

# Preserving a Gem

POAH deal involving six properties earns top honor

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**F**ranklin Square House has served as affordable housing in one form or another for more than a century.

Starting in 1902, the property was an important boarding home for young, single women in Boston. It was their safe haven during the Great Depression and beyond.

Historians estimate that the home, which began as the grand St. James Hotel and then became a music conservatory, touched the lives of more than 300,000 women.

In recent years, Franklin Square House has served as a 193-unit affordable housing development.

Thanks to the efforts of Preservation of Affordable Housing (POAH), the building will remain home to low-income seniors for decades to come.

It is one of six properties the non-profit acquired and preserved as part of a transaction known as the Boston Cape Cod Hudson Portfolio. The \$243 million deal involving 841 units is one of the largest preservation efforts supported by the commonwealth of Massachusetts.

The deal has been selected as the

overall winner in AFFORDABLE HOUSING FINANCE'S 2013 Readers' Choice Awards. Subscribers also named it the best preservation project.

The portfolio includes two other Boston properties as well: the 199-unit Kenmore Abbey and the 145-unit Blackstone Apartments. The other developments involved are the 100-unit Rock Harbor Village in Orleans, the 108-unit King's Landing in Brewster, and the 96-unit Machado House at Peter's Grove in Hudson.

The coveted locations, which include some of Boston's most desirable neighborhoods as well as Cape Cod, put the properties at risk for market-rate conversion.

POAH stepped in to take over the portfolio when the prior owner decided to go out of business.

"The preservation of this portfolio was unique not only because of its sheer scale and the irreplaceable nature of the assets, but because the success of the transaction was contingent on POAH's ability to quickly and dependably execute a complex acquisition strategy for the entire portfolio," says Rodger Brown Jr., the firm's managing director of real estate development.

To get the large transaction done, each property was financed separately. They were simultaneously independent yet interrelated.

"The scale was such that no single financing structure could be replicated for all of the deals, but the POAH team was able to achieve some efficiencies due to the fact that many of the partners were used in a number of the properties," Brown explains.

The funding includes a nearly \$168 million MassHousing loan and about \$70 million in 4 percent low-income housing tax credit (LIHTC) equity.

Five of the properties have 100 percent of their units covered by project-based Sec. 8 contracts.

To position the developments for the future, significant improvements have been made at the properties. In addition, POAH received 20-year extensions on the Sec. 8 contracts that were nearing expiration. The team also resolved several complicated issues, including mitigating the potential risk of a Sec. 8 overhang, where Sec. 8 rents are higher than LIHTC rents.

The result is the properties will stay affordable for years to come.

**BEST OVERALL**  
With its French Second Empire style and wedding-cake trim, Franklin Square House served as the exterior shot of the fictional St. Eligius Hospital in the 1980s television series *St. Elsewhere*.

