HTCs, LIHTCs Transform Hospital into Housing

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When Community Housing of Maine (CHOM), a nonprofit housing developer based in Portland, Maine, was looking to build its latest development, it teamed up with an unlikely partner: a health care provider. CHOM worked in coordination with Mercy Health System when it began converting Portland's historic Children's Hospital at 68 High Street into Elm Terrace, an affordable housing development that used state and federal historic tax credits (HTCs), and low-income housing tax credits (LIHTCs) to finance construction.

The Children's Hospital was originally built in 1909. It received national recognition a few years later for the work of Dr. Edville G. Abbott who is credited with finding a treatment for scoliosis. The hospital was later used by the University of Maine's law school before becoming vacant in recent years.

"Mercy was seeking a new home for its McAuley Residence, a unique and comprehensive program serving families who had faced significant challenges. And we said, "We can create a new home for McAuley as a part of a larger apartment community,"" said Erin Cooperrider, CHOM's development director. Cooperrider said that the McAuley Residence has benefited from the move because of the challenges and rewards of operating inside a larger and more diverse apartment community. The program has doubled in size, serving more of Maine's most vulnerable citizens.

Elm Terrace is a 38-unit multifamily housing development reserved for residents earning 60 percent or less of the area median income (AMI). The development consists of two buildings: the historic Children's Hospital, which has been converted into 23 apartments, and the newly constructed addition that was built adjacent to the hospital, which features 15 apartments. In total, there are six studios, 22 one-bedroom units and 10 two-bedroom units. Elm Terrace's new addition was built on the site of the old Mussey Mansion, a stately federal-era residence built in 1801 and demolished in 1965. The addition was designed with the historic mansion's architecture in mind, said Cooperrider.

The McAuley Residence shares the former Children's Hospital with Elm Terrace. It continues to offer women a comprehensive transitional housing program, offering life skills training, counseling, emotional support and mentoring to its residents. The McAuley Residence serves women who have experienced addiction and one or more of the following situations: homelessness, substance abuse, domestic violence, broken relationships, mental health issues or incarceration. The program provides access to health and dental care, parenting courses, help securing affordable permanent housing, resources to complete their education, individual financial mentoring with local bank employees and career counseling.

"As we looked to expand McAuley Residence, CHOM was the perfect community partner as they are experts in supportive housing and our missions align. We needed a housing expert that embodied compassion and deep commitment to serving the vulnerable and found just that with CHOM," said Melissa Skahan, vice president of mission at Mercy Health System.

Elm Terrace includes two common areas. One common room for children includes a play area and a television; some daycare services are also provided in the room. The other common room features sitting areas, computers and a kitchen. Cooperrider said that McAuley uses this space to conduct nutrition and cooking classes, and to have community meals. Other common amenities include a gated courtyard in the back of the property, underground and surface-level parking for tenants, which is included in the price of rent, additional storage space for each unit, and a central laundry facility. Finally, Elm Terrace is a transit-oriented property. A bus stops right in front of the property. "We try to support living without cars," Cooperrider said.

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HTCs, LIHTCs Fund Construction

The $10.5 million development utilized a number of different funding sources. Boston Capital provided a federal LIHTC equity investment of nearly $6.3 million and a federal HTC investment of more than $944,000. "This development is part of an up-and-coming area of Portland. And it takes an old historic building and brings it back to life," said Jeannine Ranaghan, vice president of acquisitions at Boston Capital. Ranaghan also said that partnerships played a big role in choosing to finance Elm Terrace. "We have had a long standing relationship with CHOM and relish the opportunity to work with them on communities like Elm Terrace," she said.

The development also received a Maine Historic Preservation Tax Credits equity investment of nearly $1.4 million from Housing by Design LLC, a subsidiary of CHOM, a $6 million construction loan from TD Bank, $400,000 in U.S. Department of Housing and Urban Development (HUD) HOME funds from the City of Portland, and $700,000 in state HUD HOME funds and an amortizing loan of $350,000 from the Maine State Housing Authority. The federal and state HTCs were only claimed on the historic Children's Hospital rehabilitation.

"It has preserved and rehabbed the former Children's Hospital building, which is a significant building due to its association with Dr. Edville G. Abbott who served as surgeon in chief at the hospital and developed the "Abbott Treatment" for correcting curvature of the spine in children suffering from scoliosis," said Mike Johnson, coordinator at the Maine Historic Preservation Commission, which administers the Maine Historic Preservation Tax Credits. "The building was designed by noted architect Frederick A. Thompson and is considered a good example of Colonial Revival style architecture."

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Preserving the Children’s Hospital

In order to utilize the state and federal HTCs, CHOM had to preserve a number of the historic features of the Children’s Hospital. CHOM refurbished the lobby and internal stairwell; restored the original windows and created custom replicas to replace the windows that were beyond repair; restored the terrazzo flooring; and retained the etched glasswork on the interior of the building. The developer preserved the original doors, but mounted them in open positions; modern, functioning doors were put into the door frames for daily use.

Johnson said, “The project preserved the most significant architectural features of the Children’s Hospital; restored some missing features based on physical evidence and historic documentation; and the new addition was carefully designed to be compatible with the Children’s Hospital and the surrounding neighborhood, which includes a number of important and architecturally significant historic buildings.”

Historic Building Gets Modern Twist

While CHOM worked to preserve the history of the building, it did so with 21st century advancements in mind. Elm Terrace is the first affordable multifamily historic restoration project in Maine to be certified LEED Platinum by the U.S. Green Building Council, said Cooperrider. The apartments are nearly 40 percent more energy efficient than the typical multifamily apartment building. Panelized, locally sourced wood wall framing in the addition minimizes waste, and all construction waste was pre-sorted for recycling. More than 60 percent of construction waste was recycled, she said.

“Once we started to look at the LEED requirements we realized that we could achieve Platinum certification,” said Cooperrider. “We felt that it was a real benefit to the tenants, and a good investment in the building and the neighborhood.”

Operating in Community

Elm Terrace and the McAuley Residence have been operating at the former Children’s Hospital for more than a year. Construction was completed in January 2013. Cooperrider said that 15 residents moved into Elm Terrace on the first day units became available and that the development has been operating at full capacity since shortly after its grand opening.

Elm Terrace

FINANCING:
- $6.3 million federal low-income housing tax credit (LHTC) equity investment from Boston Capital
- $6 million construction loan from TD Bank
- $14 million Maine Historic Preservation Tax Credit equity investment from Housing Trust, a subsidiary of CHOM
- $944,000 federal historic tax credit equity investment from Boston Capital
- $700,000 in-state U.S. Department of Housing and Urban Development (HUD) HUD funds from the Maine State Housing Authority
- $400,000 in HUD HOME funds from the city of Portland
- $350,000 amortizing loan from the Maine State Housing Authority
- $7.32 million LHTC allocation from Maine State Housing Authority