MONSEÑOR ROMERO APARTMENTS, WASHINGTON, DC:

Anatomy of a Preservation Deal

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After a devastating fire in an affordable apartment building, tenant purchase and green rehabilitation preserve diversity in a rapidly changing Washington, DC, neighborhood.

After Monseñor Romero Apartments residents were displaced in 2008 by a five-alarm fire that destroyed all but the façade of their apartment building, purchase through the District of Columbia’s Tenant Opportunity to Purchase Act (TOPA) brought affordable housing units back to the property. On behalf of the tenants, National Housing Trust/Enterprise Corporation (NHT/Enterprise) purchased the building in 2010 after extensive coordination and regular tenant association meetings. Four years later, after major rehabilitation, over 60 percent of the original tenants returned to the neighborhood and their apartments. The building today contains 67 units and is home to predominantly low-to-moderate income Latino families. It is located in a high opportunity area where residents enjoy access to amenities, public transportation, and employment opportunities. NHT/Enterprise engineered the deal by working closely with residents, local officials, and neighborhood partners to assemble multiple layers of affordable housing financing. Partners accessed additional funding to facilitate green renovation of the building, including solar panels, a green roof, sensor-activated electrical fixtures, water-reducing fixtures, and use of sustainable, nontoxic building products.

ABOUT THE NATIONAL HOUSING TRUST/ENTERPRISE

NHT/Enterprise is a joint effort of the National Housing Trust and Enterprise Community Partners, Inc., two national housing nonprofits committed to producing and preserving affordable housing and to policy advocacy around these issues. NHT/Enterprise collaborates with local partners and investors to raise the capital necessary to purchase and renovate affordable apartment buildings at risk of being converted to market-rate properties or suffering from deterioration. NHT/Enterprise has preserved and improved nearly 5,000 affordable homes in 9 states and the District of Columbia using innovative financing mechanisms.

> Rehabilitated Monsenor Romero Apartments on the Mt. Pleasant Street Commercial Corridor.
Photo / National Housing Trust
FINANCING THE DEAL

It takes a significant amount of resources to preserve affordable housing in gentrifying neighborhoods in high-cost cities like Mount Pleasant in the District of Columbia. The only way to make the rents affordable in the face of quickly rising market prices for buildings and market rents for units is to provide significant subsidies on either the development side, such as federal 9 percent Low Income Housing Tax Credits or a loan from the District’s Department of Housing and Community Development, or on the rent side through project-based Housing Choice Vouchers or similar tenant subsidies.

INNOVATIONS IN AFFORDABLE HOUSING PRESERVATION

The acquisition and restoration of Monseñor Romero Apartments provides key lessons for other housing practitioners and policymakers for its neighborhood context, acquisition strategy, and its physical rehabilitation strategy centered on both historic preservation and green building. The work on the part of NHT/Enterprise to engage, inform, and obtain buy-in from residents displaced by the fire and from local officials and neighborhood partners to avoid permanent displacement, is reflected by the support of these groups in the NHT/Enterprise application for Low Income Housing Tax Credits. This buy-in from community members was strengthened by NHT/Enterprise’s commitment to retain the historic character of the property, an anchor of the neighborhood. The redesign achieved historic tax credit design standards while maintaining affordability and introducing sustainable energy efficiency solutions.

DC’S TENANT OPPORTUNITY TO PURCHASE ACT (TOPA)

Amid expiring subsidies or rising property values, a key strategy for affordable housing preservation in Washington, DC, is TOPA passed in the late 1980s. Under TOPA, landlords are required to provide tenants with an offer of sale. Tenant organizations have 90 days to issue a statement of interest. At this point, the tenant organization and landlord enter a 120-day negotiating period. Tenant organizations can either purchase a building outright or assign or sell rights to other groups, as was done in the case of Monseñor Romero. Recently, many cities and states are creating resident opportunity-to-purchase (or right-of-first-refusal) legislation as an affordable housing preservation strategy. Such a tool provides an opportunity for dialogue between property owners looking to sell and the residents affected by that decision. If residents can connect with necessary finance tools and project partners, it can be an important first step for preserving the affordable housing stock, especially in a strong housing market like Washington, DC.

Information for this case study was gathered through interviews with and documentation provided by the National Housing Trust.

About the Housing Assistance Matters Initiative: The Housing Assistance Matters Initiative educates Americans about the vital role of housing assistance. The initiative is a project of the Urban Institute, made possible with support from the HAI Group. The Urban Institute is a non-profit, nonpartisan research organization and retains independent and exclusive control over substance and quality of Housing Assistance Matters Initiative products.

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