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METROPOLITAN
BOSTON
HOUSING
PARTNERSHIP INC.





METROPOLITAN
BOSTON
HOUSING
PARTNERSHIP INC

METROPOLITAN BOSTON HOUSING PARTNERSHIP

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Insurance Company

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Department Executive
Real Estate Department
Bank of Boston

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The Community Development
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Boston Five Cents Savings Bank

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Madison Park Development Corp.

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Technology

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John R. Laird
Chairman & COO
Boston Safe Deposit & Trust
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over >

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The Massachusetts Company

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Real Estate Development
The Prudential Development
Corporation

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President
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Metropolitan Boston Housing
Partnership

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Real Estate

THE BOSTON GLOBE • SATURDAY, JULY 13, 1991

Affordable Housing

DAVID WALKER

Diminished funds lead to a new partnership

Two Boston housing groups serving some 5,000 low and moderate income families have announced a merger.

The Boston Housing Partnership (BHP), which has helped neighborhood groups develop nearly 2,000 affordable units since 1983, has joined forces with Metropolitan Housing Inc. (MHI), a private non-profit group that administers federal Section 8 rental subsidies locally to about 3,500 low income families.

The new group is named the Metropolitan Boston Housing Partnership (MBHP).

"These aren't great times for new development efforts. The focus now is on sustaining and managing the affordable housing stock, and the merger pulls together two entities with the resources to do that," said Patrick Clancy, a board member of the MBHP and executive director of the local development group, The Community Builders.

Representatives of both the BHP and MHI said they have recognized a need to provide not just housing, but services that improve neighborhoods and help low-income families break the poverty cycle. Executives of the new organization say they hope its size will help attract more private investments for new projects, to make up for recent losses in public funding. "We will put a lot of resources into trying to identify people in the private sector who will invest," said Thomas Bledsoe, former executive director of MHI and currently the executive director of the new organization.

Smaller development groups often lack the staff to solicit funds nationwide, and cannot convince potential donors that they have the strength or stability to develop and manage a successful project.

week, the State of Massachusetts cut its 707 rental subsidy program by 25 percent, from \$110 million to \$77 million annually.

As a result of the cutbacks, the BHP and the community development corporations it supported had to shelve or scuttle projects.

Meanwhile, the MHI had been looking for ways to broaden its mission to include community development projects.

The federal Department of Housing and Urban Development (HUD) has encouraged that thinking. Beginning in 1993, HUD will funnel Section 8 subsidies through local non-profit groups in an attempt to help low income recipients achieve self-sufficiency.

One important advantage the MBHP now enjoys is the backing of the City of Boston and a number of local financial institutions. The city sees MBHP services as one means of stabilizing the poorest communities by reducing the drug and crime problems in those areas. Banks, under legislative and community pressure to invest in Boston's poor neighborhoods, have designated officers to serve as board directors for the MBHP.

But the new group is not endorsed by everyone. Other groups in the area who administer rental subsidies view MBHP as unfair competition for a limited number of housing certificates. Others fear the MBHP could lose sight of the BHP's mission to develop new affordable housing stock.

"One of the good things about the BHP was that it was small, and responded quickly. How well will a larger organization respond to the needs of individual CDCs?" asks Ginny Guild, executive director of the Metropolitan Boston CDC.

Metropolitan Boston Housing Partnership, Inc. and Subsidiary
REPORT ON CONSOLIDATED FINANCIAL STATEMENTS
(with supplemental material)
Period from October 1, 1990 to June 30, 1991

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

REPORT ON FINANCIAL STATEMENTS

Period from October 1, 1990 to June 30, 1991

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CREELMAN SMITH, P.C.

CERTIFIED
PUBLIC
ACCOUNTANTS

To the Board of Directors
Metropolitan Boston Housing
Partnership, Inc. and Subsidiary

INDEPENDENT ACCOUNTANTS' REPORT

We have audited the accompanying consolidated statement of financial position of the Metropolitan Boston Housing Partnership, Inc. and its wholly-owned subsidiary, BHP II Inc., as of June 30, 1991, and the related consolidated statements of support, revenue and expenses, functional expenses and changes in fund balance for the period from October 1, 1990 to June 30, 1991 for its Boston Housing Partnership, Inc. component and for the period July 1, 1990 to June 30, 1991 for its Metropolitan Housing, Inc. component. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We did not audit the financial statements of Metropolitan Housing, Inc., as discussed in the notes to the financial statements, and which statements reflect total assets of \$1,351,256 as of June 30, 1991, and total revenues of \$30,674,976 for the period from July 1, 1990 to June 30, 1991. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Metropolitan Housing, Inc. are based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Metropolitan Boston Housing Partnership, Inc. and its wholly-owned subsidiary as of June 30, 1991, and the results of operations for periods noted on the financial statements in conformity with generally accepted accounting principles.


