



Housing + Opportunity

The Washington Housing
Conservancy

February 9, 2021

WHC Mission

WHC preserves affordable housing, avoids displacement, and promotes economic mobility for moderate to low income individuals & families in mixed income neighborhoods across DC, MD, and VA.

WHC Operating Principles

1

Advance
Racial
Equity and
Inclusion

2

Aim for
Universal
Quality

3

Maximize
Resident
Choice and
Voice

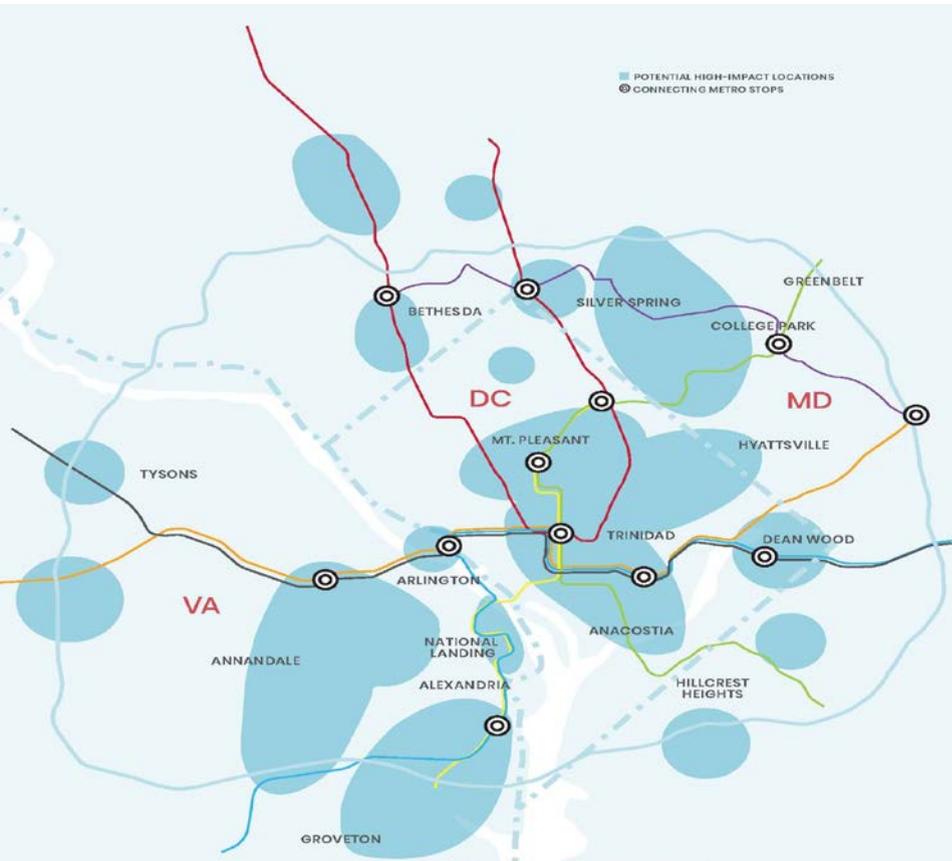
4

Innovate,
Improve
and Be
Agile

5

Promote
Trust and
Respect

Focus on High-Opportunity Neighborhoods



High-Opportunity Neighborhoods are places that are relatively affordable today, but growing rapidly

- Above-average population growth
- Proximity to jobs & transportation
- Large rental housing stock
- Mixed income areas
- Private investment will drive change:
 - More retail and family amenities
 - Less affordability

Location drives impact:¹

- Growing up in a high-opportunity neighborhood improves a child's outcomes:
 - 27% more likely to go to college
 - 30% higher earnings over their lifetime

¹ Adapted from *More Than a Home*, Enterprise Community Partners, November 2017

Benefits of WHC Model

Access to flexible, below market rate capital/financing allows WHC to:

- Maintain the highest quality resident experience while creating/ preserving affordability
 - Subsidize rents for moderate to low income individuals and families
 - Maintain housing affordability over the long term in an areas where rents are expected to increase
- Sustain and strengthen inclusive communities
- Make substantial capital improvements to the properties
- Provide high quality property management services



Crystal House Overview

TRANSACTION OVERVIEW

OWNERSHIP

On December 31, 2020, The Washington Housing Conservancy (“WHC”) purchased Crystal House.



