

Wesley Housing Taps HPF's New Flexible Financing Tool for Affordable Rental Developments

HPN members in certain markets* now have access to HPF FlexCap, a new high-leverage bridge/acquisition loan product from the [Housing Partnership Fund](#). It features a low interest rate and flexible underwriting criteria for a variety of strategies - from a "buy and hold" approach bridging long-term financing to supporting acquisition and redevelopment. HPF is committed to meeting the capital needs of HPN members and closed its first FlexCap loan in January 2022 with Wesley Housing.

\$10.2MM Loan For 66-unit NOAH

Rents are rising rapidly in the Arlandria-Chirilagua neighborhood of Alexandria, VA, due to a future Metrorail development at Potomac Yard and proximity to Amazon HQ2. A [Wesley Housing](#) plan to acquire and redevelop properties nearby and surrounding its existing 33-unit Beverly Square Apartments sparked the proposal to purchase the adjacent 66-unit Parc Square Apartments and combine the two sites to redevelop and rebuild nearly 300 units. This deal triples quality long-term affordable housing for existing and future residents.

"Through an attractive rate, a wealth of expertise in real estate financing and underwriting, and abundant flexibility, HPF FlexCap made it possible to navigate the complexities of pre-serving affordable housing and advancing inclusive prosperity in a gentrifying community."
***– Kamilah McAfee, VP Real Estate Development
Wesley Housing***

HPF As a Trusted Partner

HPF's lending team worked closely with Wesley throughout underwriting, approval, and closing. HPF provided certainty of execution by understanding the challenging nature of a redevelopment project and acquisition of a C-class asset. HPF also approved a higher loan-to-value before Amazon's equity commitment and closed knowing Parc Square's receivables were high, but that Wesley had capacity to manage the asset and obtain rental assistance.



Exterior of Parc Square Apartments (Photo credit: Wesley Housing)

HPF FlexCap Term Sheet

Loan-to-Value:	Up to 95%; first-mortgage
Max Loan:	Up to \$25MM
*Geographies:	AL, DC, FL, GA, IL, IN, KY, LA, MD, MS, NY, NC, OH, PA, SC, TX, VA, WV
Interest Rate:	Approximately 4.25%; determined prior to closing, fixed
Term:	2-3 years
DSCR:	1.15 on first 80% of principal balance and 1.05 on remaining 15%
Loan Fees:	1.0% plus third-party costs including legal, appraisal, and environmental
Prepayment Penalty:	None. Partial pay downs allowed
Underwriting:	Focused on planned take-out strategies and sponsor plan of repayment instead of commitments or HUD 223(f) proposed sizing requirements
Recourse:	Full recourse to borrower
Equity Contribution:	5% which can be subordinate debt, grants and/or the sponsor can use HPF's enterprise loan
Other Benefits:	Requires no sharing of ownership interest or preferred equity returns