

 Preservation of Affordable Housing, Inc.	40 Court Street Suite 650 Boston, MA 02108	617 261 9898 Fax 617 261 6661 info@poah.org
-------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------	---------------------------------------------------

July 23, 2003

For Immediate Release

Contact: David A. Bryant

Boston-Based National Non-Profit Corporation Purchases Endangered Salem Heights (MA) Apartments -- New Owners Pledge Hundred Year Affordability Pact With Community Leaders

Preservation of Affordable Housing, Inc. (POAH) announced today that it has completed the purchase of the Salem Heights Apartments, Salem, Massachusetts, from Corcoran, Mullins & Jennison (CMJ), a Boston-based real estate management firm. The sale of Salem Heights to POAH, Inc. ends years of uncertainty for the residents of the apartments and city officials, who have been waging a fierce, years' long battle to ensure that these 283 apartments remain affordable to low- and moderate-income families.

In February, POAH joined with the City of Salem and CMJ to sign an agreement, outlining the terms of the eventual sale and the subsequent pledge to extend the long-term affordability agreement. Amy S. Anthony, Executive Director of POAH, observed that her organization's "primary mission is to acquire and renovate affordable housing units that are at risk of being lost, and at a time of great economic strain and sacrifice in Massachusetts and the nation, we are very gratified that we could help the City of Salem in this endeavor." Under the terms of the February agreement, Corcoran-Jennison, an affiliate of CMJ, agreed to continue managing the property, and POAH agreed, in a covenant to be recorded against the property, to keep the property affordable for the next 100 years. The agreement provided the basis for resolving a legal dispute among city officials, apartment residents, and CMJ, which had kept the property's status in limbo the past few years.

The City of Salem and the apartment residents sued in October, 2000, to prevent the partnership from prepaying the federally subsidized mortgage that was obtained to finance the original construction, a move that would have effectively ended the partnership's affordability obligations at Salem Heights. Subsequent rulings by the Northeast Housing Court prevented the partnership from pursuing any prepayment options until all of the issues raised in the litigation had been resolved. POAH was approached in the midst of this dispute in an effort to reconcile the disparate interests of the owners and the local community.

Preservation of Affordable Housing, Inc. (POAH) is a national non-profit organization dedicated to the preservation of affordable housing for the long-term. POAH is led by Amy Anthony, one of the nation's foremost experts in affordable housing finance and

policy, and a former secretary of the Executive Office of Communities and Development (now DHCD) for the commonwealth of Massachusetts. Ms. Patricia Belden is the POAH Project Manager who served as the lead negotiator for the terms of purchase. The commonwealth of Massachusetts provided \$1.75 million of state funding, along with a commitment to provide project-based subsidies for 25% of the units. The Massachusetts Housing Partnership (MHP) will provide the majority of the financing through direct lending and the sale of tax-exempt bonds. The bonds will be backed by letters of credit from FleetBoston's Community Investment Group, Banknorth, and the Federal Home Loan Bank, thereby ensuring the lowest possible long-term interest rate.

MassDevelopment will issue tax-exempt bonds as well as an allocation of tax credits for the property. Massachusetts Housing Investment Corporation will provide over \$6.5 million in tax credit equity. The Community Economic Development Assistance Corporation (CEDAC) provided pre-development funding. The US Department of Housing and Urban Development (HUD) has allocated enhanced Section 8 vouchers for all eligible families, and these vouchers will be administered by the Salem Housing Authority.

#####