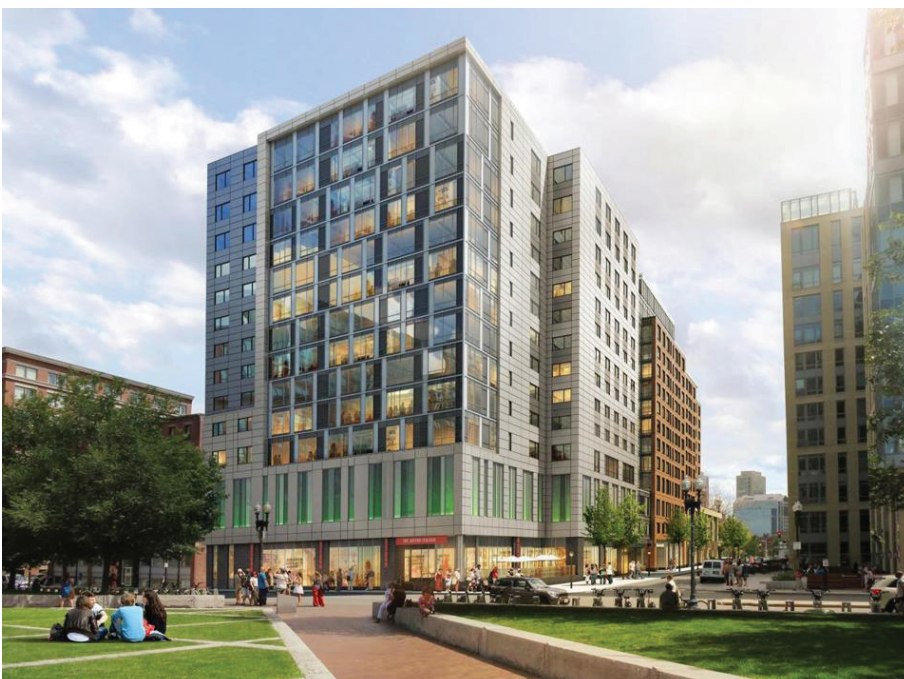


# The Boston Globe

## Complex Financing May Be a Model for Affordable Housing

About half of the apartments in this building near North Station will be aimed at renters earning up to \$78,800 for a two-person household, which would pay about \$1,628 a month.

December 27, 2015 | By Tim Logan



The developer Related Beal is set to start work Monday on a rare thing in Boston: a downtown apartment building where every unit will rent at below-market rates.

The unusual building required an extraordinary assembly of financing sources to pull off. Yet despite its complexity, the Related Beal project offers a template for other developers to meet the city's goal of building more housing that middle-income residents can afford.

Related will launch construction on a 14-story building at Beverly and Causeway streets in the Bulfinch Triangle near North Station. All 239 apartments will be priced at rents affordable to low- and middle-income tenants.

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"We are extremely proud of this development," said Kimberly Sherman Stamler, the company's chief operating officer.

About half the units are aimed at renters earning mid-range incomes — up to \$78,800 for a two-person household — with the rest set at rents for lower incomes. And 24 of them, one in 10, will be three-bedrooms, a higher share than in most new rental buildings in the city.

A family of four that earns \$78,800 a year, for example, could rent a two-bedroom apartment for \$1,628 a month, in a neighborhood where similar new apartments often fetch twice that much.

The property is a former Big Dig site owned by the Massachusetts Department of Transportation, and Related Beal needed sign-offs from about 25 city, state, and federal agencies, said Ted Lubitz, who spear-

headed the project for the company. Related Beal had to tap 11 public and private financing sources to raise its roughly \$230 million budget.

There are state and federal tax credits and low-cost bonds, a break on city property taxes over the next 23 years, and a \$10.5 million payment from Boston Properties and Delaware North, which are building a huge office and housing complex at nearby TD Garden that requires a contribution to the city's affordable-housing programs.

The complex also includes a 220-room hotel, which will help offset the development costs and make it easier to charge lower rents. Related is also funding about one-fourth of the project from its own pockets, Lubitz said, along with about \$6.75 million in affordable housing payments from two of its own projects nearby.

Those ingredients would be hard for another project to replicate exactly, Lubitz said, but they give an example for how this might work elsewhere.

"Could you apply this exact formula to another project? No," Lubitz said. "But this is how you make it work, and these are the drivers of a project."

Related is writing a road map that could help other builders finance more affordable housing in Boston, said Matthew Kiefer, a development attorney with Goulston & Storrs, especially units geared to middle-income renters who earn too much for heavily-subsidized apartments but can't afford the high-end buildings sprouting downtown.

"This is the state of the art," Kiefer said. "It's innovative in how it puts all these pieces together."

The contribution from Boston Properties is important, Kiefer said. A Boston development policy requires builders of high-end projects downtown to pay more toward affordable housing. So if affordable developers can find big neighbors to partner with, they may be able to tap those funds, Kiefer said.

Another aspect of the deal is the city's willingness to link the size of the building's property taxes to its revenue, offering lower tax bills in its early years.

"If the city's willing to do that and promote that [tax break], then yes, that could help more projects," Kiefer said.

Mayor Martin J. Walsh is making a major push for more housing, aiming to add 53,000 units — many of them affordable to middle- and working-class residents — by 2030. And he hailed Related's project as an example of how it might be done.

"We are committed to working together to unlock housing opportunities for all of our families," Walsh said in a statement. "This project will bring more options to the heart of downtown."

Construction, set to start Monday, will take about two years, Lubitz said. He wasn't sure when they'll begin the lottery for units, but expects demand to be high.