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MassHousing closes \$6.3 million loan to preserve affordable housing

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MassHousing has closed a loan of \$6.3 million to preserve affordability for low-income families at the 140-apartment Joseph's House.

As part of the loan agreement, Joseph's House, LLC, of which O'Connell Senior Living of Holyoke is the managing member, will seek to extend the Section 8 Housing Assistance Payment (HAP) contract on the 140 apartments for the longest term possible, which is typically 20 years. The owner also agreed to reserve 20% of the apartments (28) for low-income families as long as the MassHousing loan is outstanding, which could be as long as 40 years.

Joseph's House was refinanced through MassHousing's Section 8 Proactive Preservation Program, which seeks to extend affordability at developments where Section 8 HAP contracts are due to expire. The HAP contract at Joseph's House expires on April 30th, 2013.

"Joseph's House is a valuable affordable housing resource for families in Fitchburg and we are very pleased that this MassHousing loan closing will preserve that affordability for years to come," said MassHousing executive director Thomas Gleason.

The 140 apartments at Joseph's House are located in two buildings, one five-story and the other seven-story, at 279 Daniels St.

"We appreciate the opportunity to continue working with MassHousing and preserving affordable housing for the residents of Fitchburg," said Joanne Beauregard, a representative from the ownership group.

The Section 8 Proactive Preservation Program targets a group of affordable rental developments that were originally financed by MassHousing and are eligible to convert to market rate between 2010 and 2013. Each of these developments receives a subsidy from HUD that is used to help pay the tenants' rents each month.

However, if the mortgage is paid off, there are no more affordability restrictions or any incentives from HUD to keep the properties affordable unless the owner agrees to renew the Section 8 contract. Through this program, MassHousing now provides those incentives.

About MassHousing

MassHousing (The Massachusetts Housing Finance Agency) is an independent, quasi-public agency created in 1966 and charged with providing financing for affordable housing in Massachusetts. The Agency raises capital by selling bonds and lends the proceeds to low- and moderate-income homebuyers and homeowners, and to developers who build or preserve affordable and/or mixed-income rental housing. MassHousing does not use taxpayer dollars to sustain its operations, although it administers some publicly funded programs on behalf of the Commonwealth. Since its inception, MassHousing has provided more than \$11 billion for affordable housing.

