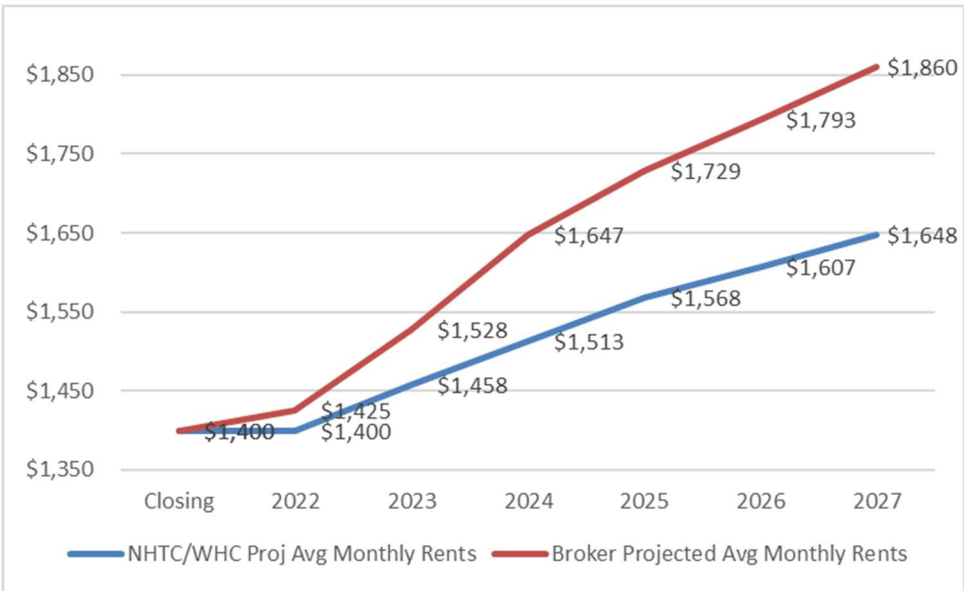
The NHTC/WHC Hamilton Manor business plan focuses on creating/preserving housing that is affordable to those in the middle-- families and individuals—nurses, teachers, nonprofit staffers and others whose incomes have not kept pace with escalating rents—in technical terms, families and individuals whose earnings total 80% or less of Area Median Income (AMI).

Our commitment is to covenant 184 units (75% of the total) as affordable housing for 20 years. Ninety-eight units will be affordable to families earning up to 60% of AMI and 86 units will be affordable to families earning up to 80% of AMI.

The AMI and rent levels are adjusted annually by HUD. Based on the current AMI, the affordable units at Hamilton Manor will serve families earning roughly \$50,000 to \$90,000.

The NHTC/WHC venture is required to match a \$39,500,000 purchase price that was established by the market in a competitive bid process overseen by a broker. The purchase price was likely based on the business plan provided in the broker-provided marketing materials that projected \$150 rent increases to be phased in over 3-years based upon a light renovation/repositioning of

the property. The projected rent levels estimated by the broker in the reposition scenario are compared to the estimated rent levels projected in the NHTC/WHC scenario shown in the graph below.



The NHTC/WHC plan ties rent increases to expected income growth over time. In the event that incomes are flat or down, the NHTC/WHC restricted rents would not rise and in the case of falling incomes they could fall. It is important to note that there are a wide array of unit conditions and rent levels at the property today so the rents for individual units may differ from the average.

What improvements will be made at Hamilton?

Capital upgrades are currently projected to total \$3.3 million over ten years. In-unit renovations and flooring are estimated to be \$1.6 million. Building systems such as roofs, windows, and heating and cooling are projected to cost \$1.3 million. These improvements will be funded, over time, from property operations. The in-unit renovations will be likely be completed when units are vacant, at unit turnover to minimize disruption.

Will property management company and staff change?

NHTC/WHC intend to engage JBG Smith to manage the building. JBG Smith has an excellent reputation for managing apartment buildings. NHTC/WHC are dedicated to inclusive property management, with property managers who go well beyond the traditional role. They will be trained, supported and held accountable in coaching residents to solve problems, encouraging them to be active and engaged neighbors, and fostering opportunities to enrich the quality of life within the community.

The property management transition team will work to gain an understanding of the residents' relationship with staff and interview any staff that expresses an interest in staying with the property.

I've seen a lot of people touring the property. What are they doing?

The following activities are all underway that the property, moving with great speed due to the timing requirements we must meet to acquire the property:

- Specialists performing assessments on the property for lender-required reports, such as environmental inspection, a building inspection, property appraisal.
- Our property management team assessing units, building systems, and common areas to match unit and building conditions with the documentation provided by the seller, and assessing what office and other equipment is needed once they take over management.
- Representatives of WHC and NHT Communities viewing the property.