

Community Preservation and Development Corporation Marshall Heights Community Development Organization Mayfair Mansions 2005 Tenant Association, Inc.

Mayfair Mansions Background

Completed in 1945, Mayfair Mansion is the first non-restricted housing complex created for African American professionals and working families in the District of Columbia. It was backed by the Roosevelt Administration and the first privately developed affordable housing community for African Americans funded by the Federal Housing Administration. Today, it has been placed on the National Historic Register.

Location

Mayfair Mansions is located east of the Anacostia River in Ward 7 just north of the intersection of Minnesota Avenue and Benning Road. Residents enjoy easy access to downtown D.C. and the Baltimore/Washington corridor via Interstate 295. The Minnesota Avenue Metrorail Station (Orange Line) is located immediately across Interstate 295 from the site, within walking distance over a pedestrian bridge that connects to the Metrorail Station. The Orange Line is seven stops (10-15 minutes) from Metro Center, the main downtown Metro Station several blocks from the White House. In the other direction, the Orange Line travels to New Carrollton, a major employment center for Prince Georges County, which contains a major federal facility for the Internal Revenue Service.

It is only a five-minute drive from Mayfair Mansions to shopping along Minnesota Avenue, the location of a Safeway grocery store, CVS pharmacy, a post office, several bank branches, a laundry mat, hair and nail salons, shoe stores and a number of national fast-food chains such as McDonalds and Pizza Hut. The nearest big-box retail is located in Prince George's County, Maryland, roughly a 20- to-30-minute drive east of the site. MHCDO is just minutes from the site and provides a variety of community related services to residents of the project neighborhood.

North of Mayfair Mansions is Kenilworth Park, beyond which is Eastland Gardens, a stable residential neighborhood of beautiful tree-shaded streets lined with older, well-maintained brick single-family houses, constructed in the late 1920s, that have retained their value. Brick, single family homes and multi-family apartment buildings built in the 1920s, 30s, and 40s account for the majority of the neighborhood's housing stock. The residents in the area are primarily African-American. According to a 2002 study, the median income for the area was \$40,713 compared to the Washington, DC metropolitan statistical area median income of \$91,500. The average home price in Ward 7 in 2002 was \$111,934 vs. \$347,718 for the District.

Mayfair Mansions is in close proximity to an area identified by the District's Anacostia Waterfront Initiative for waterfront development. A new recreation center and sport fields are planned in Kenilworth Park. Several other developments are currently planned for the neighborhood. These include the Parkside Mixed Use Development, which will contain 1,500 to 2,000 for-sale and rental housing units of various product types, approximately 600,000 square feet of office space and 40,000 square feet of retail space; construction of a major D.C. Government office complex

on Minnesota Avenue, N.E. and major public improvements to the Minnesota Avenue and Benning Road corridors.

Description

Mayfair Mansions is comprised of 17 garden-style apartment buildings totaling 569-apartments. The property, which is spread over 28 acres of land, has a 4,000 square foot community center, a swimming pool, play areas and a management office.

Population

Over 1,100 residents live at Mayfair Mansions, 99% of them African American and 45% of residents are elderly. The property serves very low-, low- and moderate-income households. Sixty-two percent of the households are below 30% of the area mean income (AMI). Eighty-seven percent are below 50% AMI. Ninety-five percent of households are below 60% AMI. [Data is as of December 2006.]

Tenant Right to Purchase

In 2005, the residents of Mayfair Mansions organized into the Mayfair Mansions 2005 Tenant Association, Inc. They exercised their right to purchase the property under DC law. In November 2005, MMTA selected Community Preservation and Development Corporation (CPDC) and Marshall Heights Community Development Organization (MHCDO) as their development partners. They assigned their rights to Mayfair Mansions Limited Partnership, a partnership involving CPDC and MHCDO.

Regulatory Change

Another first for this complex was the US Department of Housing and Urban Development's (HUD) approval for transitioning this previously rental community into a mixed tenure rental and homeownership one.

Redevelopment Plans

In recent years, Mayfair Mansions has repeatedly failed federal physical inspections. Therefore, the redevelopment project will correct ongoing problems and bring the units up to market rate standards. The substantial rehabilitation of the units will include a host of significant improvements, including mechanical, plumbing and electrical system upgrades; sprinklers in all buildings and units; new fire alarm and security systems; complete new kitchens and bathrooms; new unit carpeting and/or flooring; new windows and doors; roof replacement and repair; upgrades and enhancements to the pool, tot lot, parking area and public area lighting.

The project also includes replacing the current community building with a new free-standing community center that will provide programs and resources to further improve the quality of life of residents.

The rental portion consists of 409 units (410 after redevelopment), the majority of which are supported by a renewed 20-year Section 8 contract, ensuring continued affordability for very low-income residents. The homeownership portion, consisting of 160 units, has multiple price points and subsidy options to serve a range of incomes. Eligible residents can utilize the Section 8 Homeownership Program to purchase their units.

