



AFL-CIO HOUSING INVESTMENT TRUST

Woodland Springs Apartments

District Heights, MD

Project Profile

PRESERVATION
OF AFFORDABLE
HOUSING

PROJECT
DESCRIPTION

While America's stock of affordable housing continues to shrink, the AFL-CIO Housing Investment Trust (HIT) is investing in projects that preserve this vital resource. Woodland Springs was a large, affordable housing development that had deteriorated badly over the decades. HIT's financing helped bring it back and make it a service-enriched home to hundreds of lower-income families.

Woodland Springs Apartments was a distressed HUD inventory housing development located in District Heights, MD. Its redevelopment plan involved substantial rehabilitation of the property, including a reduction in density from 908 units to 506 units in order for the project to compete in today's marketplace. The renovation expanded the size of the existing one- and two-bedroom family units to meet the larger space requirements of families in the District Heights area. The 506 renovated units consisted of 142 one-bedroom units, 287 two-bedroom units, 33 three-bedroom units, and 44 four-bedroom units. All of the units were affordable to families at or below 60% of area median income.

The redevelopment effort involved the demolition of some existing buildings and the construction of a two-story community center. Amenities included a computer learning center, wading and swimming pools, basketball courts, tot lots, playing fields, walking paths, and community gardens. Social service programs for residents addressed many issues, including tutoring, male mentoring, financial planning, children's programs, drug/substance abuse, community policing, and crime prevention.

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HIT ROLE

The HIT worked closely with the project developer to structure the financing for Woodland Springs. The HIT provided fixed-rate construction and permanent financing in the amount of \$11.0 million. The construction loan was guaranteed through a letter of credit and was serviced by a construction lender. Upon completion of construction in September 1998, the HIT purchased a mortgage-backed security from Fannie Mae at a pre-determined, fixed interest rate that was locked-in prior to the commencement of construction through a commitment issued by the HIT. During the term of the permanent loan, Fannie Mae provides the loan guarantee. In addition to investing in the construction and permanent loans, the HIT provided a Section 8 project-based subsidy from its Community Investment Demonstration Program with HUD in the amount of \$16.9 million for 121 of the 506 units in the project.

Other financing included a subordinate loan from the State of Maryland, a HUD grant, a HOME loan and low-income housing tax credit equity. The total development cost of the project was \$35.1 million.

SOCIAL IMPACT

This 1995 project produced 506 units of affordable housing, with help from \$11 million in HIT financing and \$17 million in Section 8 rental assistance provided by the HIT. Woodland Springs offered a rich array of social services and after-school programs designed to foster a safe and healthy family environment and give residents a feeling of pride in their community. Work on the project created approximately 261 union jobs.

ABOUT THE HIT

The AFL-CIO Housing Investment Trust (HIT) is a fixed-income investment company registered with the Securities and Exchange Commission. It manages \$4.6 billion in assets for over 365 investors, which include union and public employee pension plans. The HIT invests primarily in government and agency insured and guaranteed multifamily mortgage-backed securities. The HIT is one of the earliest and most successful practitioners of socially responsible, economically targeted investing, with a track record of almost 50 years that demonstrates the added value derived from union-friendly investments. The investment objective of the HIT is to provide competitive returns for its investors and to promote the collateral objectives of constructing affordable housing and generating employment for union members in the construction trades and related industries. Since its inception, the HIT has invested over \$6.5 billion to finance more than 105,000 units of housing nationwide, generating more than 70,000 union jobs. More information is available on the HIT's website, www.aflcio-hit.com.

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