Creelman & Smith, P.C.,
Certified Public Accountants

Boston, Massachusetts
August 30, 1991

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

STATEMENT OF FINANCIAL POSITION

June 30, 1991

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 5,007,412
Cash in collateral reserve escrow account	170,794
Cash in temporary reserve escrow account	715,144
Accounts receivable:	
Local Limited Partnerships - MBHP I	33,849
Local Limited Partnerships - MBHP II	19,292
EOCD	102,750
CDBG	124,816
Other accounts receivable	31,142
Loans receivable:	
Local Limited Partnerships - MBHP I	84,232
Local Limited Partnerships - MBHP II	127,845
Community Development Corporations	
- CO-OP initiative front money	126,142
City collateralized loans receivable	
from Community Development Corporations	224,057
Other loans receivable -	
Community Development Corporations	70,969
Syndication fees receivable	141,213
Prepaid expenses and other current assets	<u>29,912</u>
Total current assets	<u>7,009,569</u>

NONCURRENT ASSETS

Due from BHP II Limited Partnership	89,763
Loans receivable:	
Local Limited Partnership - MBHP I	12,996
Local Limited Partnerships - MBHP I Reserves	492,737
Local Limited Partnerships - MBHP I Stabilization loans	350,301
Local Limited Partnerships - MBHP II Temporary Reserves	286,069
Local Limited Partnerships - MBHP II Permanent Reserves	56,871
Community Development Corporations - LEND	629,159
Community Development Corporations - Site Acquisition	157,067
Allowance for doubtful accounts	(500,000)
Furniture, Equipment and Leasehold Improvements	
net of accumulated depreciation	183,541
Organization costs, net of accumulated amortization	<u>39,673</u>
Total non-current assets	<u>1,798,177</u>
Total assets	<u>\$ 8,807,746</u>

The accompanying notes are an integral part of this statement.

CREELMAN & SMITH, P.C. / Certified Public Accountants

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

STATEMENTS OF FINANCIAL POSITION (Continued)

June 30, 1991

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts payable	\$ 29,743
Accrued expenses	171,651
City collateralized loan payable to bank	221,094
Deferred income	<u>1,022,627</u>
Total current liabilities	1,445,115

OTHER LIABILITIES

Loans payable:	
BHP II temporary reserves	1,000,948
LEND loans payable	629,158
LISC loan payable	<u>248,167</u>

Total other liabilities 1,878,273

Total liabilities 3,323,388

COMMITMENTS AND CONTINGENCIES

FUND BALANCES

Unrestricted	1,549,466
Restricted	<u>3,934,892</u>

Total fund balances 5,484,358

Total liabilities and fund balances \$8,807,746

The accompanying notes are an integral part of this statement.
CREELMAN & SMITH, P.C. / Certified Public Accountants

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

STATEMENT OF SUPPORT, REVENUE AND EXPENSES

	Period From October 1, 1990 to June 30, 1991							Year ended June 30, 1991 Formerly Metropolitan Housing, Inc.	Total All Funds
	Unrestricted Fund Administrative	Multi- Family-I Fund	Multi- Family-II Fund	Rental Assistance Program	Resident Resource Initiative	Co-op Initiative Program	Site Acquisition		
Revenue and Support:									
Foundation grants	\$ 31,170				\$ 151,173		\$ 237,500		\$ 419,843
Other grants	141,750	\$ 49,500			106,978	\$ 5,500		\$ 69,646	373,374
City of Boston-linkage program		46,250							46,250
City of Boston-MAP Program					91,750				91,750
City of Boston-LEND Program						74,821			74,821
Rental subsidies and administrative fees				\$2,292,214					
Contributions to permanent reserves			\$ 67,720					30,534,806	32,827,020
Development fees from local limited partnerships		10,507	305,827			133,343			67,720
Investors service fees			7,501						449,677
Individual contributions	4,982								7,501
In-kind contributions									4,982
								18,908	18,908
Total revenue and support	177,902	106,257	381,048	2,292,214	349,901	213,664	237,500	30,623,360	34,381,846
Other Revenue:									
Interest income	72,470	204	94,850				14,656	51,616	233,796
Other income	2,125								2,125
Total other revenue	74,595	204	94,850				14,656	51,616	235,921
Total revenue and support	252,497	106,461	475,898	2,292,214	349,901	213,664	252,156	30,674,976	34,617,767
Expenses	275,785	83,147	201,072	2,225,540	351,668	162,500	22,585	30,032,644	33,354,941
Excess (deficiency) of revenue over expenses	\$ (23,288)	\$ 23,314	\$ 274,826	\$ 66,674	\$ (1,767)	\$ 51,164	\$ 229,571	\$ 642,332	\$ 1,262,826

The accompanying notes are an integral part of this statement.