The redevelopment project will ensure there will be no involuntary displacement of residents. All residents may either remain as renters or take the opportunity to purchase their homes.

The new unit mix of Mayfair Mansions includes:

- Rental
 - 105 one-bedroom units
 - 289 two-bedroom units
 - 16 three-bedroom units
- Condominiums
 - 40 one-bedroom units
 - 110 two-bedroom units
 - 10 three-bedroom units

Preservation of Affordable Rental Housing

CPDC and MHDCO have preserved Mayfair Mansions as long-term affordable rental housing through the financial structure of this development project. The 410 unit rental project will be preserved as affordable rental housing for 40 years, allowing households at the lowest income levels to maintain affordability. The development team has also preserved all of the federal subsidies on this project, 320 units of project-based Section 8 & Section 236 IRP subsidy. Residents not covered by the existing Section 8 subsidy were able to receive Section 8 vouchers to ensure affordability.

Financing

The permanent and construction financing for the rental project will utilize the DHCD Housing Production Trust Fund (HPTF) via the DC Department of Housing and Community Development (DHCD), Federal Historic Tax Credits, as well as Tax Exempt Bond financing and Low Income Housing Tax Credit allocations provided by DC Housing Finance Agency (HFA). The rental first mortgage and equity investment are provided by private sector partner MMA Financial LLC. The condominium project will utilize private construction financing from PNC Bank and also subsidy from the DHCD HPTF. DHCD's role has been significant throughout the project; the acquisition of the property in 2006 was made possible through a \$24.2 million loan provided by DHCD, the largest loan ever by DHCD.

Total development costs of \$130,000,000 include significant local and private funds, including:

- DC Housing Production Trust Fund totaling \$30,000,000 in interim financing; \$27,500,000 remains in project as permanent financing
 - \$23,000,000 is financing the rental project;
 - \$7,000,000 is financing the condominium portion on an interim basis, but will be reduced to \$4,500,000 which will convert to second mortgages for 64 condominium purchasers in the permanent structure
- DC Permanent & Short-Term Tax Exempt Bond Financing in the rental project totaling \$42,000,000 during the construction phase and \$29,000,000 in the permanent structure
- Private investor equity in the rental project from 4% Low Income Housing Tax Credit & Federal Historic Tax Credits totaling \$35,000,000
- Private bank construction financing for the condominium project totaling \$20,000,000
- Secondary construction financing for the condominium project via private affordable housing intermediaries totaling \$4,000,000

Key Partners &/or Acknowledgements

Development Partners:

- Community Preservation and Development Corporation
- Marshall Heights Community Development Organization
- Mayfair Mansions 2005 Tenant Association, Inc.

Rental Project Financial Partners:

- MMA Financial LLC
 - First mortgage lender
 - Purchased Tax Exempt Bonds issued by DCHFA
- MMA Financial LLC
 - Equity investor
 - Purchased Low Income Housing Tax Credits (LIHTC) issued by DC
 - Purchased Historic Tax Credits to be issued by National Park Service
- DC Housing Finance Agency
 - Issued Tax Exempt Bond financing for project
 - Bonds include allocation of LIHTC
- DC Department of Housing and Community Development
 - Second mortgage provided via DC Housing Production Trust Fund
- US Department of Housing & Urban Development
 - Renewed and administers project-based Section 8 subsidy
 - Awarded individual Section 8 Housing Vouchers via the restructuring of the Section 236 subsidy
 - Administers Section 236 Interest Reduction Payment (IRP) subsidy
- National Park Service & DC Historic Preservation Office
 - Awards and administers Federal Historic Tax Credits
- Federal Home Loan Bank
 - Awarded Affordable Housing Program funds

Homeownership Project Financial Partners:

- DC Department of Housing and Community Development
 - Bridge lender to development team; subordinate lender to individual purchasers
- PNC Bank
 - Construction lender
- American Housing Opportunities Fund
 - Anticipated intermediary lender
- US Department of Housing & Urban Development
 - Awarded individual Section 8 Housing Vouchers via the restructuring of the Section 236 subsidy
- DC Housing Authority
 - Administers Section 8 Housing Choice Voucher Program for homeownership

Both Projects Financial Partners:

- Open Door Housing Fund
 - Predevelopment Lender for development team and to MMTA

Development, Design, Construction & Property Management Team:

- Wiencek + Associates Architects and Planners and McDonald, Willams, Banks Architects and Planners (a joint venture)
 - Architects
- Gilford Construction Corporation and Hamel Builders (a joint venture)
 - General Contractor

- Landex Mangement
 - Property management company
- JDC Construction
 - Construction management/Owner's construction representative
- Northern Real Estate
 - Development consultant for MHCDO

Legal Team

- Hessel & Aluise, PC
- Klein Hornig LLP
- Jordan & Keys LLP
- Greenstein, DeLorme & Luchs, PC
- Eisen and Rome, PC
- University Legal Services