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Forbright Bank facilitates \$6.4 million loan for affordable housing project Willow Apartments

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Jonathan Camps

Lynn, MA Forbright Bank, a nationwide full-service bank helping accelerate the transition to a sustainable economy, utilized its newly established Housing and Urban Development (HUD) lending platform to provide a \$6.4 million loan to Willow Apartments. The financing, provided under the U.S. Department of Housing and Urban Development's Multifamily Acquisition and Refinancing program (223f), will help the affordable housing project continue to serve the community for many years to come.

The apartment complex provides affordable housing for low-income residents in a high-rent market. It's owned and managed by an affordable housing developer with decades of experience developing, owning, and managing projects in the New England region. The \$6.4 million loan provided by Forbright paid off the existing first mortgage, funded repairs for the building originally built in the early 1970s, and provided cash-out proceeds to the borrower.

"We appreciate the strong partnership with the U.S. Department of Housing and Urban Development, in particular the staff members in the Boston, Baltimore, and New York regional offices that helped facilitate a smooth process and achieve the sought after outcomes for the transaction," said Jonathan Camps, managing director of Forbright Bank's HUD lending division.

Financing for Willow Apartments took just over four months from application submission to closing. The HUD 223(f) loan provided a 35-year fully amortizing term, 80% leverage, and is non-recourse. Forbright Bank worked closely with the borrower to secure an interest rate that represents the low end of the spectrum of HUD 223(f) interest rates in 2023 year-to-date.

The project has 44 units, 43 of which are covered by a Project Based Section 8 Housing Assistance Payments Contract (HAP Contract). As part of the HUD financing, the Section 8 HAP Contract was extended for a period of 20 years and is now in effect until 2043. The extension of the Section 8 HAP Contract allowed the project to qualify as Broadly Affordable and achieve a 25 basis point Mortgage Insurance Premium (MIP), the lowest available under the 223(f) program.

The low interest rate, coupled with the Broadly Affordable MIP, will greatly benefit the project's cash flows and allow this important affordable housing project to continue to serve the community.

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