

EXCERPT



NOVOGRADAC

Journal of Tax Credits™

March 2026 ♦ Volume XVII ♦ Issue III

Published by Novogradac

The Opportunity Zones *Issue*



Expanding Opportunity: Ways to Drive More OZ Investments in Affordable Housing and Operating Businesses
Page 4

Navigating the Overlap and Transition of OZ 1.0 to OZ 2.0
Page 9

Stacking Incentives to Maximize Returns Under the Permanent Opportunity Zones Framework
Page 12



HUD Loan Helps Refinance Historic Affordable Housing Development in Boston

MARK O'MEARA, SENIOR COPY EDITOR, NOVOGRADAC

U.S. Department of Housing and Urban Development (HUD) loans are valuable tools for any affordable housing developer, especially a developer maintaining a community that has provided affordable housing since the late 1800s.

HallKeen Management in November 2025 closed on a \$27 million HUD Federal Housing Administration Section 223(f) loan to refinance East Canton Street Apartments, an 80-apartment affordable housing community in the

Ink Block neighborhood of Boston. Lument provided the HUD loan.

“It’s a historic, four-building property built in the late 19th century as some of the first affordable housing in the South End of Boston,” said Andrew Burnes, president and CEO of HallKeen Management, which owns East Canton Street Apartments. “The property went into the Section

Image: Courtesy of HallKeen Management

East Canton Street Apartments, an 80-apartment affordable housing community in the Ink Block neighborhood of Boston, was refinanced with a \$27 million HUD Federal Housing Administration Section 223(f) loan in November 2025.

8 program in the 1980s and then was rehabilitated using 4% low-income housing tax credit (LIHTC) equity in 2006. Now, 20 years later and the property needs another infusion of capital.”

Burnes said the loan accomplished three primary objectives:

- It allows Hallkeen Management to buy out its tax credit limited partner from the property’s 2006 rehabilitation,
- It replenishes the property’s replacement reserves, and
- It injects significant capital into development improvements.

Buying out the limited partner was the first step. “This refinancing allowed for the limited partner to get out on the tax credit side,” said Tracy Peters, senior managing director, affordable housing production at Lument. “It also enabled Hallkeen Management to pay off the existing debt on the property.”

Replenishing the replacement reserves will allow the property to continue to operate as affordable housing for the long term. “Replacement reserves are used for future capital improvements,” said Peters. “Having adequate replacement reserves allows Hallkeen Management to maintain the property for years to come.”

Finally, the HUD loan provided Hallkeen Management with \$1 million to do immediate repairs and maintenance work on the property. “One of the requirements of the HUD loan was for us to do a physical needs assessment,” said Burnes.

That work included repaving exterior walkways, repainting certain areas of the property and de-leading work. The money will also go to meeting accessibility requirements. Renovations were underway in January.

“Since East Canton is an older building, HUD understandably had accessibility comments, but we were able to navigate those and assuage its concerns without delaying the [loan] application process,” Peters said in a press release.

The FHA loan has proven to be a valuable tool. “The FHA loan has a 35-year term, 35-year amortization, and is non-recourse. You don’t see that often outside of FHA financing,” said Peters.

“The loan has a good structure and reasonable rate terms,” said Burnes. “It’s a good product to refinance and upkeep this type of asset, which is a 100% Section 8, family property that’s been well taken care of. The loan furthers those objectives.”

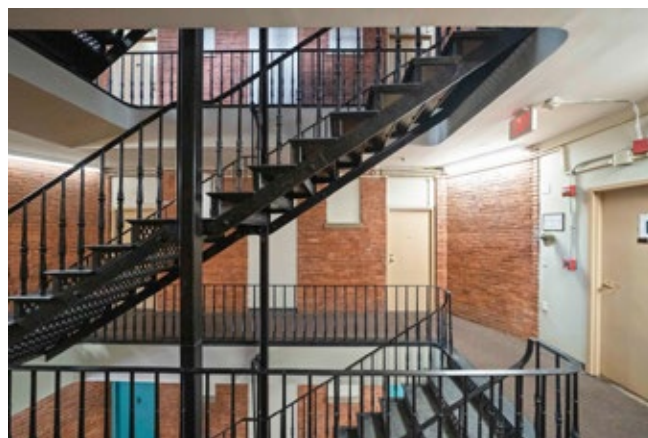


Image: Courtesy of HallKeen Management

Originally built in 1874 and 1892, East Canton Street Apartments is a mid-rise apartment complex comprised of four five-story buildings that was converted to HUD subsidized multifamily housing in 1981.

History of East Canton Street Apartments

Built in 1874 and 1892, East Canton Street Apartments is a mid-rise apartment complex comprised of four five-story buildings that was converted to HUD subsidized multifamily housing in 1981. The property was substantially rehabilitated in 2006 as part of a 4% LIHTC and historic tax credit transaction. The property has a Section 8 housing assistance payment contract on all 80 apartments.

“It was a fairly extensive renovation in 2006,” said Burnes. “During the 2006 rehabilitation, we agreed to long-term affordability in perpetuity (99 years).”

Some of the renovations from 2006 included new windows, completely updated kitchens and bathrooms, upgraded elevators and new heating systems were installed throughout the property.

Since the 2006 rehabilitation, the South End of Boston has seen significant change.

“Over my career, this area has gone from abandoned buildings to among the most desirable neighborhoods in Boston,” said Burnes. “It’s a historic 19th century neighborhood that has received significant investment.

The Ink Block neighborhood, in the last 10 years, has seen significant development: new apartments, converted warehouses, and commercial and residential investment.”

Future of East Canton Street Apartments

The HUD Federal Housing Administration Section 223(f) loan will help HallKeen Management keep the East Canton Street Apartments in working order for years to come.

