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HOUSING AFFORDABILITY AT RISK

Fenway's Burbank Gardens To Remain Affordable After Purchase By CDC

Preservation Of Expiring Affordable Units Complicated But Vital

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SPECIAL TO BANKER & TRADESMAN

Much of the commonwealth's stock of affordable housing, built in the 1960s, 1970s and 1980s, is at risk of losing affordability. Currently, there are more than 104,000 affordable housing units at risk of converting to market rate; while not all of those are at high risk, we still face the possibility of more than

14,000 converting before January 2020.

Until earlier this month, Burbank Gardens accounted for 52 of those units. The purchase of Burbank Gardens by Fenway Community Development Corporation (Fenway CDC) not only demonstrates the state and local government commitment to preserving affordable housing, but also its continued dedication to finding innovative ways to address the



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expiring use challenge.

As properties financed through subsidized mortgages issued almost 40 years ago reach maturity, the low income use restrictions accompanying these mortgages expire and long-time residents face the threat of displacement. Project owners

must decide whether to utilize new public financing resources to preserve long-term affordability or opt out of public programs and convert this housing to market rate.

The state legislature, which passed Chapter 40T in 2009 to tackle the expiring use housing challenge, provided the Massachusetts Department of Housing and Community Development (DHCD) and CEDAC tools to monitor and address it. Among the law's most important provisions are purchase rights, which allow DHCD or its designated agent to acquire and preserve these expiring affordable housing projects if an owner offers to sell a building. Burbank Gardens is an excellent example of the effective use of these 40T purchase rights, and Fenway CDC successfully acquired the property on April 10. CEDAC provided a \$313,000 pre-development loan and, with participation by Eastern Bank, an \$8.2 million acquisition loan. Fenway CDC plans to rehabilitate Burbank Gardens and to ensure that 51 of the 52 apartments remain affordable for low- and moderate-income households.

Located next to Symphony Community Park in the Fenway neighborhood of Boston, the property consists of studio, and one- and two-bedroom apartments, as well as community space. It was one of many 13A properties financed by MassHousing whose 40 year mortgage term will reach maturity in March 2018. Because the project faced imminent risk of market conversion, its preservation became a priority for

the state. When the previous owner put the property on the market in early 2016, Fenway CDC was designated by DHCD through Chapter 40T to purchase and preserve the 52-unit residence.

State Policy And Investments Make Significant Impact

Since Chapter 40T was enacted, the law has helped to preserve 24,380 units of privately-owned affordable housing across the commonwealth, ensuring that families are able to stay in their homes and neighborhoods. But still, thousands of units remain at risk. Preserving these affordable units requires a combination of resident and community initiative, technical expertise, and private and public investment.

In the case of Burbank Gardens, public investment has played a significant role. Though not all of the project's long-term financing is committed, it is anticipated that the majority will come from state resources. This includes millions of dollars in resources from DHCD and MassHousing, along with equity raised from federal and state housing tax credits. In addition to state resources, the city of Boston, through the Department of Neighborhood Development, has shown its support for preservation by committing significant resources to this important preservation effort.

Assembling the right combination of resources to help preserve large-scale affordable housing developments can be

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a complex endeavor. But over the past several years, Massachusetts has learned how to do that well. Last year, the Urban Institute released data ranking the counties across the United States doing the best job of housing extremely low income families – of the top 10 counties, five were in Massachusetts, in part because of the commonwealth’s successful housing preservation efforts. Suffolk County was ranked first in the nation. CEDAC has supported and advised the city of Boston

on preservation strategies – and worked with Boston-area nonprofits like Fenway CDC – for many years.

Burbank Gardens is a success story because, in a time of much uncertainty, the Commonwealth of Massachusetts has maintained its commitment to producing and preserving affordable housing. Beyond the state’s support of housing tax credits, Gov. Charlie Baker and Lt. Gov. Karyn Polito just last week unveiled their housing bond bill, which includes more

than \$1.3 billion for affordable housing production and preservation over the next five years. With such support, we expect to see more such successful preservation efforts, like Burbank Gardens, going forward. ■

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