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MassDevelopment issues \$45 million tax-exempt bond to help Beacon Communities redevelop Leefort Terrace - purchased by Citizens and Eastern Bank

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Salem, MA MassDevelopment has issued \$45 million in tax-exempt bonds on behalf of BC Leefort Terrace LLC, an affiliate of Beacon Communities, which is using proceeds to redevelop the outdated Leefort Terrace housing development built in 1958 containing 50 garden-style one-bedroom units across eight buildings. The company secured a 99-year ground lease from Salem Housing Authority for the property, demolished the existing buildings, and is building a new three- and four-story, 124-unit affordable rental housing facility in their place. Beacon Communities created a for-profit affiliate, BC Leefort Terrace LLC, for the purpose of facilitating this tax-exempt bond financing. The tax-exempt bonds, purchased by Citizens and Eastern Bank, helped BC Leefort Terrace LLC achieve a lower cost of capital; Massachusetts Housing Partnership will assume the Citizens bond and provide long-term fixed-rate financing for the project upon construction completion. Construction began June 2024 and is expected to be completed May 2026.

In addition to the tax-exempt bonds, MassDevelopment assisted the Massachusetts Executive

Office of Housing and Livable Communities with the approval of federal low-income housing tax credits that will provide approximately \$29.2 million in equity for the project.

The new 100% affordable building will include 62 one-bedroom units, 38 two-bedroom units, and 24 three-bedroom units. The units will be rented to households earning up to 60% of the area median income (\$97,920 for a four-person household) with 25 units reserved for households earning up to 30% of the area median income (\$48,960 for a four-person household). The universally designed building will be all electric, climate resilient, and will be Passive House certified. Current Leefort Terrace residents will temporarily relocate off-site during construction and will have the right to return to the redeveloped facility, paying the same percentage of their income in rent (30%) that they currently do; Beacon Communities will work with residents to meet their relocation needs and will cover all relocation costs.

“The lack of multifamily housing has been a driving factor in our housing crisis,” said secretary of the Executive Office of Housing and Livable Communities Ed Augustus. “The redevelopment of Leefort Terrace will not only greatly expand the number of apartments, but will include units with more bedrooms and a greater range of affordability while helping to meet our climate goals with its Passive House certified design. The Healey-Driscoll Administration applauds Beacon Communities’ work and is proud to support innovative developments like this that expand affordable housing options for the residents of Salem and the region.”

“MassDevelopment is pleased to help longtime partner Beacon Communities breathe new life into the Leefort Terrace complex by building a more modern housing facility that can serve even more residents,” said MassDevelopment deputy director and senior executive vice president Marcos Marrero. “Gateway Cities like Salem are made stronger and more vibrant when we invest in quality affordable housing such as this.”

“Citizens is pleased to support Beacon Communities and their effort to work with Salem Housing Authority to redevelop the Leefort Terrace property into 124 units of 100% affordable family housing on this valuable site in the historic city of Salem, MA,” said Citizens senior vice president of community development Eugene Clerkin.

“We are thrilled to be part of the lending team and contribute to such a high-impact project that will benefit many families in Salem and the surrounding communities,” said Eastern Bank vice president of community development lending Johanna Stone. “Leefort Terrace is a testament to the dedication and hard work of all the parties involved in making this project a reality.”

Project sponsor Beacon Communities is a full-service residential development company, developing, owning, and managing more than 19,000 apartments in 150 communities throughout New England, the Mid-Atlantic, Florida, and California. The company also invests in and purchases affordable housing companies and portfolios of multifamily developments.

“This project is a testament to the power of partnership and our shared commitment to improving lives,” said Dara Kovel, CEO of Beacon Communities. “Leefort Terrace will set a standard for energy

efficiency and climate resilience while demonstrating the Commonwealth's priority to transform public housing for future generations.”

MassDevelopment has previously supported Beacon Communities, including issuing a \$25.978 million tax-exempt bond in 2023 to help Beacon and the Chinese Consolidated Benevolent Association of NE build an 85-unit affordable rental housing facility in Chinatown; \$39 million in bonds in 2021 to help Beacon buy and renovate the 346-unit mixed-income Baystate Place housing community in Springfield; a \$40 million tax-exempt bond in 2015 to help the company buy and renovate the 276-unit affordable housing community Mandela Homes in Boston's South End; more than \$70.8 million in tax-exempt bonds in 2013 to help the company preserve 621 units of affordable housing by buying and renovating Edmands House in Framingham and Colonial Estates in Springfield; and a \$10.17 million tax-exempt bond in 2009 to help the company to buy and renovate the 90-unit affordable housing community Tammy Brook Apartments in Weymouth.