



# Restore**REBUILD**

## A Case Study in Worcester, MA



### PROJECT OVERVIEW

Curtis Apartments Phase 1

#### Development Team

Worcester Housing Authority  
Trinity Financial

#### Location

Great Brook Valley neighborhood  
Worcester, Massachusetts

#### Number of Homes

129 with a mix of 1-, 2-, 3-, and  
4-BRs

#### Total Development Cost

\$96.9 Million

#### Project Type

Apartments and Townhomes

#### Development Tools

- Restore-Rebuild with  
Rent Augmentation
- Regular PBV
- LIHTC

#### Construction Timeline

May 2024 – March 2026

### PROJECT SUMMARY

The Worcester Housing Authority (WHA), in partnership with Trinity Financial, is implementing a multi-phase vision for the redevelopment of the 372-unit Curtis Apartments community, adding deep Federal rental assistance through **Restore-Rebuild**. **Restore-Rebuild** blends the public housing mixed-finance development process and the Rental Assistance Demonstration (RAD) to create Section 8 Project-Based Vouchers (PBVs). WHA is also the first public housing authority nationwide to use the rent augmentation flexibility introduced in the 2023 RAD Supplemental Notice 4B.

Through Curtis Apartments Phase 1, the team is replacing 90 existing units with 129 homes. As part of the redevelopment, WHA committed to increasing the number of affordable units in the neighborhood, so all the replacement homes will be affordable. Specifically, 29 are **Restore-Rebuild** units with augmented rents and 61 are Section 8 PBV units from WHA's regular voucher program. The remaining 39 units are income restricted units under the Low-Income Housing Tax Credit (LIHTC) program.

### WHAT IS RESTORE-REBUILD?

**Restore-Rebuild**, formerly known as "Faircloth-to-RAD," allows PHAs to **restore** rental assistance subsidies that were lost when public housing was demolished or sold over the years, and to use the assurance of new long-term subsidy contracts to finance and **rebuild** these deeply assisted homes. Through **Restore-Rebuild**, HUD has activated existing tools for PHAs to serve more families. Once built, HUD ensures residents pay no more than 30% of their income on rent through a long-term rental assistance contract tied to the property. This partnership between HUD's Office of Urban Revitalization and Office of Recapitalization streamlines the interaction between two HUD programs and provides underwriting certainty for financing which allows PHAs to restore these critical rent-assisted homes.

**Learn more about Restore-Rebuild at [HUD.gov/RAD](https://www.hud.gov/rad)**

## IMPROVEMENTS SUMMARY



The revitalization of Curtis Apartments provides vital improvements to the existing site and increases the number of families served in modern state-of-the-art buildings. Key benefits include:

- Brand new homes with modern amenities,
- Accessible features for those with mobility and sensory impairments,
- Energy efficient building systems,
- Recreational and open space which provides resident amenities, improves stormwater management, and reduces heat island impacts, and
- Improved neighborhood connections for vehicles, bikes, and pedestrians.

## RENT AUGMENTATION

Notice of Anticipated  
RAD Rents (NARR) \$961 - \$1,528

Rent Augmentation from  
WHA’s HCV HAP Reserves \$460 - \$681

**\$1,421 - \$2,209**

In response to rising construction costs and escalating interest rates post-COVID, the project faced significant financial challenges. One of the primary strategies used to bridge the financial gap was rent augmentation using WHA’s Housing Choice Voucher (HCV) Housing Assistance Payment (HAP) reserves. The 2023 RAD Supplemental Notice 4B introduced the option for non-MTW agencies to augment rents using HCV HAP reserves when developing Restore-Rebuild units. (MTW agencies already had access to this tool.) This option allowed the development team to underwrite a higher contract rent than typical Restore-Rebuild rents, which are significantly below market. By increasing the monthly rental subsidy by \$460-\$681 per unit, the rent augmentation filled a portion of the financial shortfall. **WHA’s one-time contribution of \$220,152 from HAP reserves closed a \$2M development funding gap.**

## PROJECT FINANCING

First Mortgage Loan	\$13.1 M
State and Local Funds	\$26.4 M
Deferred Developer Fee	\$2.5 M
State LIHTC	\$13.6 M
Federal 4% LIHTC	\$41.4 M
<b>\$96.9 M</b>	

## LESSONS LEARNED

WHA highlighted the following lessons learned from Curtis Apartments Phase 1:

- The PHA underscored the importance of a financial commitment from the housing authority and the ability to use rent augmentation and other resources.
- Early engagement with partners is vital to ensure everyone understands the nuances of Restore-Rebuild sequencing. The PHA invested significant effort to educate state partners (Executive Office of Housing and Livable Communities and MassHousing) on the Restore-Rebuild process.
- Relocation, particularly for a redevelopment project, is complex and requires early planning.
- Early engagement with HUD on design review, Site and Neighborhood Standards, and the environmental review was instrumental to keep the process moving.
- HUD is collaborative and ready to help!



## PROJECT TIMELINE

Mar. 2021	State Housing Impact Fund Award
Jun. 2023	LIHTC Award
Jan. 2024	Residents Relocated
Apr. 2024	Restore-Rebuild Approval
May 2024	Construction Begins
Mar. 2026	Construction Complete