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

STATEMENT OF FUNCTIONAL EXPENSES

	Period From October 1, 1990 to June 30, 1991						Year ended June 30, 1991 Formerly Metropolitan Housing, Inc.	Total All Funds
	Unrestricted Fund Administrative	Multi- Family-I Fund	Multi- Family-II Fund	Rental Assistance Program	Resident Resource Initiative	Co-op Initiative Program	Site Acquisition	
PROGRAM EXPENSES								
Rental subsidies				\$2,155,582				
Inspection and administrative overhead fee								\$ 27,591,652
Consultants	\$ 750		\$ 13,033		\$ 21,180	\$ 26,145		483,510
Fees - Letter of Credit			9,054					483,510
Interest-LISC loan		\$ 3,819						61,108
Newsletter					10,980			9,054
Interest-Shawmut			2,498					3,819
Investor service			2,614					10,980
Professional services	14,078	4,849	32,267			20,725	\$ 8,905	2,498
Grants to CDC's			36,470		203,878			2,614
Training	29,435				5,682	40		80,824
Portability								240,348
Travel	123	37	328	185	81	53		35,157
								6,063
								6,063
								807
Total program expenses	44,386	8,705	96,264	2,155,767	241,801	46,963	8,905	28,081,225
								30,684,016
OPERATING EXPENSES								
Salaries	127,958	41,596	65,863	42,811	66,176	67,628	8,537	1,201,153
Employee benefits	17,412	7,445	7,680	5,879	9,632	9,639	1,180	96,628
Payroll taxes	11,599	4,591	4,941	3,633	6,103	6,151	752	90,450
Rent	18,894	8,009	8,440	6,379	10,421	10,451	1,277	170,189
Equipment lease								18,194
Printing								9,709
Repairs and maintenance								7,739
Dues and subscriptions								13,505
Accounting and auditing	9,400	4,777	3,284	3,582	5,075	4,777	597	18,735
Office supplies & services	4,689	1,693	2,380	1,363	2,687	3,015	339	56,275
Depreciation & amortization	3,214	1,405	1,406	1,105	1,788	1,781	218	42,515
Contracted services	1,644	715	1,010	578	951	959	117	21,391
Telephone	1,363	847	956	696	1,121	1,131	138	64,424
Utilities	921	412	448	338	532	534	65	3,250
Promotion, advertising	685	240	397	283	386	5,703	30	11,856
Postage	1,560	146	296	1,157	648	396	24	46,653
Insurance	364	158	158	124	201	200	25	37,352
Training & conferences	2,592	618	726	499	1,125	874	106	4,115
Legal fees	226	92	65	67	102	97	12	2,317
Travel	733	272	209	159	337	299	36	9,906
Temporary help	244	84	98	66	600	123	15	26,716
Consulting	26,384	917	951	712	1,212	1,219	149	31,544
Miscellaneous	1,517	425	5,500	342	770	560	63	1,597
								10,774
Total operating expenses	231,399	74,442	104,808	69,773	109,867	115,537	13,680	1,951,419
								2,670,925
Total expenses	\$ 275,785	\$ 83,147	\$ 201,072	\$2,225,540	\$ 351,668	\$ 162,500	\$ 22,585	\$ 30,032,644
								\$33,354,941

The accompanying notes are an integral part of this statement.

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

STATEMENT OF CHANGES IN FUND BALANCES

	Period From October 1, 1990 to June 30, 1991						Year ended June 30, 1991	Total All Funds
	Unrestricted Fund Administrative	Multi- Family-I Fund	Multi- Family-II Fund	Rental Assistance Program	Resident Resource Initiative	Co-op Initiative Program	Site Acquisition	Formerly Metropolitan Housing, Inc.
Fund balance, beginning of year	\$ 693,699	\$ 636,938	\$2,108,727		\$ 4,271		\$ 337,500	\$ 440,397
Excess (deficiency) of revenue over expenses	(23,288)	(23,314)	274,826	\$ 66,674	(1,767)	51,164	229,571	642,332
Inter fund transfers	269,244	(23,314)	(136,021)	(66,674)		(51,164)	7,929	
Fund balance, end of the year	<u>\$ 939,655</u>	<u>\$ 636,930</u>	<u>\$2,247,532</u>	<u>\$ 0</u>	<u>\$ 2,504</u>	<u>\$ 0</u>	<u>\$ 575,000</u>	<u>\$1,082,729*</u>
								<u>\$5,484,358</u>

* Unrestricted \$ 609,811
 Restricted 472,918
 Total fund balance \$ 1,082,729

The accompanying notes are an integral part of this statement.

CREELMAN & SMITH, P.C. / Certified Public Accountants

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS

June 30, 1991

1 - THE ORGANIZATION

Metropolitan Boston Housing Partnership, Inc. (the Corporation) is a not-for-profit corporation established to promote, organize and manage, programs that provide affordable housing and improve the quality of life in the greater metropolitan Boston area.

On June 3, 1991, Metropolitan Housing, Inc. (MHI) merged into the Boston Housing Partnership, Inc. (BHP) to form Metropolitan Boston Housing Partnership, Inc. The accounting period of BHP ended on September 30, and, therefore, the results of operations for BHP, included in the accompanying financial statements, are for the period from October 1, 1990 to June 30, 1991, while those of MHI are for the year ended June 30, 1991.

Summarized unaudited results of operations for the separate corporations for the period from October 1, 1990 thru May 31, 1991 and July 1, 1990 thru May 31, 1991 for BHP and MHI, respectively are as follows:

	BHP October 1, 1990 Through May 31, 1991	MHI July 1, 1990 Through May 31, 1991	Total
Total support and Revenue	\$ 3,270,412	\$ 28,221,790	\$31,492,202
Expenses	<u>3,026,273</u>	<u>27,656,280</u>	<u>30,682,553</u>
Excess of Support and Revenue over expenses	\$ <u>244,139</u>	\$ <u>565,510</u>	\$ <u>809,649</u>

The summarized unaudited assets and liabilities of the separate companies were as follows:

Total assets	\$ <u>7,138,056</u>	\$ <u>3,543,552</u>	\$ <u>10,681,608</u>
Total liabilities	\$ 3,112,780	\$ 2,520,841	\$ 5,633,621
Fund balances	<u>4,025,276</u>	<u>1,022,711</u>	<u>5,047,987</u>
Total liabilities and fund balances	\$ <u>7,138,056</u>	\$ <u>3,543,552</u>	\$ <u>10,681,608</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

2 - SIGNIFICANT ACCOUNTING POLICIES

Consolidated Subsidiary

The consolidated financial statements include the accounts of a wholly-owned subsidiary, BHP II, Inc. All significant intercompany transactions have been eliminated in consolidation.

