

PUTNAM SQUARE APARTMENTS, CAMBRIDGE:

# Anatomy of a Preservation Deal

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Innovative state legislation enables a nonprofit housing developer to buy and rehabilitate a subsidized building, home to elderly and disabled residents in Cambridge.

Putnam Square Apartments in Cambridge, Massachusetts, is a 94-unit, 12-story rental property for elderly and disabled residents, subsidized through an ongoing project-based Section 8 contract with the Cambridge Housing Authority. Harvard University, the previous owner, sold the property using the framework provided by Massachusetts's 2009 40T statute to Homeowner's Rehab, Inc. (HRI). HRI significantly rehabilitated the occupied property, putting in a new boiler and new windows, making envelope repairs, and undertaking other enhancements to improve the property's livability and accessibility to physically disabled or impaired residents.



125,000

AFFORDABLE  
HOUSING UNITS

could be lost as Section 8  
contracts expire

## ABOUT HOMEOWNER'S REHAB, INC.

Founded in 1972, Homeowner's Rehab, Inc., is a nonprofit organization with a mission of providing safe, affordable, decent, and sustainable housing in Cambridge, Massachusetts. Most of HRI's properties are rental units affordable to low- and moderate-income households. To date, HRI has developed more than 1,500 housing units, operates over 1,200 apartments, and owns commercial space in Cambridge. It also operates the Home Improvement Program (HIP), which provides low-interest home improvement loans and technical assistance to homeowners, and is closely affiliated with Cambridge Neighborhood Apartment Housing Services (CNAHS), a nonprofit that develops new affordable housing and maintains affordable housing by providing below-market loans to multifamily owners, keeping their units affordable.

> *Entrance to Putnam Square apartments after acquisition and rehabilitation. Photo / Homeowner's Rehab, Inc.*

**BRIDGING PROJECT-BASED SECTION 8 FUNDING WITH ADDITIONAL RESOURCES FOR REHABILITATION**

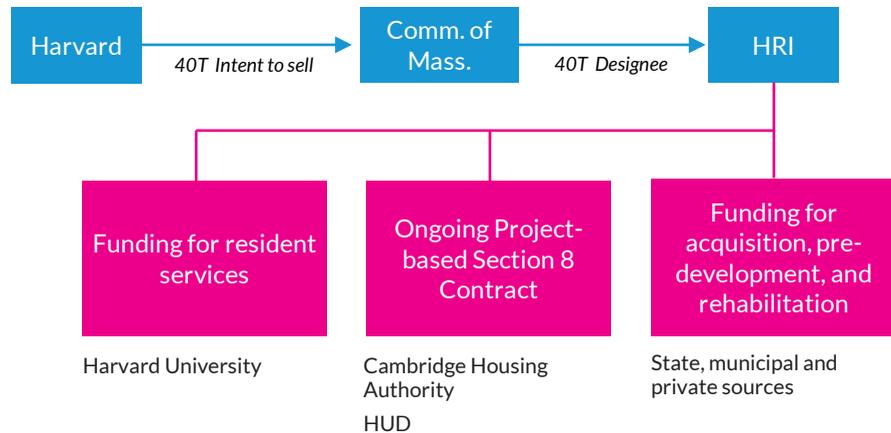
Financing for Putnam Square involved a number of streams. The City of Cambridge and Community Economic Development Assistance Corporation provided funds for acquisition and predevelopment funding, and multiple partners—such as Cambridge Affordable Housing Trust, Cambridge Department of Housing and Community Development, Boston Private Bank and Trust, Co. Cambridge Savings Bank, Cambridge Neighborhood Apartment Housing Services, MA Department of Housing and Community Development, MassDevelopment, MassHousing, MA Housing Equity Fund Inc., and NeighborWorks America—provided other necessary funds. Also noteworthy is the underlying use of a project-based Section 8 voucher contract to keep the units affordable.

**INNOVATIONS IN AFFORDABLE HOUSING PRESERVATION**

Through use of Massachusetts’s 40T regulation and a sale to a high-capacity local nonprofit housing developer, Putnam Square Apartments illustrate how affordable housing can be preserved and rehabilitated, and services better-tailored to resident needs, in a high-cost city. The continuing interest

**MASSACHUSETTS 40T PRESERVATION LAW IN ACTION**

**Putnam Square, Cambridge MA**



from Harvard University in preserving affordability and contributing to resident services highlights the value of collaboration between mission-oriented buyers and sellers in preservation deals. Today at Putnam Square Somerville, Cambridge Elder Services is contracted to provide expanded services to residents, including meal delivery, transportation, and mental health services. Fitness classes, healthy eating, gardening, and other activities have also been added.

**POLICY TOOL: 40T, MA'S RIGHT OF FIRST REFUSAL LAW**

A central tool of the Putnam Square project was Massachusetts’s 40T statute, passed in 2009. 40T stipulates that owners of publicly assisted affordable

housing properties must notify public officials, public agencies, and tenant organizations of their right to sell, give DHCD or its designee 90 days to make a first offer to purchase, and permit DHCD or its designee a right of first refusal to purchase a property on terms agreed between an owner and a third party. By providing a right of first refusal to the state and penalizing owners not adhering to the process, 40T has effectively and efficiently preserved affordable housing in Massachusetts, where significant numbers of contracts for affordable housing developments built in the 1960s and 1970s are now expiring.

One in a series that examines the challenges and opportunities to preserve affordable housing in various contexts across the United States. For more, see “Anatomy of a Preservation Deal”: <http://www.urban.org/preservation>

Information for this case study was gathered through interviews with and documentation provided by HRI.  
**About the Housing Assistance Matters Initiative:** The Housing Assistance Matters Initiative educates Americans about the vital role of housing assistance. The initiative is a project of the Urban Institute, made possible with support from the HAI Group. The Urban Institute is a non-profit, nonpartisan research organization and retains independent and exclusive control over substance and quality of Housing Assistance Matters Initiative products.  
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