

Jonathan Rose Companies and Washington Housing Initiative Acquire The Gale Eckington



Washington, DC (**December 15, 2022**) – Jonathan Rose Companies (“Rose”), one of the nation’s leaders in affordable and mixed income housing preservation, is pleased to announce the acquisition of The Gale Eckington, a 603-unit community located at 151 Q Street, NE in Washington, D.C. In the face of competition from market-rate buyers, Rose engineered an innovative rent program that immediately brings new affordability for residents in this growing D.C. submarket. The acquisition, which brings Rose’s holdings in the Washington area to more than 1,800 units, was completed in partnership with The Washington Housing Initiative Impact Pool (“the Impact Pool”), an affiliate of long-time local developer, JBG SMITH. JBG SMITH formed the Impact Pool to acquire and operate market-rate affordable housing using a strategy designed to produce competitive returns for investors, reduce risk, increase economic



opportunities for residents, and make buildings more sustainable. Inclusive of this acquisition, the Impact Pool has invested in over 2,300 units in the D.C. metro area.

“The Gale is a community of opportunity, with great access to transportation, jobs, and new interconnected trailways and open space. Keeping it affordable for residents is critical to the fabric of the community,” said Nathan D. Taft, Partner/Senior Managing Director at Rose.

“Partnering with the Impact Pool, JBG SMITH, and the residents was instrumental to preserving affordability at the Gale, and at a volatile time in the market, we are grateful to our lending partners who helped make this possible,” said Max Jawer, Director of Acquisition at Rose who led the transaction.

Jones Lang LaSalle (“JLL”) and HR&A arranged debt financing, with approximately \$100 million of first lien debt provided by Fannie Mae through their innovative Sponsor Initiated Affordability (“SIA”) program, and \$35 million of subordinate financing from Amazon’s Housing Equity Fund, which since launching in January 2021, has supported the creation and preservation of thousands of affordable units across the Washington Metropolitan Region. “Preservation of existing affordability is one of the most effective ways to help address the need for affordable housing here in D.C., and we’re grateful for the opportunity to support this project,” said Catherine Buell, director of the Amazon Housing Equity Fund.

At closing, in connection with this financing, Rose and the Impact Pool recorded a new 99-year affordability covenant with D.C. that will phase in rent and income restrictions on 48 units at 60% of Area Median Income (“AMI”) and 302 units at 80% of AMI. Furthermore, to avoid potential future displacement, the affordability covenant granted all occupying residents at the time of acquisition a rent increase cap of 3.0% year-over-year for as long as they continue to rent at the community. The 3.0% rent annual renewal cap will continue to apply to the 60% and 80% AMI units for the duration of the 99-year affordability period.

Rose and the Impact Pool will ensure the community remains competitive in the market and desirable to current and future residents through the enhancement of common areas, amenities, and resident experiences estimated at approximately \$9 million. The venture will also invest in energy efficiency, add on-site solar, and target Enterprise Green Communities Certification, all in an effort to decarbonize the property and align with the Sustainable D.C. Plan, which aims to reduce greenhouse gas emissions and energy consumption 50% by 2032. The renovation will be overseen by JBG SMITH, who will continue to serve as the property manager of the Gale. “The Jonathan Rose Company’s vision for The Gale Eckington is perfectly aligned with the Impact Pool’s goals and we look forward to working together to invest in the property and it’s residents,” said AJ Jackson, Executive Vice President of Social Impact Investing at JBG SMITH. The Gale currently has a number of on-site amenities, including a swimming pool, fitness center, outdoor lounge, clubroom, theater room, game room, dog run, and grilling area.

Support from The Gale Eckington Tenants Association (the “TA”), which organized under Washington’s Tenant Opportunity to Purchase Act (“TOPA”) in response to the sale, was critical to making the transaction possible and beneficial to all. Ultimately, the TA elected to support Rose and the Impact Pool after evaluating their commitments to affordability, reinvestment in the community, resident services, property operations, and communication and ongoing collaboration, which is memorialized in an agreement between ownership and the TA. According to the Tenant Association Board, “Jonathan Rose Companies’ acquisition of the Gale Eckington presents an opportunity to bring long-overdue investments and improvements to our home. The Tenant Association Board is looking forward to working with

Jonathan Rose Companies to guide the Gale Eckington through this new chapter and strengthen our close-knit community.”

The sale was arranged by Martha Hastings and William S. Roohan from CBRE’s Mid-Atlantic Multifamily Team. According to Martha Hastings, “Jonathan Rose Companies, JBG SMITH, and their partners forged an exceptional team focused on creating opportunity for the residents of The Gale Eckington with quality mixed income housing. This extraordinary execution marks an exciting time not just for The Gale Eckington and its residents, but for The District of Columbia overall.”

About Jonathan Rose Companies

Jonathan Rose Companies is one of the country’s leading developers and investors in sustainable, affordable, and mixed-income multifamily real estate, with more than 19,000 units owned. Founded in 1989, Jonathan Rose Companies is a mission-driven company focused on enhancing the health and wellness of its residents with green, energy efficient property improvements and through its Communities of Opportunities programming. With offices in New York, Connecticut, Colorado, Ohio, and California, Jonathan Rose Companies has developed or acquired more than \$3.5 billion of real estate.

For more information, please visit: <https://www.rosecompanies.com>

About the Washington Housing Initiative Impact Pool

The Washington Housing Initiative Impact Pool is an approximately \$115 million investment vehicle that targets after-tax returns equivalent to many traditional investment funds. The Impact Pool is managed by JBG SMITH Impact Manager, a subsidiary of JBG SMITH Properties. To date, the Impact Pool has invested in over 2,300 units across DC, Maryland and Virginia.

For more information, please visit: <https://www.washingtonhousinginitiative.com/>