



News

Preservation of Affordable Housing

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Low-interest social investment loan from Prudential helps nonprofit preserve affordable housing units

Deal will Assure Long-term Affordability

BOSTON— Preservation of Affordable Housing, Inc. announced today that it has closed on the purchase of Brandy Hill Apartments, a 132-unit affordable housing complex in Wareham, Mass. consisting of 11 two-and-half story buildings, the acquisition of which was largely made possible by a short-term low-interest loan from Prudential Financial's Social Investment Program. The \$3 million loan, part of a \$10 million line of credit that has helped fund housing in Connecticut, New Hampshire and Massachusetts, provides financing for economically strong affordable housing projects that, due to their regulatory structures, do not fit the collateral standards of typical financing providers. It allows POAH to purchase the property now and ensure the long-term affordability and viability of the property.

“This acquisition represents a creative and much-needed collaboration between the non-profit, public and private sectors,” said Preston Pinkett III, vice president, Social Investments in Community Resources at Prudential. “Sound business opportunities do not always fit established molds. This investment is a continuation of Prudential's social investment mission to provide flexible financing to organizations like POAH. Doing so

enables us to fulfill our commitment to supporting and improving communities and helping to preserve much-needed housing that otherwise would not be eligible for financing.”

“Often the threat of losing affordability covenants arises after it’s too late,” said Amy Anthony, president of POAH. “By partnering with Prudential, we were able to act quickly and with flexibility so that when Brandy Hill’s use restrictions approach maturity, we’re in the right position to do something about it.”

“There has been a very significant public investment in creating this housing over the years. POAH’s purchase will preserve the value of those public funds,” said Anthony.

The property was originally developed in the early 1970s under the “Section 236 program” which provides interest rate subsidies in exchange for affordability and was preserved under the Emergency Low Income Housing Preservation Act (ELHIPA) in 1994. Its current use restriction expires in 2016.

POAH will be making upgrades to the apartments in the near future and plans to complete a more extensive renovation to the apartments upon a financial restructuring within the next five years.

About the transaction: POAH is purchasing the property to ensure the property will be preserved as affordable housing when its mortgage matures in 2016. POAH anticipates refinancing the property using 4 percent Low Income Housing Tax Credits. The acquisition is financed by the assumption of the current MassHousing mortgage, an acquisition mortgage from MassHousing, and funds from the *Prudential* line of credit. Improvements will be funded by a “capital reserve” established by the *Prudential* loan at closing.

About Prudential’s Social Investment Program

Prudential’s Social Investment Program is a unit of the company’s Community Resources Department, which helps improve communities by investing financial resources, business

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expertise and associate volunteer skills in programs that increase human potential and individual self-sufficiency. Social Investments support nonprofit and for-profit ventures that share Prudential's dedication to creating healthy and sustainable communities. It makes socially responsible investments in projects that develop and preserve affordable housing, improve access to quality education, and connect neighborhoods and residents to economic growth opportunities.

Editor's note: *Preservation of Affordable Housing owns and operates 6,602 affordable rental units for the elderly, the disabled and low-income working families in Connecticut, District of Columbia, Florida, Illinois, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, Rhode Island. Other POAH properties preserved under the Prudential line of credit include: Torrington Apartments (79 units in Torrington, CT); Central Annex (102 units in Pittsfield, MA) and Sugar River Mills (162 units in Claremont, New Hampshire)*

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