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MassHousing closes \$168 million in financing for an affordable housing portfolio

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MassHousing has closed nearly \$168 million in financing for the sale of a portfolio of affordable housing developments in what is the largest affordable housing transaction in MassHousing's 46-year history. Preservation of Affordable Housing (POAH) of Boston used the MassHousing financing to help purchase five of the affordable apartment communities from their former owner, State Street Development. MassHousing also approved the transfer of ownership from State Street Development to POAH on a sixth apartment community. All six developments were previously financed by MassHousing, which currently holds the mortgages. (State Street Development is not affiliated with State Street Corp.) The 841 apartments, 537 of which are located in Boston, had the potential of converting to market rents or condominiums and being lost from the state's inventory of affordable housing once their existing mortgages expired. As a condition of MassHousing's financing POAH will maintain affordability at the six developments for at least 40 years. POAH has also extended for 20 years the Section 8 Housing Assistance Payment contracts at the five developments that currently have them. The HAP contracts were otherwise due to expire between November 2014 and May 2019. "This is the biggest and most complex financing that MassHousing has ever been involved in, but just the type of transaction MassHousing specializes in," said MassHousing executive director Thomas Gleason. "We applaud State Street Development for being willing to sell these properties to a new owner, POAH, which is committed to preserving these developments for the long term. This is a big win for affordable housing and the people who live in these homes." The properties purchased and preserved by POAH with the MassHousing loans are:

- Blackstone Apartments in Boston, \$44.9 million in loans for 148 units of Section 8 elderly housing.
- Franklin Square House in Boston, \$47.3 million in loans for 193 units of Section 8 elderly housing.
- Kenmore Abbey in Boston, \$50.6 million in loans for 199 units of Section 8 elderly housing.

Kenmore Abbey was financed under a conduit loan program where Boston Private Bank and Trust Company underwrote the transaction and utilized tax-exempt bond proceeds from MassHousing. • Machado House at Peter's Grove in Hudson, \$11.6 million in loans for 96 units of Section 8 elderly and family housing. • Rock Harbor Village in Orleans, \$13.3 million in loans for 100 units of Section 8 elderly and family housing. • MassHousing approved the transfer of ownership of King's Landing in Brewster from State Street Development to POAH but MassHousing financing was not involved in the transaction. King's Landing is a 108-unit development for families built under HUD's Section 236 Program. "The POAH team worked very well with the dedicated MassHousing staff through an extraordinarily challenging closing process," said POAH president Amy Anthony. "This is a great example of POAH's ability to quickly structure and close complex, large-scale transactions that preserve affordable rental housing and provide stability, hope and economic security to low- and moderate-income individuals and families." The POAH transaction also received approximately \$8.9

million in federal and state low-income housing tax credits through the Patrick-Murray administration which are expected to generate more than \$70.5 million in tax credit equity for the purchase and preservation of the affordable housing. The five developments involved with the MassHousing financing will all receive moderate to substantial rehabilitation and an estimated 350 jobs are expected to be created. The AFL-CIO Housing Investment Trust purchased the MassHousing bonds and notes that financed the Blackstone Apartments and Franklin Square House, which provided an important investor for MassHousing. "This \$90 million investment by the AFL-CIO Housing Investment Trust reflects our long-time commitment to quality housing for low- and moderate-income families in the Commonwealth while creating family-supporting union construction jobs," said Tom O'Malley, director of the HIT's New England regional office in Boston. "Since 2007, the HIT has invested more than \$280 million of pension capital in Massachusetts housing projects, helping generate strong returns for our investors while also financing more than 2,700 housing units in the state and generating more than 2,600 union construction jobs." 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 \$13 billion for affordable housing. For more information, visit the MassHousing website at www.masshousing.com, follow us on Twitter @MassHousing, subscribe to our blog and Like us on Facebook. About POAH
Preservation of Affordable Housing (POAH) is a Boston-based nonprofit organization that owns and operates close to 8,000 affordable homes at 58 properties in nine states and the District of Columbia. POAH has rescued and restored some of America's most "at risk" rental housing and is known nationally for its ability to develop innovative financing structures and to close complex deals which preserve long-term housing affordability for seniors, individuals with disabilities and families priced out of the housing market.'s Grove - Hudson, MA

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