

Farrington Apartments



Farrington Apartments is a 104-unit project in Birmingham, Alabama, that was 100% assisted by project-based rental assistance and that had previously undergone Mark-to-Market (“M2M”) restructuring.

The sponsor, Arlington Properties, Inc., was carrying out a comprehensive rehabilitation using 9% tax credits awarded, in part, based on a commitment of capital funds from the Housing Authority of Birmingham District (HABD).

To use the HABD funding, Klein Hornig obtained HUD approval to: (i) assign the existing HAP to a new owner; (ii) transfer a portion of the HAP budget authority using Section 8(bb) to assist 22 units at Jackson II Apartments in Tuscaloosa, Alabama – a recently approved public housing mixed-finance project needing additional subsidy; and (iii) replace the assistance at Farrington for the 22 units with a transfer of assistance under the RAD program from Tom Brown Village – a distressed property in Birmingham, Alabama undergoing RAD revitalization.

In addition, Klein Hornig secured HUD approval to waive the due-on-sale for the M2M debt and allow the debt to be assumed by HABD as the ground lessor with a commitment to forgive the debt upon qualification of the new project owner as a qualified nonprofit purchaser.

Related Team



Chris Hornig
Partner
chornig@kleinhornig.com
202.926.3402



Adam G. Norlander
Partner
anorlander@kleinhornig.com
202.926.3410



Tammy Layman
Legal Assistant
tlayman@kleinhornig.com
202.926.3384

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