Washington Housing Conservancy is a not-for-profit organization that brings together private sector real estate expertise and capital with a social impact mission to prevent displacement and preserve homes that are affordable, offering middle and low-income workers rent stability and the opportunity to thrive and build wealth.

PROPERTY MANAGEMENT

WHC has engaged JBG SMITH to provide property management services for Crystal House.



Headquartered in Bethesda, Maryland, JBG SMITH is an S&P 400 company that owns and operates a dynamic portfolio of high-quality mixed-use properties in and around Washington, D.C.

The Need

“Preservation of Both Subsidized and Unsubsidized Affordable Housing is Critical to Meeting Future Housing Needs.”
– Urban Institute

- Arlington County currently has 116,000 housing units (as of 2019)¹
 - 70% of housing stock in low-, mid- or high-rise multifamily
 - Only a small percentage are considered affordable to middle income renters
- Housing production in Metro DC continues to fall short of needs¹
 - According to Council of Governments, 30,000 units must be produced per year to reach housing goals
 - Since 2015, the region has fallen short by average of about 8,000 units

Change in Arlington County’s Rents & Affordable Housing Options from 2000-2016²



¹ Source: Missing Middle Housing Study (Arlington, VA), July 2020

² Washington Business Journal, “One Alarming Statistic That Confirms Arlington’s Affordable Housing Crisis”, Michael Neibauer, June 15, 2017

Affordability at Crystal House

- 825 existing market-rate units in two high-rise buildings
- Over a five-year period, 619 units (75%) will be dedicated for 99 years as affordable to people earning \$85,000 or less
 - 20% of the units will be affordable to those earning 50% of Area Median Income (AMI) or less and 75% of the units are affordable to those earning 80% of AMI or less
 - The affordable units will be spread among the unit types so that there are options for singles, couples, and families
 - Existing residents will be reviewed for income eligibility at lease renewal
- No one will be displaced as affordability will be phased in over five years through natural unit turnover (i.e., vacancy) when residents decide to move
- For the market-rate units, rents will move in-line with market

OWNERSHIP'S PLAN FOR CRYSTAL HOUSE

WHC is committing to providing Crystal House residents:

COMMUNITY	Promote community and provide access to resources that are tailored to meet resident needs
AFFORDABILITY	Maintain affordability in the face of rising housing costs in the market
CAPITAL INVESTMENT	Significant capital investment in the building and building systems as we are a long-term owner who cares deeply about housing quality
HIGH QUALITY MANAGEMENT	Provide high-quality, inclusive property management that focuses on customer service excellence

MANAGEMENT'S COMMITMENT TO SERVICE EXCELLENCE

JBG SMITH is committing to providing Crystal House residents:

CUSTOMER RELATIONSHIPS	Getting to know residents to understand how we can best serve you
RESPONSIVENESS	Providing timely and proactive responses to resident communications
HIGH STANDARDS	Maintaining the highest level of upkeep at the community
CARE	Demonstrating care so that residents know that their needs are our highest priority

A Truly Unique Acquisition

Private Sector Financing for Affordable Housing

Reliance on private sector financing, in lieu of public dollars, ensures that scarce public resource remain focused on urgent needs for very low-income households.

Speed of Transaction

Transaction was completed in less than two months

Preservation Approach

Focus on preservation is a cost-effective way of tackling our region's affordable housing shortage

Conversion of Market Rate Units

Over a 5-year period, WHC will lower rents on 75% of units so they are affordable to low- and middle-income families and individuals with a 99-year commitment

Focus on Social Impact

WHC's approach is grounded in commitments to promote opportunity, foster respect and create affordable, inclusive communities

Financing Structure

WHC's equity was limited to 1.5% of total deal costs, leveraging 60:1 with private capital