General

The Corporation has unrestricted and restricted funds to account for all financial transactions. The unrestricted fund accounts for administrative income and expenses of the Corporation. The restricted funds account for income and expenses identified with specific programs whose sources of funds have been restricted for those programs.

The Corporation uses the accrual method of accounting for all funds.

Tax Status

The Corporation qualifies as a not-for-profit organization under the Internal Revenue Code Section 501 (c) (3) and similar Massachusetts law and is not subject to income taxes.

In-Kind Contributions

The Corporation was able to use furniture, equipment and office space provided by the Executive Office of Communities and Development. Only those amounts that are clearly identifiable and measurable are included in the accompanying financial statements as in-kind contributions at the estimated fair market value at the date of receipt.

Furniture, Equipment, Leasehold Improvements and Organization Costs

The Corporation capitalizes all expenditures for furniture, equipment, and leasehold improvements with a useful life of more than one year and a cost of over \$200. Furniture, equipment and leasehold improvements are depreciated and amortized on the straight-line method over the estimated useful lives of the assets which range from 5 to 7 years. Organization costs are being amortized on the straight-line basis over five years.

3 - WHOLLY-OWNED SUBSIDIARY

The Corporation has a wholly-owned, for-profit subsidiary, BHP II, Inc., which acts as general partner of BHP II limited Partnership (the Partnership). The Partnership's purpose is to participate in the rehabilitation and operation of 926 low income apartments (the BHP II Program).

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

3 - WHOLLY-OWNED SUBSIDIARY (Continued)

The financial position of BHP II, Inc. was as follows at June 30, 1991:

ASSETS

Cash and cash equivalents	<u>\$ 1,829,445</u>
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LIABILITIES

Due to Parent Corporation	<u>\$ 41,050</u>
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EQUITY

Common stock	100
Paid - in capital	1,800,000
Retained earnings	<u>(11,705)</u>
Total equity	<u>1,788,395</u>

Total liabilities and equity	<u>\$ 1,829,445</u>
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4 - LOANS RECEIVABLE FROM LOCAL LIMITED PARTNERSHIPS - MBHP I

The following is a summary of current loans receivable from local limited partnerships involved in the MBHP I Program at June 30, 1991:

<u>Local Limited Partnership</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Codman Square Limited Partnership	<u>\$ 81,786</u>	<u>\$ 2,446</u>	<u>\$ 84,232</u>

5 - LOANS RECEIVABLE FROM LOCAL LIMITED PARTNERSHIPS - MBHP II

The following is a summary of current loans receivable from local limited partnerships involved in the MBHP II Program:

<u>Local Limited Partnership</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Washington-Columbia Limited Partnership	\$ 56,590	\$ 3,509	\$ 60,099
QG II Housing Limited Partnership	<u>67,496</u>	<u>250</u>	<u>67,746</u>
	<u>\$ 124,086</u>	<u>\$ 3,759</u>	<u>\$ 127,845</u>

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

6 - LOANS RECEIVABLE FROM COMMUNITY DEVELOPMENT CORPORATIONS -
CO-OP INITIATIVE FRONT MONEY:

The following is a summary of CO-OP Initiative Front Money interim loans receivable from Community Development Corporations at June 30, 1991:

<u>Community Development Corporation</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Jamaica Plain Neighborhood Development Corporation	\$ 24,487	\$ 1,513	\$ 26,000
South Boston Community Development Corporation	30,691	649	31,340
Urban Edge Housing Development Corporation	<u>67,087</u>	<u>1,715</u>	<u>68,802</u>
Total	<u>\$ 122,265</u>	<u>\$ 3,877</u>	<u>\$ 126,142</u>

7 - CITY COLLATERALIZED LOANS RECEIVABLE AND PAYABLE

The City collateralized loans receivable and payable are funds advanced by the Corporation to Codman Square Housing Development Corporation, a Community Development Corporation. The funds were advanced under the terms of a Collateral Pledge Agreement entered into by the Corporation, a local bank and the City of Boston Public Facilities Department. Interest accrues on this loan at an annual rate of 1.5%. Scheduled repayment is due at the time of the project reaching initial closing. The following is a summary of principal and accrued interest receivable at June 30, 1991:

<u>CURRENT LOAN RECEIVABLE</u>		
<u>Unpaid Principal Balance</u>	<u>Accrued Interest</u>	<u>Total</u>
<u>\$ 213,600</u>	<u>\$ 10,457</u>	<u>\$ 224,057</u>

The corresponding note payable to the local bank referred to above accrues interest at a rate of 1.5%, and is due and payable at the time that the project reaches initial closing. The following is a summary of principal and accrued interest payable at June 30, 1991:

<u>CURRENT LOAN PAYABLE</u>		
<u>Unpaid Principal Balance</u>	<u>Accrued Interest</u>	<u>Total</u>
<u>\$ 219,594</u>	<u>\$ 1,500</u>	<u>\$ 221,094</u>

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

8 - OTHER LOANS RECEIVABLE - COMMUNITY DEVELOPMENT CORPORATIONS

The following is a summary of current loans receivable from Community Development Corporations at June 30, 1991:

<u>Community Development Corporation</u>	<u>Principal</u>	<u>Accrued Interest</u>	<u>Total</u>
Codman Square Housing Development Corporation	\$ 10,000	\$ 1,192	\$ 11,192
Fields Corner Community Development Corporation	<u>56,431</u>	<u>3,346</u>	<u>59,777</u>
	<u>\$ 66,431</u>	<u>\$ 4,538</u>	<u>\$ 70,969</u>

9 - LISC LOAN PAYABLE

During 1991, the Corporation entered into an agreement with the Local Initiatives Support Corporation (LISC) for a loan of up to \$351,000 for the benefit of three Local Limited Partnerships (LLP's) who are involved in the "MBHP I Program". The funds are to be used for repairs and capital improvements and reduction of their accounts payable.

