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Housing Hand Off

Financial Institutions To Donate Apartments Rescued With CDCs

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Today

Two decades ago, the Boston Housing Partnership (BHP) II teamed 10 financial institutions with seven community development corporations to create or refurbish 925 units of affordable housing around Boston.

The institutions owned 99 percent of the apartments; the CDCs had a 1 percent stake and managed the day-to-day operations of the units. But for the last year, what is now the Metropolitan Boston Housing Partnership (MBHP) has been brokering deals to have those financiers donate their interest in the affordable units back to the CDCs. By November, they will be wholly owned by the neighborhood organizations.

“This is what was originally intended when it was conceived 20 years ago,” said Christopher Norris, executive director of the MBHP. “What this has essentially done is these affordable units have been secured for years to come. We don’t have to worry about them anymore.”

The projects were originally financed by low income housing tax credits bought by the 10 financial institutions; the credits have long outlived their payouts. Now the donors will receive a tax break from their donations.

To Ron Logue, president and CEO of State Street Corp., the tax write-off is nice, but it isn’t really the point. By noting the success of a program that started two decades ago, Logue said he hopes there will be more investment in affordable housing in Boston.

“The real important thing is that we keep creating housing,” Logue said. “[The BHP II has done] an incredible amount of good work, and housing is a big issue in the state.”

Same Situation, Different Decade

In 1988, The BHP II was created to revitalize Boston’s blighted neighborhoods and create affordable housing.

Urban Edge in Roxbury developed 65 units in Eggleston Square during BHP II; they had developed 82 units there through the first BHP collaboration. Mossik Hacobian, the president of Urban Edge who has worked for the nonprofit in one role or another for 32 years, said the CDC tackled the abandoned buildings one by one, eventually changing the landscape.

“Most people who are familiar with Eggleston Square can see that as the beginning of the turnaround,” Hacobian said. “It continues to this day; there is one more vacant building left but everything else has been renovated. The revitalization effort that began in the ’80s led to a much more comprehensive development initiative that has completely turned around the neighborhood.”

Hacobian said the BHP model – teaming unlikely partners like a downtown bank and a tenant association in Roxbury to create housing – became nationally recognized and replicated.

Source: Metropolitan Boston Housing Partnership

Financial Institutions

Bank of America
Bank of New York/Mellon
Citizens Bank
John Hancock Life Insurance Company
MetLife Insurance Company
Novogradac Housing Partners
Prudential Insurance Company of America
State Street Bank & Trust Company
The TJX Companies

BHP II Property Turnover List

Project	Developer
Washington-Columbia	Codman-Square CDC
Washington Columbia II	Codman-Square CDC
Columbia Road	Dorchester Bay CDC
Fields Corner Granites	Fields Corner CDC
Lena Park Granites	Lena Park CDC
La Concha	Nuestra Comunidad
Quincy-Geneva II	Quincy-Geneva/New Vision
Walnut-Washington	Urban Edge

Source: Metropolitan Boston Housing Partnership

“It was pretty insightful of both the city and the financial institutions, that to have a successful downtown, the neighborhoods had to be healthy,” he said. “And I think we demonstrated in Boston that by working together, across what would traditionally be considered conflicting views, that a lot can be accomplished.”

A Little Cash Goes A Long Way

The donation will change very little for the residents or the management of the properties, Hacobian said.

“There will be very little change in terms of our roles from the past going forward,” he said. “It’s been 15 years since the projects were done, and the investors who participated through the BHP have seen that the CDCs have managed them well.”

There may be some upgrades to the buildings, however. The donations also include the original reserve funds for the projects that was capitalized by the CDCs and held by the financial institutions in case development costs were higher than originally projected. That money, which has been sitting in various accounts gaining interest, will go either into the project itself for repairs – these units are 20 years old, after all – or to the CDCs to help fund future projects.

Hacobian said they will receive approximately \$145,000 when the final disbursements are paid out. They’ve already received \$65,000, and intend to upgrade the energy efficiency of the buildings.

The other \$80,000 will go directly to Urban Edge; that kind of money can be put toward purchasing a newly abandoned property in Boston and the beginning of another revitalization project.

“Any time we can get an infusion of cash, that’s obviously very helpful to our efforts,” Hacobian said.