

Baltimore Business Journal - May 17, 2010
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Friday, May 14, 2010

Developer has \$8M plan to renovate west-side homes

Baltimore Business Journal - by [Daniel J. Sernovitz](#) Staff

The **Greater Baltimore AHC Inc.** is planning to launch an \$8 million renovation of the 1980's-era Franklin Square Section-8 apartments on Baltimore's west side.

The AHC paid \$725,000 for the Franklin Square apartments, which it bought from the federal housing department at a foreclosure auction in February. The nonprofit housing developer, which was also tapped by the city May 4 to redevelop the O'Donnell Heights housing complex in Southeast Baltimore, hopes to line up financing for the project by the end of the year.

It could start renovating the 72 Franklin Square apartments, in the 1500 block of West Fayette Street, in early 2011. The apartments are in a collection of rowhomes just beyond Martin Luther King Jr. Boulevard.

"The idea is to go in, turn it around, rehab it and then have an effect on the neighborhood around it," said Walter D. Webdale, CEO of AHC Inc., the Arlington, Va., parent of the Greater Baltimore AHC.

The renovation is one of several stimulus-funded housing developments launched in recent weeks, driven by federal funding and an uptick in the market for low-income tax credits that help finance the projects. Tax credits help finance nearly 90 percent of all residential units built for low- and moderate-income families in Maryland, and the value investors place on them can make the difference between a successful project and one that never gets started.

Credits are awarded to developers, who can then sell them to investors to raise money. Investors can subtract the value of the tax-free credits from their income taxes.

The value of low-income tax credits plummeted in the wake of the recession, selling for just pennies on the dollar, and many projects that were in the works dried up for a lack of funding. But a provision in the federal stimulus bill helped developers like AHC by subsidizing the difference between what they need to fund their projects and what the tax credits fetch from investors.

Enterprise Homes Inc. CEO Chickie Grayson said investors are beginning to pay more for the tax credits than they were two years ago, but still not as much as they might have fetched before the real estate slump. Enterprise helps line up financing for affordable housing projects and develops its own projects as well.

In addition to seeking tax credits, Greater Baltimore AHC received \$662,000 in federal Neighborhood Stabilization Program funding to help buy Franklin Square.

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