



## A New Community Rises in San Bernardino

PNC Real Estate's experience with RAD and HUD delivers redevelopment dollars for aging public housing

By 2014, the 70-year-old Waterman Gardens Housing Community in San Bernardino, California, was showing a significant amount of wear and tear. In addition, the economic downturn had an out-sized impact on the city, making renovation dollars hard to find. Working with the county housing authority and a major national non-profit developer, PNC Real Estate leveraged RAD funding and a collaborative relationship with HUD to finance the first phase of a major transformation.

With its high visibility along a well-traveled traffic corridor, Waterman Gardens has become a symbol of San Bernardino's revitalization. Over the next six years, the 32-acre development will grow to include new and additional affordable housing units, a health care campus developed in conjunction with Loma Linda Hospital, a community center, a "pocket park" and single family homes available for purchase.

The first phase, dubbed Valencia 9, will consist of two- and three-story apartment buildings with a total of 76 affordable units. Common areas will include a leasing office, a community center with a computer lab and meeting room, a fitness center, a swimming pool, sport courts and playgrounds.

The development is a joint partnership between National Community Renaissance (National CORE) and the Housing Authority of the County of San Bernardino (HACSB). The Housing Authority contributed the land and the existing housing units. National CORE will be the managing general partner and will also serve as contractor and property manager.

Although PNC Real Estate has a long-term relationship with HACSB, having closed seven loans through Fannie Mae and Freddie Mac, it was its first financing with the new National CORE/HACSB entity.

The Waterman transaction held its share of complexities and hurdles. And dealing with two different sides of HUD — financing and public housing — created challenges even greater than typical LIHTC transactions. PNC Real Estate's track record of closing difficult affordable and RAD transactions helped beat out formidable competition for the FHA financing.

In spite of the challenges presented by this unique project, PNC Real Estate hit every timing target and delivered a seamless transaction to the client. The successful closing of Valencia 9 has cemented a solid relationship and laid the groundwork for future financing possibilities.

"The Waterman Gardens Revitalization will replace aged public housing with excellent quality affordable housing and creates a sustainable neighborhood that is knit into the fabric of the surrounding community," concludes Erik Johnson, Vice President of Development for National CORE. "PNC Real Estate maintained a constant dialogue with all the entities involved to deliver the financing we needed to launch this high profile redevelopment."



**Date:** May 2015

**Financing Type:** FHA 221(d)(4) plus RAD financing

**Financing Amount:** \$10,671,000

**Location:** San Bernardino, California

**Units:** 76

PREVIOUS SPOTLIGHT

**CubeSmart**

NEXT SPOTLIGHT

**DDR Corp.**

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