Under this loan, the Corporation is required to make annual payments of \$46,250 and is due on January 1, 2000. Interest accrues on this loan at an annual rate of 6%.

At June 30, 1991, the balance in the loans payable is \$248,167.

<u>CURRENT LOAN PAYABLE</u>		
<u>Unpaid Principal Balance</u>	<u>Accrued Interest</u>	<u>Total</u>
<u>\$ 244,348</u>	<u>\$ 3,819</u>	<u>\$ 248,167</u>

10 - LOANS RECEIVABLE - MBHP I RESERVES

BHP reserves loans receivable consist of \$492,737 in loans to two Community Development Corporations made during 1987. Amortization of this debt has been deferred pending mortgage increases on the related MBHP I Program properties. Substantial repayment of principal is expected and terms on the remaining balances will be renegotiated at that time. No interest is being accrued on these amounts.

11 - LOANS RECEIVABLE - MBHP I STABILIZATION LOANS

During 1990, MBHP entered into agreements with two Local Limited Partnerships who are involved in the BHP I Stabilization Program totalling \$350,301. Under the agreements, the funds totalling \$350,301, are to be used for capital improvement costs and operating costs.

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

11 - LOANS RECEIVABLE - STABILIZATION (Continued)

The following is a summary of current loans receivable from Community Development Corporations at June 30, 1991:

<u>Community Development Corporation</u>	<u>Total</u>
Lena Park Community Housing Limited Partnership	\$ 172,879
Quincy-Geneva Housing Limited Partnership	<u>177,422</u>
	<u>\$ 350,301</u>

12 - MBHP II TEMPORARY RESERVES

During 1988, the Corporation entered into an agreement to administer certain funds (the temporary reserve funds) for the benefit of eight Local Limited Partnerships (LLP's) who are involved in the "MBHP II Program". Under the agreement, a portion of capital contributions to the LLP's was used to establish a temporary reserve, with the Corporation acting as agent over those funds. The funds are to be used for cost overruns with respect to the projects.

Twenty-five percent of each LLP's contribution is treated as a project specific reserve to be used for costs and expenses attributable to that project alone. Interest earned on the temporary reserve funds is credited to the project specific reserve accounts. All remaining project specific reserve funds will be released to each LLP upon completion of the rehabilitation of the buildings in that project. The following is a summary of the project specific reserve funds at June 30, 1991:

<u>Local Limited Partnership</u>	<u>Contributions to Reserves</u>	<u>Loans Receivable</u>
Washington Columbia Limited Partnership	\$ 45,415	\$ 45,415
Fields Corner Granite Limited Partnership	23,530	
Granite Lena Park Limited Partnership	46,282	46,183
La Concha Limited Partnership	31,201	
Q-G II Housing Limited Partnership	34,123	34,123
Urban Edge II Limited Partnership	24,381	
Total	<u>\$ 204,932</u>	<u>\$ 125,721</u>

At June 30, 1991, the balance in the loans payable to the LLP's equals \$264,255, of which \$59,323 is attributable to interest earned on contributions to the reserves held by the Corporation in an escrow account on behalf of the LLP's.

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

12 - MBHP II TEMPORARY RESERVES (Continued)

The remaining seventy-five percent of each LLP's contribution is treated as a pooled temporary reserve that may be used for costs and expenses attributable to any participating project. Any remaining pooled temporary reserve funds will be distributed to the LLP's upon completion of the rehabilitation of the buildings in all projects.

The following is a summary of funds contributed to and disbursed from the pooled temporary reserve funds at June 30, 1991:

<u>Local Limited Partnership</u>	Contributions to <u>Reserves</u>	Loans <u>Receivable</u>
Washington Columbia Limited Partnership	\$ 136,246	\$ 57,980
Fields Corner Granite Limited Partnership	70,591	
Granite Lena Park Limited Partnership	138,848	
La Concha Limited Partnership	93,602	
Q-G II Housing Limited Partnership	102,368	102,368
Urban Edge II Limited Partnership	73,142	
Glendale Associates LP	121,896	
Total	<u>\$ 736,693</u>	<u>\$ 160,348</u>

At June 30, 1991, the balance in the loans payable to the LLP's equals \$1,000,948.

13 - MBHP II PERMANENT RESERVES

During 1988, the Corporation entered into an agreement to administer certain funds (the permanent reserve funds) for the benefit of eight Local Limited Partnerships (LLP's) who are involved in the "MBHP II Program". Under the agreement, a portion of capital contributions to the LLP's was used to establish a permanent reserve with the corporation acting as agent over those funds. The funds are to be used for costs with respect to the projects. The permanent reserves will terminate and the corporation will be entitled to all of the remaining funds, if and when the above projects are no longer used for low and moderate income housing.

