The Players

MassHousing

- State’s Affordable Housing Bank
  - All 50 states have a housing finance agency
- Created in 1966; financed more than $10 billion in affordable housing
- 100,000+ units of rental housing under MassHousing management
- FY2008: Second largest lending year ever; $702 million in lending

Massachusetts Bay Transportation Authority

- The MBTA is the oldest and fourth largest transit system in the country
- The MBTA district is comprised of 175 cities and towns
- MBTA serves 1.2 million riders per day

MassHousing Promotion of TOD

Collaboration with The MBTA

- MBTA to promote “Take the T Home Mortgage Program”, 0% down mortgages to regular T riders
- MBTA names MassHousing its “housing lender of choice”
- MassHousing to prioritize TOD money in PDF for “T”-owned sites
- MassHousing to provide up to $250K in planning funding to MBTA
- $22M of MassHousing’s $100M “Priority Development Fund” devoted to TOD

MASSHOUSING AND THE MBTA: WORKING TOGETHER TO BUILD COMMUNITIES

Developer seeking to build housing on an MBTA-owned site should consider financing from MassHousing. MassHousing has financial expertise to analyze and recommend development sites on private land, and now seeks to build upon its relationship with the MBTA to finance housing on MBTA-owned or controlled sites.

As the state’s affordable housing bank, MassHousing is actively engaged in funding the construction and preservation of affordable housing that is readily accessible to public transportation. Of the over 600 units in 83 rental housing developments financed by MassHousing between 1997 and 2002, 85% of them are located within 1/4 mile of mass transportation.

MassHousing is also proud to be a partner with the MBTA in the "Take The "T" Home" mortgage program, which provides up to 100% financing for qualified home buyers who are regular users of the MBTA.

Thanks to our access to the tax-exempt bond market, MassHousing can provide housing developers with attractive rates on both construction and permanent loan financing. Many developers will find that MassHousing can provide both a competitive financing package and an attractive means for marketing their development - a high degree of affordability and the ability to include substantial preferences for local residents.

Not every MBTA-owned parcel will be an appropriate site for affordable housing, but for those that are MassHousing’s financial strength and 25 years of experience make us the lender of choice. If you are interested in responding to this RFP and wish to know more about MassHousing’s financing, please contact Nancy Anderson at 617-389-1260 or by e-mail at nanderson@masshousing.com.
ArborPoint at Woodland Station

From Park N’ Ride Lot to Live and Ride Community
Arbor Point at Woodland Station, Newton

Newton, Massachusetts

- Population: 83,829
- Median household income $86,052,
- High priced housing market

Arbor Point

- Transforms “sea of asphalt” into vertical garage + rental housing
- 180 units on 3.86 acres (46.6 units per acre)
- 548-space MBTA garage (100 space increase over current conditions)
- Row of 2-story Townhomes facing track relates residences with street and pedestrian activity
- Zipcar location on site and T-Pass purchase program further reduce auto dependency
- Apartments designed to Energy Star standards
- Residential parking – at 1.6 spaces/unit – reduced from city zoning requirements
ArborPoint at Woodland Station

The Challenges:

- Process: Initial site concept (1997) proposed assisted living facility
- Occupancy: August 2007
- 70-Year Ground Lease Utilized: Drives the project to rental use
- "Stand-alone" housing

MBTA Concerns:

- Increase in commuter spaces sought
- Unitary financing considered, then not utilized
- Need to price parking competitively with potentially competing MBTA facility

Resolution:

- Insistence on garage timetable leads to delegated contracting
- Result: On time delivery and substantial cost savings
ArborPoint at Woodland Station
Financing Structure

Residential Housing

- TDC of $293,549/unit; somewhat high due to garage; typical cost components for high-end suburban product.
- High Rental Market Area, supports large first mortgage loan
- Higher than typical cash equity, since owner’s return comes from substantial cash flow
- $3.45 million PDF loan is only source of public subsidy beyond TE loan
New Rental Housing Development

- 180 rental units w. 1-3 brs each
  - 36 affordable units (20%)
    - $711-1,186 avg. rent/mo
  - 141 market rate units
    - $1,987-3,200 avg. rent/mo

- 295 spaces of parking underneath

- Amenities: business center, lounge, fitness center, Pool, patio, picnic area and tot lot.

MBTA Parking Facility

- 3-level, 548-space commuter parking facility

- Handicap accessibility improvements, shared access drive and utilities connections.
ArborPoint at Woodland Station
The Results
Ashmont Station
Ashmont Station
Ashmont Station – Housing and Urban Revitalization at Major Transit Center

Dorchester, Massachusetts

- Population: 92,862, Median household income ~$38,590
- Inner city neighborhood in process of revitalization

Ashmont Station

- Total property < 1 acre currently used as surface parking for MBTA employees
- Re-utilizes an existing underutilized and poorly maintained parcel directly adjacent to a MBTA Transit Station
- Promotes the ongoing revitalization of the Ashmont Peabody Square neighborhood

Ashmont Station – Housing and Urban Revitalization at Major Transit Center

New Rental Housing Development
- 105 rental units w. 1-2 brs
  - 74 affordable units (25%)
    - $938 - 1,124 avg. rent/mo
  - 26 market rate units
    - $1,245 - $1,402 avg. rent/mo
- 80 spaces of parking underneath
- 10,000 square feet of neighborhood retail

MBTA Ashmont Peabody Station
- Provides intermodal bus, trolley and rapid transit services to nearly 17,000 daily commuters.
- MBTA is currently constructing a complete replacement of the station as part of a modernization program focused on the four Dorchester Red Line stations.

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- **TDC of $458,614/unit**
  - Uncharacteristically high costs (even for Boston) due to commercial space, underground parking, difficult site conditions and steel frame construction.
  - Substantial amount of subsidy required to support TDC (eight separate subsidy sources totaling 73% of TDC)
  - Low Rental Market Area, with limited demand for market rate units results in relatively small permanent mortgage loan
  - Total of 10 mortgage loans required
Ashmont Station – Housing and Urban Revitalization at Major Transit Center

Rear - Looking Across Ashmont Train Platform

Temporary Station Entrance

Frontage Signs Along Dot Ave.

Front - Along Dorchester Avenue (Dot Ave.)
The Carruth at Ashmont Station

View Facing South Along Dorchester Avenue
The Challenges:

- “Simultaneous” construction with MBTA station rebuild
- MBTA construction project (contrast Arbor Point)
- Carruth: Available for occupancy in December ’07
- MBTA Station Project: Summer ’09 completion?

Result: Market challenges

Bonus: A true “keystone” to neighborhood revitalization – mixed use/vibrant

Resolution:

- A shift from a partial for-sale strategy to rental/rent-to-own strategy
A Marriage Made in Heaven: What Could Possibly Go Wrong?

- Operational Issues
- Timing Issues
- Market Value Issues
- Market Timing Issues
- Procurement Issues
- Surprise, Surprise