

South End Housing Community Will Undergo Major Renovation and Preservation with \$30.3 million in MassHousing Financing

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BOSTON – MassHousing has provided a total of \$30.3 million in affordable housing financing to the Fenway Community Development Corporation for the refinancing, major renovation, and preservation of affordability for mixed-income households at the 97-unit Newcastle Saranac in Boston’s South End.

Fenway CDC – in partnership with the Schochet Companies – acquired Newcastle Saranac through Chapter 40T, after the MassHousing Section 13A mortgage expired in March 2018 and the former owner intended to sell the property, putting the property’s 97 affordable units at risk of converting to market-rate rents.

“The deep affordability of these units for nearly a hundred households, contrasted with the rents of market-rate housing in the area, made their preservation especially critical for maintaining the vibrancy and diversity of the neighborhood,” said MassHousing Executive Director Chrystal Kornegay. “Thanks to a strong collaborative effort by the Commonwealth, the City of Boston, the

Community Economic Development Assistance Corporation, the Fenway CDC, the Schochet Companies and the residents of Newcastle Saranac, the community will see affordable homes preserved and substantially renovated. MassHousing is pleased to be a partner in this important transaction.”

“In Boston, we are committed to creating safe, stable housing for all Boston residents. I am proud that, together with our partners, we have been able to preserve the affordability of 97 homes in Boston,” said Mayor Martin J. Walsh. “We will continue to preserve and grow our affordable housing stock in Boston, and the acquisition and renovation of this building will ensure that residents living here will not be priced out of their homes.”

“Closing on this project in the midst of COVID-19 did not make this already very complex transaction any easier, but the public partners for this project truly went above and beyond to make sure it could close in time to get construction safely started. At one point I think we had someone from nearly every Department at the City working on this project – during COVID – to make sure it crossed the finish line,” said Leah Camhi, Executive Director of Fenway CDC. “I want to extend my sincerest gratitude and thanks to everyone at the City of Boston, CEDAC, MassHousing, and DHCD who helped make the Newcastle-Saranac Apartments project feasible. We could not have preserved and rehabbed these units without working with our public partners.”

“Now, with ever more economic uncertainty coming our way we are beyond thrilled that these 97 units are preserved as affordable housing forever,” said Schochet CEO Richard Henken. “These are great, beautiful properties in an outstanding location, and we are excited for the families who call them home now and will in the future.”

MassHousing is providing Fenway CDC with a \$17.6 million tax-exempt construction and permanent loan, a \$10.5 million tax credit equity bridge loan, and \$2.25 million in Section 13A preservation financing.

The transaction also involved \$15.5 million in equity from the allocation of federal Low Income Housing Tax Credits by the Massachusetts Department of Housing and Community Development (DHCD), \$9 million in Section 13 preservation financing from DHCD and \$1.55 million in DHCD National Housing Trust financing, \$3 million from the City of Boston’s Department of Neighborhood Development (DND), \$2.1 million in Fenway CDC sponsor loans, and an estimated \$585,571 in income during construction. The Community Economic Development Assistance Corporation (CEDAC) provided \$31.7 million in acquisition financing in a previous transaction. The City of Boston contributed \$9.1 million in BPDA linkage funds toward the acquisition.

The Section 13A financing from MassHousing and DHCD resolves the expired 13A rental subsidy at Newcastle Saranac and helps prevent the property from potentially converting to market-rate rents.

The Commonwealth’s Section 13A program was created by the Massachusetts Legislature in the 1970s to provide low-interest mortgage financing to affordable housing communities. Today, 13A communities serve some of the lowest income and most vulnerable populations in Massachusetts, including many elderly residents. The mortgages on these 13A housing communities are nearing or have reached maturity.

In response, MassHousing and DHCD have committed a total of \$100 million in capital to help preserve affordable 13A units that otherwise would convert to market rates.

Planned improvements at Newcastle Saranac include significant site work, building envelope upgrades and extensive apartment upgrades. The brick, walkup buildings, Newcastle Court and the Saranac Building, which were built in the early 1900s at 599 and 627 Columbus Ave., have not been renovated since the 1970s.

There are 8 studio apartments, 29 one-bedroom apartments, 54 two-bedroom apartments, and 6 three-bedroom apartments at the property. Of the 97 units, 38 will be supported by project based housing vouchers and restricted to households earning at or below 30 percent of the Area Median Income (AMI), 31 apartments will be restricted to households earning at or below 60 percent of AMI, 13 apartments will be restricted to households earning at or below 80 percent of AMI and 15 units will be restricted to households earning at or below 100 percent of AMI. The AMI for Boston is \$119,000 for a household of four.

The general contractor is Keith Construction and the architect is The Architectural Team. Schochet Companies affiliate, Federal Management Co., Inc. is the property manager.

MassHousing has financed 12 rental developments in the South End involving 1,868 units and \$501.6 million in financing. The Agency has provided 8,497 home mortgage loans to Boston homebuyers and homeowners totaling \$1.1 billion in financing.

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