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

13 - MBHP II PERMANENT RESERVES (Continued)

The following is a summary of funds disbursed from the permanent reserves as of June 30, 1991:

<u>Local Limited Partnership</u>	<u>Permanent Reserve Loans</u>
Q-GII Housing Limited Partnership	\$ 56,871
Total	<u>\$ 56,871</u>

14 - LEND LOANS RECEIVABLE AND PAYABLE

During 1991, the Corporation entered into an agreement with the City of Boston through its Public Facilities Department (PFD) and certain Community Development Corporations (CDCs) for a loan of up to \$1,000,000 from the City's Loans to Encourage Neighborhood Development (LEND) Program. This commitment is based on the Corporation's plans to work in partnership with the CDCs to develop approximately 220 housing units within the City of Boston through the Boston Co-Op Initiative program.

Under this agreement, the Corporation acts as agent for the PFD in the distribution of up to \$675,000 to the CDCs for pre-development costs incurred. In addition, the Corporation will receive up to \$325,000 for financing of pre-development costs incurred in connection with the program and contingency for the CDCs. The obligation to the PFD for the reimbursements to the CDCs as well as a pro-rata share of the reimbursements made to the Corporation will be assigned to the CDCs at initial closing under the agreement.

The following is a summary of LEND Loans payable to the PFD as of June 30, 1991:

Community Development Corporation

Metropolitan Boston Housing Partnership	\$ 176,283
Dorchester Bay Economic Development Corporation	76,011
Jamaica Plain Neighborhood Development Corporation	110,186
Nuestra Comunidad Development Corporation	10,245
South Boston Community Development Corporation	48,538
Urban Edge Housing Corporation	207,896
	<u>\$ 629,159</u>

At June 30, 1991, the unpaid principal due to the Corporation from the CDCs equals \$629,159.

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

15 - SITE ACQUISITION LOANS RECEIVABLE FROM COMMUNITY DEVELOPMENT CORPORATION

During 1991, the Corporation advanced funds from the Site Acquisition Fund to three Community Development Corporations for site acquisition for the Co-Op Initiative Program. The loans accrue interest at a rate of 5% per annum. Repayment is scheduled at the time of the projects reaching initial closing. The following is a summary of principal and accrued interest receivable as of June 30, 1991:

<u>Community Development Corporation</u>	<u>Unpaid Principal Balance</u>	<u>Accrued Interest</u>	<u>Net Book Value</u>
Dorchester Bay Economic Development Corporation	\$ 114,398	\$ 3,332	\$ 117,730
South Boston Community Housing, Inc.	29,000	566	29,566
Urban Edge Housing Corporation	5,451	4,320	9,771
	<u>\$ 148,849</u>	<u>\$ 8,218</u>	<u>\$ 157,067</u>

16 - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

The following is a summary of furniture, equipment and leasehold improvements at June 30, 1991:

	<u>Asset Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 48,500	\$ 7,502	\$ 40,998
Furniture & equipment	<u>231,850</u>	<u>89,307</u>	<u>142,543</u>
	<u>\$ 280,350</u>	<u>\$ 96,809</u>	<u>\$ 183,541</u>

17 - DEFERRED INCOME

The following is a summary of deferred income at June 30, 1991:

Multi - Family II Fund	
Development fees received	\$ 181,785
Investor service fees received	23,749
Rental Assistance Program	
Commonwealth of Massachusetts rental subsidies	349,819
Resident Resource Initiative	
Restricted corporate grants	24,057
Restricted foundation grants	76,772
City of Boston resident resource specialists salary reimbursement	180,248

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

17 - DEFERRED INCOME (Continued)

Metropolitan Housing, Inc.	
Rental subsidies	171,043
Custodial	
Restricted foundation grants	9,500
Administrative	
Foundation grant	<u>5,654</u>
Total	<u>\$1,022,627</u>

18 - COMMITMENTS AND CONTINGENCIES

Loans Receivable

The Corporation expects to loan up to an additional \$500,000 to Lena Park Community Housing Ltd. Partnership and Quincy Geneva Housing Limited Partnership.

Guarantees

The Corporation has provided a limited recourse guaranty to MHFA of the second mortgage indebtedness of certain BHP I local housing limited partnerships. The guaranty is limited to the amount in the BHP I Reserve Fund bank account, or approximately \$259,000 at June 30, 1991.

Lease

The Corporation has a lease agreement for office space at its Chauncy Street location through May, 1994. Occupancy commenced October 2, 1988. The organization also occupies an office facility at its Massachusetts Avenue location. The lease was assigned to the organization effective August 1, 1990. Rents to be paid under these agreements are as follows:

1992	\$ 260,786
1993	266,074
1994	141,370
1995 and beyond	<u> </u>
Total:	<u>\$ 668,230</u>

The Organization also has non-cancelable leases for copiers and an automobile. Minimum lease payments on these leases are as follows:

1992	\$ 16,068
1993	16,068
1994	13,908
1995	<u>1,544</u>
Total:	<u>\$ 47,588</u>

Metropolitan Boston Housing Partnership, Inc. and Subsidiary

NOTES TO FINANCIAL STATEMENTS (Continued)

June 30, 1991

18 - COMMITMENTS AND CONTINGENCIES (Continued)

Maturities of long-term debt

The City collateralized loan payable to bank of \$220,288 is due and payable at the time that the associated project reaches initial closing.

The Community Development Block Grant loan payable will be relieved at the earlier of the time the Corporation makes the final disbursement of funds to certain local limited partnerships or April 30, 2020.

The unexpended BHP II temporary reserves are due when rehabilitation of all of the buildings on the properties under the BHP II program are complete.

19 - CONCENTRATION OF REVENUE SOURCES AND CASH BALANCES

The Organization received 95% of revenue from EOCD. Contracts for administrative fees are subject to annual renewal as well as continued funding from the U.S. Department of Housing and Urban Development.

