

BILLINGS FORGE, HARTFORD:

Anatomy of a Preservation Deal

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A high-profile affordable housing project in Hartford shows how mission-driven buyers and sellers can ensure long-term affordability using federal and state preservation tools.

Located in Hartford, Connecticut's Frog Hollow Neighborhood, near the State Capitol, Billings Forge Apartments is a 112-unit, 43 percent Section 8 family complex made up of an historic mill and other buildings. In 2013, the owner, the Melville Charitable Trust, selected Preservation of Affordable Housing, Inc. (POAH), to leverage investment for capital improvements while ensuring continued housing affordability and increasing resident services. POAH was able to structure the deal while educating partners on the process and timeline, and Melville remains involved as a special limited partner, focused on the property's Firebox Restaurant and Café and related job-training and resident service programs. POAH's property rehabilitation included unit updates, common area improvements, and systems upgrades. To complement activities offered by Billings Forge Community Works, a community-based nonprofit supported by Melville, POAH



112
UNITS
kept affordable through acquisition and rehabilitation.

funds \$50,000 annually for a resident services program with after-school activities, a community garden, farmers market, and job training and employment opportunities at Firebox.

ABOUT PRESERVATION OF AFFORDABLE HOUSING, INC.

Preservation of Affordable Housing is a nonprofit developer and property owner and manager working to create and preserve affordable rental homes for low- and moderate-income people. Founded in 2001 to fill a void in the preservation market, much of POAH's work involves purchasing large, multi-family properties and recapitalizing them to ensure long-term affordability and physical viability. It owns close to 9,000 affordable homes in nine states and the District of Columbia.

> Residents sit in the community garden at Billings Forge. Photo / POAH.

FINANCING AND AN ONGOING PARTNERSHIP

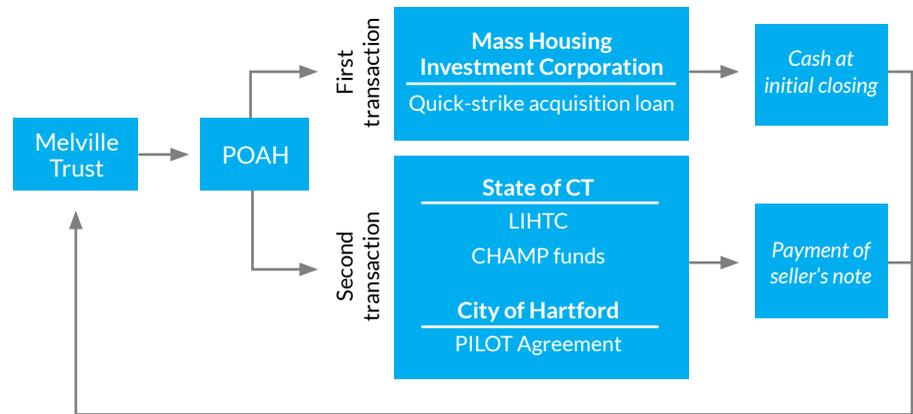
To expedite the late 2013 closing sought by Melville, POAH took title within 90 days of purchase commitment using a quick-strike acquisition loan from the Massachusetts Housing Investment Corporation (MHIC) and structured a two-part payment with cash at the initial closing along with a seller’s note to be paid at the closing of a Low Income Housing Tax Credit (LIHTC) transaction.

INNOVATIONS IN AFFORDABLE HOUSING PRESERVATION

Billings Forge is an example of how mission-oriented buyers and sellers can work together to quickly deliver fair value for a property while maintaining long-term viability and affordability. It also speaks to the importance of creating and maintaining partnerships: Melville is continuing as a limited partner and so is able to remain involved in a way more directly aligned with its core mission; and POAH is able to rehabilitate the project, maintain affordable housing, and contribute space and resources to Billings Forge Community Works to support residents and the broader community. The project also shows how an experienced, high-capacity team can carry out significant rehabilitation—\$90,000 per unit—without displacing residents. POAH had a high-enough capacity and large-enough

STRUCTURING A TIMELY BID

Billings Forge, Hartford CT



balance sheet that it could move quickly to take on responsibility for the property while it assembled the resources and approvals necessary execute a full LIHTC recapitalization.

POLICY TOOL: DRAWING RESOURCES TOGETHER

Billings Forge is an example of a preservation project aided less by tailor-made policies than by stakeholders who are aware of just how complicated putting a deal together can be and who share some understanding of the steps needed to make that happen. In Billings Forge, this involved a number of elements. One was a private nonprofit investor and lender (MHIC) nimble enough to quickly provide short-term support while the

longer-term federal LIHTC funding was in process. POAH also had access to various funding streams to assist with recapitalization and rehabilitation; particularly important was financial support through Connecticut’s Competitive Housing Assistance for Multifamily Properties program administered by the state’s Department of Housing and the Connecticut Housing Finance Authority. Finally, POAH was able to work with the city to establish a payment-in-lieu-of-taxes agreement, recognizing that the property tax assessment liability, if it does not account for the unique dynamics of rent-restricted properties, can jeopardize efforts to maintain affordability and undertake rehabilitation.

One in a series that examines the challenges and opportunities to preserve affordable housing in various contexts across the United States. For more, see “Anatomy of a Preservation Deal”: <http://www.urban.org/preservation>

Information for this case study was gathered through interviews with and documentation provided by POAH.

About the Housing Assistance Matters Initiative: The Housing Assistance Matters Initiative educates Americans about the vital role of housing assistance. The initiative is a project of the Urban Institute, made possible with support from the HAI Group. The Urban Institute is a non-profit, nonpartisan research organization and retains independent and exclusive control over substance and quality of Housing Assistance Matters Initiative products.

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