

From Distress to Vitality

Trinity Financial Creates Thriving New Affordable Community in Boston on Public Housing Site



Washington Beech, Boston, Massachusetts

Photo by Charles Mayer

In the Roslindale section of Boston, urban developer Trinity Financial, Inc. has created a vital new community called Washington Beech from a former distressed public housing development of the same name.

The new, mixed-income community was developed by Boston-based Trinity Financial for the Boston Housing Authority (BHA) and utilized low-income housing tax credits, federal HOPE VI dollars, and other funding sources. In addition to BHA, there were many other public and private partners on the project, including the Boston Redevelopment Authority, the U.S. Department of Housing and Urban Development (HUD), the City of Boston, the State of Massachusetts, several city and state agencies, and RBC Capital Markets' Tax Credit Equity Group.

The roughly \$100 million project redeveloped a sprawling public housing complex built in 1952 comprised of multiple institutional walk-up buildings containing 266 units for very low-income households.

"It was a very distressed project whose residents were living in cramped quarters, and the buildings were beyond their useful life," says James Keefe, President of Trinity Financial and a principal along with Patrick Lee. "A strong resident leadership acted as the catalyst for the change."

Variety of Unit Types

The new Washington Beech contains 16 buildings of different designs and styles including garden apartments, duplexes over flats, and townhouses. There are 206 affordable rental housing units, all assisted by housing tax credits, ranging from one to five bedrooms and serving households of different income levels. The mix includes 127 apartments for public housing residents, 51 units subsidized by federal project-based housing vouchers, and 28 strictly LIHTC units. Monthly gross rents range from \$345 + 30% of tenant income for the public housing units, up to \$2,152 for the voucher units, and up to \$1,507 for the strictly LIHTC units. The Boston Housing Authority owns and leases the land beneath the development, and provides both the vouchers as well as the federal operating subsidies for the public housing units.

In addition to housing, the development has a wide

range of amenities and services for residents, including a computer lab, after-school program, on-site daycare, food pantry, and a central green space. The property, which has a number of green and sustainable features, is LEED Gold certified – the first affordable housing development in Massachusetts to receive this designation.

Spurred by HOPE VI Grant

The beginning of the project occurred in March 2008 when the Boston Housing Authority received a \$20 million HOPE VI grant from HUD to redevelop

Washington Beech. BHA issued an RFP for the project and selected Trinity Financial as the developer in October 2007. The existing buildings were demolished and the new housing units constructed in two phases. Prior to demolition, residents had the choice to relocate to another public housing property or to get a housing voucher for use at a privately owned affordable apartment. Residents could return to the redeveloped Washington Beech if they wished, or keep the voucher if they did not.

The first phase, of six buildings and 100 units, began construction in May 2009, and lease-up was completed by September 30, 2010. The second phase, of 106 units, began construction later, with lease-up completed by January 31, 2012.

James Keefe and Patrick Lee, co-founders of Trinity Financial, Inc., will be presented with the Affordable Housing Vision Award at NH&RA's Fall Developers Forum on October 29.

See p. 26 for profile.

Financing Challenge

According to Keefe, Trinity faced a couple of challenges in redeveloping Washington Beech. A major one was the economic downturn and deflation of the LIHTC market in 2008-2009, when it became tough to obtain tax credit equity and housing credit pricing tumbled. Trinity and BHA utilized both 9% and tax-exempt bond-generated 4% housing credits for each phase of the project – the mix necessary because of the project's large size.

Syndicator RBC Capital Markets' Tax Credit Equity Group committed to buy and eventually purchased the federal and state housing tax credits generated. "RBC Capital never wavered from its commitment to the proj-



James Keefe

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ect," said Keefe, "even though in the spring of 2009 the LIHTC market was at its nadir."

Executives Craig Wagner and Harry Tepper of RBC Capital Markets' Tax Credit Equity Group said the firm provided about \$49.1 million in total housing tax credit equity for the project. According to Tepper, the pricing paid for the federal housing tax credits was 76 cents per dollar of credit for the 9% credits and 81 cents for the 4% credits in the first phase, which closed in 2009, and 73 cents for the 9% credits and 83 cents for the 4% credits in the second phase, which closed in 2010.

Wagner said his company was attracted to the project for several reasons. One was the longstanding relationship with Trinity Financial; Wagner said RBC Capital Markets' Tax Credit Equity Group had previously provided equity for three Trinity developments. In addition, he noted, "We liked the deal because of the fact



Craig Wagner

that there was no hard debt, no foreclosable debt on it." Wagner also indicated that Trinity spent a lot of time at the outset with residents ascertaining their needs in order to "create something that they'd be proud to call home."

The project needed numerous gap funding sources in order to work. One big component was \$10 million in federal stimulus act public housing capital funds received by BHA under the American Recovery and Reinvestment Act of 2009. Additional sources included \$7 million in federal Replacement Housing Factor dollars received by BHA, \$4 million from the City of Boston through several programs, and \$6.25 million in gap funds from the State of Massachusetts through several programs. The Massachusetts Department of Housing and Community Development awarded the federal 9% housing tax credits and state tax credits, while MassHousing issued tax-exempt bonds that provided construction financing and generated the 4% credits. An additional funding source was the AFL-CIO Housing Investment Trust. **TCA**

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