



Department of Community Planning Housing & Development Housing Division

PNC Preservation Fund

Description

The PNC Preservation Fund (Fund) operates through PNC Real Estate, and is backed by a corporate sponsorship. The primary focus of the Fund is the preservation of “at risk” market-rate affordable housing. To achieve this, PNC identifies properties that are near the end of their Low-Income Housing Tax Credit (LIHTC) 15-year compliance period or non-LIHTC properties that are at risk of redevelopment. Instead of properties being sold to market-rate developers, PNC purchases them to preserve and extend affordability of the units.

In evaluating potential purchases, PNC focuses on properties in primary and secondary markets, smaller markets with subsidized rents, or Community Reinvestment Act (CRA) markets. PNC holds the property for three to five years, after which the property is sold to a nonprofit developer at the fair market value based on a limited scope appraisal. The developer is responsible for applying for new or additional LIHTC so that units may be renovated and affordability extended. In some cases, PNC may stay in the deal if a developer uses a multi-investor fund upfront during the purchase.

The PNC Preservation Fund size is expected to reach \$200 million. PNC has worked with several properties in the DMV area, including two deals in Leesburg, VA and three in Prince George’s County, MD. They seek developers who are familiar with and have experience in the market.

Potential Applicability in Arlington

Nonprofit developers can partner with PNC to quickly mobilize financing and preserve at-risk properties.

This model also may provide developers with an option to purchase a fair market value property that would extend LIHTC eligibility and affordability, which may reduce the need for Arlington County assistance.

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<https://www.pnc.com/en/corporate-and-institutional/financing/lending-options/pnc-real-estate/affordable-housing-preservation-investments.html>