

## Portner Flats



**Background:** Portner Flats is the affordable housing wing of the 384 unit redevelopment of the site of the former Portner Place, a 1.1 acre site on the 1400 block of U and V Streets NW in Washington, DC. In September 2013, Portner Place, LLC, a joint venture among Somerset Development Company, New Community Partners and Jonathan Rose Companies and the Rose Green Cities Fund (“Venture”), purchased Portner Place Apartments, a 48-unit Section 8 housing complex. The property was purchased in collaboration with the Portner Place Tenant Association, which exercised its right to purchase the property under the Tenant Opportunity to Purchase Act (TOPA) and then assigned their rights to Somerset. The property previously consisted of three dilapidated garden apartment buildings built in 1980 with a surface parking lot stretching mid-block from U to V Streets.

**Proposed Development Plan:** Portner Place presented a unique opportunity for a redevelopment that 1) preserves affordability for current residents, 2) adds new workforce and market-rate housing, and 3) replaces the outmoded garden apartments with a new mixed-income and mixed-use development at a scale more appropriate to its transit oriented, urban location. In 2014, the Venture secured a Planned Unit Development (PUD) zoning designation that allows construction of a building with two wings, one to accommodate 288 market-rate apartments with ground floor retail on U Street, and another with 96 units of affordable housing on V Street. The two wings have separate ownership and are on separate tax lots. There will be 31 below-grade parking spaces reserved for the Portner Flats residents and management staff, as well as bicycle storage, and 123 parking spaces for the market rate units and retail.

**Development Team:** A development partnership among Somerset Development Company, New Community Partners, and the Jonathan Rose Company (“Developer”) is carrying out the development of Portner Flats. The development team also includes Eric Colbert & Associates as architect, VIK A Capitol, LLC as civil engineer; SCAPE as landscape architect; Holland & Knight as land use counsel; Klein Hornig as TOPA and HUD counsel; and Clark Construction as construction general contractor. The market rate units are being developed by Trammell Crow Companies and the same design and construction team under separate contracts.

**Resident Involvement:** The residents of Portner Place organized early and were actively involved in choosing the developer for the site. In 2008, they began working with Somerset to develop the conceptual plans for redevelopment of the site, including the plans for the new 96 unit affordable wing. They understood that the redevelopment of the site necessitated building market rate housing to cross-subsidize the preservation and expansion of the affordable housing. The residents chose the development option of having a separate wing of affordable housing which would replicate the previous bedroom types and sizes with amenities tailored to the needs of families (a playground, community spaces to accommodate after school and summer programs, a computer room, fitness room, and a community garden, etc.). They chose not to be scattered throughout the market rate wing, which will have smaller units and amenities more in line with the lifestyles of young urban professionals; and they chose the V Street side because it is lower scale and less noisy than U Street.

**Relocation:** The Developer secured a Section 8 Pass-Through Contract and a 20 year extension of the Section 8 HAP from HUD. The Pass-Through Contract allows the Section 8 subsidy to move off-site during the two year construction period and bring it back on completion. The Developer is responsible for all relocation costs and provides ongoing support for the 37 prior residents of Portner Place who opted to return to Portner Flats and have been temporarily relocated nearby during construction. Ten former residents chose not to return to the new Portner Flats.

**Resident Services:** A Resident Services Fund in the amount of \$100,000 will be established to seed a supportive services program, and \$25,000 from property operations will be added annually to the Fund to assure program sustainability. A committee of representatives of the Tenant Association and ownership will determine the types of services to be provided. They will likely include after school and summer programs for school aged children, computer instruction for children and adults, programs for seniors, employment workshops and job training, health and wellness, gardening, and more. Portner Flats will have an amenity package geared toward families and children, including community spaces for social gatherings and resident services on the ground floor and rooftop, as well as a business center with computers to provide for individual use and for training, a fitness center, and a ground level courtyard. On the green roof, there will be an outdoor playground, a community garden and a grilling and dining area as well as a deck with flexible seating.

**Affordability Summary:** All 96 units will be subject to the income restrictions under LIHTC (60% of AMI or less) and of those 96 units, 48 will be subject to the project based Section 8 contract at 50% of AMI or less.

**Financing:** Financing for Portner Flats includes funding from:

- Tax-exempt bonds from DC Housing Finance Agency;
- FHA-insured 221(d)(4) first mortgage loan originated by Prudential Mortgage Capital Corporation;
- Acquisition financing from DC Department of Housing and Community Development;
- Private equity from the sale of the Low Income Housing Tax Credits; and
- Private loan from the sale of the Wing B parcel.

**Schedule:** Portner Flats closed in July, 2016 and is scheduled to be completed at the end of March, 2018.