

LIHTCs, RAD Save Affordable Housing for Vulnerable Populations in Baltimore Suburb

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It is important to preserve affordable housing, especially for vulnerable populations.

WISHROCK Investment Group did just that in Towson, Md., when it purchased Tabco Towers, a 200-apartment building reserved for low-income seniors and people with disabilities. “This was an existing affordable housing community. The odds were high that it would have been turned into market-rate housing, or possibly student housing for Towson University and Goucher

College,” said Bryan Shumway, principal and director of development at WISHROCK, an affordable housing development company. “That would have been tragic for the 200 [families] living on the property.”

The 22-story affordable housing development was built in 1970. Under the U.S. Department of Housing and Urban Development (HUD) Rental Assistance Demonstration (RAD) program, the apartments were recently upgraded while remaining affordable. Renovations were financed using 4 percent low-income housing tax credits (LIHTCs). “The use of RAD was key so residents would not be subject to rent increases,” said Shumway. All apartments are reserved for residents earning up to 60 percent of the area median income.

Shumway said the building was largely original construction with only cosmetic upgrades. He said that the building had antiquated systems, an elevator that failed frequently and other deferred maintenance.

The renovation plan, which was designed by The Architectural Team of Chelsea, Mass., and implemented by Ellisdale Construction, took place over a 12-month period. During renovations, WISHROCK added a community center and a second laundry facility, and modernized the elevator and common areas. Tabco Towers also received all new energy-efficient heating and cooling systems and a new generator. Each apartment received renovated kitchens and bathrooms as well as all new flooring, paint, blinds and Energy Star-rated appliances. The development is Enterprise

Continued on page 46

Image: Courtesy of WISHROCK Investment Group
Under the HUD Rental Assistance Demonstration and low-income housing tax credit programs, Tabco Towers was recently upgraded while remaining affordable for years to come.



Continued from page 45

Green Community certified. Twenty apartments are fully accessible for residents with disabilities. These apartments include wider hallways and kitchens for wheelchair users, accessible toilets and showers, and grab bars have been installed throughout the apartments.

The community room has a television and seating area, a computer center and space for the resident service coordinator. Shumway said the development has an active tenant council that works to give Tabco Towers a strong sense of community.

Shumway said the major challenge with the development was that it was an occupied rehabilitation. “Working with an in-place population in a single tower was challenging,” said Shumway. “Helping residents consolidate and move took a lot of coordination and planning,” especially with these vulnerable populations.

Shumway said preserving the apartments as affordable housing was important because there aren’t many quality alternatives in the area. “This was a building full of elderly and disabled low-income residents in Towson,” said Shumway. “Had this not been preserved as affordable housing, I don’t know where the residents would have gone.”

Tabco Towers held a ribbon-cutting celebration in November 2017.

Financing

SunTrust Community Capital provided a \$10.6 million 4 percent LIHTC equity investment and a \$16.8 million acquisition loan. “This is one of the few affordable housing developments remaining in Towson, so preserving this housing resource is very important to the community,” said Nora Vlahoyiannis, senior vice president of SunTrust Community Capital. “Towson is an important market for SunTrust ... It used to be a small sleepy suburb, but in recent years has become a quite large, bustling high-growth area, so the need for affordable housing is even more critical.”

Stratford Capital was the syndicator for the 4 percent LIHTCs, putting the credits in a proprietary fund. “This is a great preservation deal located in an area with high occupancy rates,” said Bruce Sorota, senior vice president of Stratford Capital, which has a longstanding relationship with WISHROCK. “This was a significant project that wouldn’t have been done without such a strong developer in WISHROCK.”

The Maryland Department of Housing and Community Development’s Community Development Administration (Maryland CDA) provided a \$9.9 million LIHTC allocation, a \$2.5 million Rental Housing Works loan, a \$756,000 CIF loan for energy improvements and issued the bonds to this development. “There is an overwhelming demand for affordable housing in Towson. Towson is a thriving community. It’s growing,” said Brien O’Toole, deputy director for rental lending at Maryland CDA. “We want to make sure all projects add momentum and value to the surrounding area.” By preserving and enhancing affordable housing for seniors and those with disabilities, O’Toole said the rehabilitation adds value to the neighborhood.

Development financing also included a \$24.5 million 221(d)(4) HUD loan from JLL and a payment in lieu of taxes agreement with Baltimore County. ♦

Tabco Towers

FINANCING

- ◆ \$24.5 million 221(d)(4) HUD loan from JLL
- ◆ \$16.8 million acquisition loan from SunTrust Community Capital
- ◆ \$10.6 million 4 percent LIHTC equity investment from SunTrust Community Capital, with Stratford Capital as the syndicator
- ◆ \$2.5 million Rental Housing Works loan from Maryland CDA
- ◆ \$756,000 CIF loan Maryland CDA