MBHP maintains its cash accounts in five commercial banks located in Massachusetts. Accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per bank. A summary of the total insured and uninsured cash balances follows:

Total cash in all Massachusetts banks	\$5,893,350
Portion insured by FDIC	<u>500,000</u>
Uninsured cash balances	<u>\$5,393,350</u>

residence in Jamaica Plain for people 55 and older who have difficulty living independently. The Bank also extended a letter of credit to support tax exempt (MHEFA) financing for the New England Home for Little Wanderers.

The Bank is a major participant in MHFA Home Improvement Loan Program (HILP), which provides financing to low income, elderly and/or handicapped homeowners in order that they can make vital improvements to their homes. Two thirds of the loans extended in Boston were to households in the Boston First Banking communities.

Bank of Boston is a charter member of the Boston Housing Partnership, and has recently provided a leadership grant of \$150,000 to help enable the partnership to acquire sites for its next major initiative, the development of 500 units of limited equity cooperative housing.

We have participated in several other City of Boston Programs. Over the past 4 years Bank of Boston has provided \$1.4 million in construction/permanent financing for the rehab of 40 units of low-income rental housing in Roxbury and Dorchester in conjunction with Rental Rehab Program. In addition, We have provided construction and permanent financing for affordable homeownership initiatives undertaken by Dorchester Bay EDC and Roxbury Multi-Service Center, among others, in combination with the City of Boston's Buildable Lots and Abandoned Housing Bank programs.

Bank of Boston has participated in numerous housing fairs including the recent "Buy 90" at the Hynes Auditorium and "Project Homeownership" held in March at Roxbury Community College. We have also agreed to participate in a flexible mortgage program for first time buyers under the FNMA/GE Community Homebuyer Program. In conjunction with that program, we have held three successful series of Homebuyer Seminars. In addition to our own homebuyer seminars, we fund a compatible program at Freedom House.

The Bank also participates in two programs on a statewide basis which support local economic development efforts. First, the bank has been a charter member and the major provider of capitalization to the Massachusetts Business Development Corporation (MBDC) which provides development financing to small and mid-size businesses that are unable to obtain conventional financing. Second, Bank of Boston works with the Massachusetts Industrial Finance Agency (MIFA) to increase access to industrial revenue bonds for smaller companies, by securing financing and favorable rates through the private placement of bonds.

Other Bank-Supported Community Activities

An aspect of our strength as a financial institution is our partnership with our local communities through our volunteerism and other bank-supported community

activities. Grant funds have been provided to Dorchester's Drop-A-Dime program, the John W. McCormack Middle School, Dorchester Youth Collaborative, Sportsmen's Tennis Club, Lena Park Community Development Corp., Local Initiatives Support Corporation (LISC), Positive Lifestyles, Inc., Codman Square Housing Development Corp., Freedom House, Inc., Mujeres Unidas en Accion, Mission Hill Neighborhood Housing Services, and Harbor Health Services, Inc., among many others in this community.

Another source of even greater pride than our philanthropy is the volunteer involvement of our employees. Staff members have participated on various committees in their neighborhoods including: Mission Hill Neighborhood Housing Services, The Boston Seniors Council in Jamaica Plain, Codman Square Merchants Association, Dorchester Board of Trade, Boston Housing Partnership, LISC, Uphams Corner Neighborhood Housing Association, Uphams Corner Board of Trade and Morgan Memorial Goodwill Industries, among many others.

The Bank and the John W. McCormack Middle School in Dorchester took a "Quantum LEAP" forward in November 1989 with the inauguration of a Literacy and Educational Advancement Partnership, supported by a 3-year, \$250,000 grant from the Bank. This program has established two 25-station computer labs and training for students, teachers and parents. More than 100 bank staff members from the Bank's neighboring operations center are involved in the partnership.

Former Boston Celtic M.L. Carr has visited eight local schools with the Bank of Boston - M.L. Carr Challenge, "Stand Tall Against Drugs", a program stressing self respect, decision making and open communication among students, their teachers and families.



Boston First Banking Area Branches

Dudley 114 Dudley St. (617) 434-3457	Brighams Circle 1610 Tremont St. (617) 434-3307
Codman Square 592 Washington St (617) 434-3478	Columbia Park 2 Morrissey Blvd.. (617) 434-2145
Adams Street 782 Adams St. (617) 434-7921	Fields Corner 1440 Dorchester Ave. (617) 434-3239
Uphams Corner 555 Columbia Rd. (617) 434-3420	Jamaica Plain 677 Centre St. (617) 434-3352
Cummins Highway 958 American Legion Highway (617) 434-7923	

Community Reinvestment Act Notice

The following notice is posted in each branch office as required by the Community Reinvestment Act of 1977. "Community Reinvestment Act Notice - The Federal Community Reinvestment Act (CRA) requires the Comptroller of the Currency to evaluate our performance in helping to meet the credit needs of our communities, and to take this evaluation into account when the Comptroller decides on certain applications submitted by us. You should know that:

- You may obtain our current CRA Statement for our communities in this office.
- You may send signed, written comments about our CRA statement or our performance in helping to meet community credit needs to CRA Contact Officer, P.O. Box 460, Boston, Massachusetts 02102 and to the Deputy Comptroller for Multinational Banking, 490 L'Enfant Plaza East, S.W., Washington, D.C. 20219. Your letter, together with any response by us, may be made public.
- You may look at a file of all signed, written comments received by us within the past two years, any responses we have made to the comments, and all CRA Statements in effect during the past two years at our Head Office Banking Center, First Floor, 100 Federal Street, Boston, Massachusetts 02110. You may also look at a file containing comments received about our local community at the following location:

Dudley
114 Dudley St.
(617) 434-34577

- You may ask to look at any comments received by the Deputy Comptroller.
- You may also request from the Deputy Comptroller an announcement of applications covered by the CRA filed with the Comptroller.
- We are a group of offices of The First National Bank of Boston, a subsidiary of Bank of Boston Corporation, a bank holding company. You may request from the Federal Reserve Bank of Boston, 600 Atlantic Avenue, Boston, Massachusetts, an announcement of applications covered by the CRA filed by bank holding companies."



