



## FLEXCAP

# Fueling dense, transit-oriented, equitable, affordable housing

### THE PROJECT

True Ground Housing Partnership (formerly the Arlington Partnership for Affordable Housing) is an experienced, impact-focused developer with plans to redevelop a seven-acre site in Silver Spring, Md., to create up to 1,600 units of rental housing—half of which would be affordable to people with low-to-moderate incomes.

True Ground purchased the property, known as Falkland Chase-North, in 2023, taking advantage of a rare opportunity to acquire land already “entitled” by the county for development in an area with ready access to public transit, retail, health care, schools and other amenities.

The site includes 170 units of naturally occurring affordable housing (NOAH) built in 1936 and rehabbed in 2022. The apartments are occupied and will be preserved as True Ground’s multi-phase development plan takes shape, though they are likely to be replaced by newly constructed affordable units in the coming years.

Once completed, the development will respond

to a significant shortage of affordable housing in the area with high-quality one-, two- and three-bedroom homes in a vibrant downtown area.

### THE FINANCING CHALLENGE

True Ground sought \$39.6 million in acquisition financing to purchase the Falkland Chase-North property, which was at risk of being sold to a commercial developer that would focus on market-rate development. True Ground needed to move quickly to meet timing requirements of the seller, protect existing residents from displacement and preserve the opportunity for a significant expansion of affordable housing.

Given the early stage of the project, it would be nearly impossible to obtain conventional financing at an affordable rate, if at all. Pre-development work was yet to be completed, and the specifics of multiple development phases were still to be determined. The transaction would need to be highly leveraged, and no permanent financing had yet been committed to take out the loan.

*“FlexCap offered True Ground the necessary flexibility to adapt to the unique complexities of this project, enabling us to secure the property efficiently and effectively without delays, while overcoming the constraints that other financial solutions may have imposed. At the end of the day, leveraging this tool allowed True Ground to meet its acquisition needs so we could focus on delivering more affordable housing to existing and future residents.”*

**Carmen Romero**

President and CEO  
True Ground Housing Partnership

## MORE ABOUT FLEXCAP:

### SUB-PRODUCTS

NA

**LOAN AMOUNT**  
up to \$15 million\*

**USE/PURPOSE**  
Preservation of  
existing rental  
projects

**INTEREST RATE  
(SUBJECT TO  
CHANGE)**  
6.25-7.25%

**LOAN FEES**  
1%

**LOAN TERM**  
Up to 3 years

**REPAYMENT  
TERMS**  
Interest only with  
principal due  
at earlier of close of  
construction loan  
or stated maturity  
date

**COLLATERAL**  
Flexible LTV up  
to 95%, 1.15 DSC  
on first 80% of  
principal balance  
and 1.00 DSC on  
remaining 15%

**RECOURSE**  
Minimum of 50%  
recourse to sponsor

**THIRD PARTY  
LEGAL**  
Paid by borrower

**UNDERWRITING  
FOCUS**  
Planned take-out  
strategies &  
sponsor plan of  
repayment

**COVENANTS**  
Standard financial  
plus DSCR  
  
**PREPAYMENT FEE**  
None after first year

True Ground needed impact-first financing tailored to this opportunity, and it had to close on that financing in short order.

### THE SOLUTION: HPF'S FLEXCAP + BLENDED FINANCE

Through its unique FlexCap program, HPN's Housing Partnership Fund (HPF) provided a three-year, \$20.1 million acquisition loan to True Ground—retaining \$6 million and participating out \$11.1 million to Woodforest National Bank and \$3 million to National Housing Trust-CDF (NHT-CDF). HPF and NHT-CDF also took a first-loss position.

Montgomery County's Affordable Housing Opportunity Fund and Housing Innovation Fund came in as subordinate lenders, providing a combined \$19.5 million.

HPF's FlexCap, which was developed in partnership with Woodforest, is specifically designed to offer a high-leverage bridge/acquisition product that would not otherwise be available—with affordable interest rates and

flexible underwriting criteria. The program is unique for the range of strategies it can support, from a "buy and hold" approach to a large-scale acquisition and redevelopment effort. It provides project sponsors time to reposition a property for long-term affordability and financial sustainability.

"We finance things that others won't," explained Ben Greenberg, HPF's vice president of lending. He highlighted the significant opportunity for scale and impact in the True Ground investment, which will create density and connect low-income families to public transit, jobs and services they might not otherwise be able to access.

"If True Ground doesn't do this, the community doesn't get what it needs," he said. "HPF and our partners are the 'but for' and 'make-it-easier-for' capital that provides support to nonprofits to get things done."

True Ground expects to begin construction on the development in mid-2025.

Scan to meet  
our team.

Email us to  
connect.



[lending@housingpartnership.net](mailto:lending@housingpartnership.net)