



Community Economic Development
Assistance Corporation

FOR IMMEDIATE RELEASE

Media Contact:

Suzanne Morse

O'Neill and Associates

smorse@oneilandassoc.com

(617) 646-1020

CEDAC Commits \$8.5 Million to Preserve Affordable Housing in Boston's Fenway Neighborhood

Boston, MA (April 10, 2017) – The Community Economic Development Assistance Corporation (CEDAC) recently committed over \$8.5 million in financing to Fenway Community Development Corporation (Fenway CDC) to purchase and preserve Burbank Gardens, an existing affordable housing development located in the Fenway neighborhood of Boston. This residence is one of many 13A properties whose 40 year mortgage will reach maturity in March 2018, risking tenant displacement and loss of affordable housing. Fenway CDC closed on the purchase of the property today.

In 2009, the Massachusetts legislature passed into law Chapter 40T. This law has given the state's Department of Housing and Community Development (DHCD) and CEDAC tools to monitor and address the expiring use challenge. Among the most important provisions of Chapter 40T are purchase rights to allow DHCD or its designated agent to acquire and preserve these expiring affordable housing projects if an owner offers to sell a building.

When the seller of Burbank Gardens 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. The seller accepted Fenway CDC's offer in September 2016.

“Preserving Burbank Gardens is an important step in the Commonwealth's ongoing efforts to maintaining affordable housing,” said CEDAC's Executive Director Roger Herzog. “It demonstrates once again that the innovative Chapter 40T law remains an effective tool and is a national model for preserving quality affordable housing.”

Fenway CDC, established in 1973, is a membership organization that builds and preserves affordable housing and champions local projects to protect the neighborhood's economic and racial diversity as well as its long term vibrancy. The organization also provides social services, workforce development programs, financial literacy assistance, health programs, and adult education. They have developed nearly 500 affordable homes that house about 1,500 people, including seniors, families, and people living with disabilities.

With the acquisition of Burbank Gardens, Fenway CDC plans to ensure that 51 of the 52 apartments remain affordable for low and moderate income households. The property currently consists of 52 studio, one- and two-bedroom apartments. CEDAC provided a \$313,000 predevelopment loan and, with participation by Eastern Bank, an \$8,268,525 acquisition loan to Fenway CDC for this important preservation effort.

“CEDAC was thrilled to work with a mission-driven non-profit to preserve this crucial affordable housing resource,” said Bill Brauner, CEDAC's Director of Housing Preservation and Policy. “The involvement

of public sector agencies, including MassHousing, the City of Boston's Department of Neighborhood Development and DHCD, was crucial to this transaction."

The Expiring Use Challenge

Massachusetts continues to face an expiring use challenge when it comes to affordable housing in the Commonwealth. There are a total of 14,231 units of affordable housing that are at risk of converting to market rate sometime between now and December 2019. The upcoming mortgage maturity of these properties creates a significant risk of tenant displacement and loss of affordability.

Chapter 40T was passed in 2009 in response to a crisis that evolved out of the way that many large-scale affordable housing developments were financed in the late 1960s and 1970s. At that time, these apartments were built by private owners utilizing state and federally-funded mortgage programs that connected access to below market rate 40 year mortgages to affordable housing use restrictions. Many of those mortgages are reaching loan maturity in the next several years, at which point the use restrictions terminate and the owners may convert the affordable housing to market rate.

The law has helped to preserve affordability in communities across the state, ensuring that families are able to stay in their homes and neighborhoods. It establishes public notification provisions for tenants and state and local officials, a right of offer and right of first refusal for DHCD or its designee to purchase publicly-assisted housing, and modest tenant protections for projects with affordability restrictions that terminate. Since the law was enacted, the state has helped to preserve 24,380 units of affordable rental housing across the Commonwealth.

In addition to committing resources to help non-profit community-based affordable housing developers preserve these properties and managing the Massachusetts Preservation Loan Fund, CEDAC maintains a database of the privately-owned stock of publicly assisted affordable housing on behalf of DHCD and other Massachusetts public lenders. This database, which tracks over 1,500 projects with 130,000 housing units, is an essential part of the Commonwealth's early-warning system regarding affordable housing developments.

//End

About CEDAC

CEDAC is a public-private community development finance institution that provides financial resources and technical expertise for community-based and other non-profit organizations engaged in effective community development in Massachusetts. CEDAC's work supports three key building blocks of community development: affordable housing, workforce development, and early care and education. CEDAC is also active in state and national housing preservation policy research and development and is widely recognized as a leader in the non-profit community development industry. For additional information on CEDAC and its current projects, please visit www.cedac.org.