“This renovation now is not as extensive as the one in 2006, but it positions the project for a full rehabilitation with 4% LIHTCs down the road,” said Burnes. “We will likely, in 18 months to three years, put together another tax credit rehabilitation project for this property, with this existing HUD loan remaining in place.” ❖

© Novogradac 2026 - All Rights Reserved.

This article first appeared in the March 2026 issue of the Novogradac Journal of Tax Credits. Reproduction of this publication in whole or in part in any form without written permission from the publisher is prohibited by law.

Notice pursuant to IRS regulations: Any discussion of U.S. federal or state tax issues contained in this article is not intended to be used, and cannot be used, by any taxpayer for the purpose of avoiding penalties under the Internal Revenue Code; nor is any such advice intended to be used to support the promotion or marketing of a transaction. Any discussion on tax issues reflected in the article are not intended to be construed as tax advice or to create an accountant-client relationship between the reader and Novogradac & Company LLP and/or the author(s) of the article, and should not be relied upon by readers since tax results depend on the particular circumstances of each taxpayer. Readers should consult a competent tax advisor before pursuing any tax savings strategies. Any opinions or conclusions expressed by the author(s) should not be construed as opinions or conclusions of Novogradac & Company LLP.

This editorial material is for informational purposes only and should not be construed otherwise. Advice and interpretation regarding property compliance or any other material covered in this article can only be obtained from your tax advisor. For further information visit www.novoco.com.

Editorial Board

PUBLISHER

Michael J. Novogradac, CPA

EDITORIAL DIRECTOR

Alex Ruiz

TECHNICAL EDITORS

Chris Key, CPA

Michael Kressig, CPA

Brad Elphick, CPA

Rob Bryant, CPA

Stacey Stewart, CPA

Jason Watkins, CPA

Copy

EDITORIAL AND DIGITAL MARKETING DIRECTOR

Teresa Garcia

SENIOR EDITOR

Brad Stanhope

SENIOR COPY EDITOR

Mark O'Meara

SENIOR EDITOR AND PRODUCER

Nick DeCicco

STAFF WRITER

Channing Hamilton

CONTRIBUTING WRITERS

Graham Allison

Joseph Darby

Cindy Hamilton

Jill Homan

Francesca Marsiglio, CPA

Stephanie Naquin

Coni S. Rathbone

Marcos Velazquez, CPA

Art

CREATIVE DIRECTOR

Alexandra Louie

GRAPHIC DESIGNER

Brandon Yoder

Contact

CORRESPONDENCE AND EDITORIAL SUBMISSIONS

Teresa Garcia

teresa.garcia@novoco.com

925.949.4232

ADVERTISING INQUIRIES

Christianna Cohen

christianna.cohen@novoco.com

925.949.4216

ALL MATERIAL IN THIS PUBLICATION IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED AS PROFESSIONAL ADVICE OFFERED BY NOVOGRADAC OR BY ANY CONTRIBUTORS TO THIS PUBLICATION.

ADVICE AND INTERPRETATION REGARDING THE LOW-INCOME HOUSING TAX CREDIT OR ANY OTHER MATERIAL COVERED IN THIS PUBLICATION CAN ONLY BE OBTAINED FROM YOUR TAX AND/OR LEGAL ADVISOR.

Advisory Board

OPPORTUNITY ZONES

Dan Altman

SIDLEY AUSTIN LLP

Jill Homan

JAVELIN 19 INVESTMENTS

Marc Schultz

SNELL & WILMER

Ja'Ron Smith

CGCN

LOW-INCOME HOUSING TAX CREDITS

Jim Campbell

SOMERSET DEVELOPMENT COMPANY LLC

Tom Dixon

ADVANTAGE CAPITAL

Richard Gerwitz

CITI COMMUNITY CAPITAL

Elizabeth Bland Glynn

TRAVOIS INC.

Jack Kukura

MARBLE CLIFF CAPITAL

Rochelle Lento

DYKEMA GOSSETT PLLC

John Lisella III

AFFORDABLE HOUSING TAX CREDITS INVESTMENTS, USBCDC

Rob Wasserman

HUNTINGTON NATIONAL BANK

PROPERTY COMPLIANCE

Missy Covington

RAYMOND JAMES

Kristin Han

WNC

Patricia Hensley

KITTLE

Michael Kotin

KAY-KAY REALTY CORP.

Christine Martin

LDG

HOUSING AND URBAN DEVELOPMENT

Nathaniel Cushman

NIXON PEABODY LLP

Flynann Janisse

RAINBOW HOUSING

Ray Landry

DAVIS-PENN MORTGAGE CO.

Denise Muha

NATIONAL LEASED HOUSING ASSOCIATION

NEW MARKETS TAX CREDITS

Aisha Benson

NONPROFIT FINANCE FUND

Maria Bustria

US BANK

Elaine DiPietro

BLOOMING VENTURES LLC

Chimeka Gladney

ADVANTAGE CAPITAL

Art Momjian

DUANE MORRIS

Ruth Sparrow

FUTURES UNLIMITED LAW PC

William Turner

WELLS FARGO

Ashley Wicks

BUTLER SNOW LLP

HISTORIC TAX CREDITS

Heather Buethe

NATIONAL TRUST COMMUNITY INVESTMENT CORPORATION

Scott DeMartino

KUTAK ROCK

Cindy Hamilton

HERITAGE CONSULTING GROUP

Irvin Henderson

HENDERSON & COMPANY

Jessica Glynn Worthington

KLEIN HORNIG LLP

RENEWABLE ENERGY TAX CREDITS

Jim Howard

DUDLEY VENTURES

Jeremy Kalin

AVISEN LEGAL

Forrest Milder

NIXON PEABODY LLP