Bank of Boston Community Reinvestment Act Statement

BOSTON FIRST BANKING AREA

Including Dorchester, Jamaica Plain, Mattapan, Roxbury, and the eastern section of Roslindale bordering Mattapan



BANK OF BOSTON

BOSTON FIRST BANKING AREA CRA STATEMENT

Bank of Boston serves numerous local communities within the state of Massachusetts. These communities are identified in our statewide Community Reinvestment Act statement along with information about the products and services offered by the bank throughout Massachusetts. This supplemental statement provides additional information regarding the bank's activities in the Boston First Banking community, consisting of Dorchester, Jamaica Plain, Mattapan, and Roxbury, neighborhoods of Boston, and the eastern section of Roslindale bordering Mattapan all within Suffolk County. The Boston First Banking initiative was begun in January, 1990, following extensive discussions with the community about how we could better serve the basic banking and credit needs of the area's residents and businesses. Among the features of the Boston First Banking program are extended branch hours; Saturday banking; enhanced staffing, including on-site lending; community contact efforts such as educational seminars for first-time homebuyers and prospective small business owners; and the introduction of First Step Banking, a line of affordable banking products primarily targeted to community residents who currently may not use banks.

Community Credit Needs Ascertainment

All of the bank personnel serving the local community contribute to the bank's understanding of local credit needs through their involvement in various community organizations, frequent customer contact, and personal knowledge from past or current residency in the community. Fully 40% of all BFB employees are residents of this community. Branch managers are responsible for on-going contact with responsible community leaders through a regular monthly calling program. In addition, both the senior staff of Boston First Banking and its community-based advisory board provide a conduit for identifying credit needs and developing appropriate strategies in response. Local organizations that the bank is regularly in contact with include the Dudley Street Neighborhood Initiative, Codman Square Housing Development Corporation, Nuestra Comunidad Development Corporation, Dorchester Bay EDC, Urban Edge Development Corporation, Lena Park Community Development Corporation, Neighborhood Housing Services, Boston Housing Partnership, Local Initiatives Support Corporation, state and local government agencies and local realtors. From these efforts and from other available information we have identified the following characteristics of our local community: This community has a population of 227,058, of which the black and white populations are almost evenly divided (43.9% and 46.3% respectively), with approximately 10% of the population being Hispanic. The median household income for this population is \$21,874, which is below the median for Suffolk County. Thirty percent of all housing units are owner-occupied with the average length of residence being 9.4 years. The median age of the population is roughly twenty-nine, with 10.8% being age sixty-five and older.

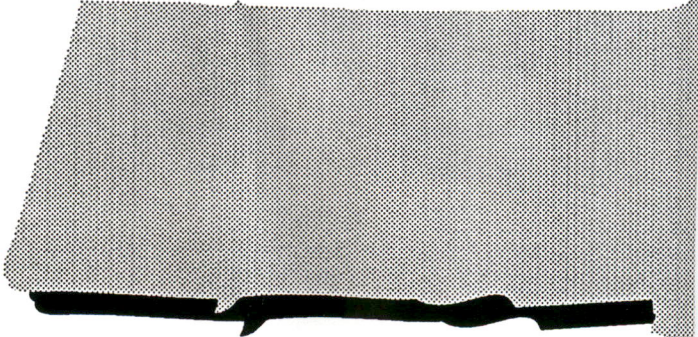
Marketing of Bank Products and Services

As described in our statewide CRA statement, Bank of Boston has an active and on-going marketing and advertising effort throughout Massachusetts which involves the use of print media and television. Special local promotions and in-branch activities have supplemented our efforts in the Boston First Banking area. This community is served by the major media outlets described in our statewide statement. In addition, the bank has used local media to promote products and services and to extend the reach of our major media campaigns. This includes The Boston Globe, Boston Herald, Bay State Banner, Dorchester Community News, Dorchester Reporter, and El Mundo.

Products and Services offered in the Community

A full range of commercial and consumer products and services is offered in all geographic areas within our communities. Information may be obtained through this office on the following types of credit:

- Mortgage loans for 1- to 4-family residences
- Home equity loans
- Home improvement loans
- Consumer loans:
 - Personal loans
 - Automobile loans

- 
- Revolving credit lines
 - Education loans:
 - Guaranteed Student (Stafford) Loans
 - Parent Loan Program (PLUS)
 - Supplemental Loans to Students (SLS)
 - Alliance education loans
 - Commercial loans:
 - Large and small business loans
 - SBA-guaranteed loans
 - Construction loans
 - Rehabilitation loans
 - Commercial mortgage loans

We have staff at most First Banking Branch offices who are proficient in Spanish as well as English. Brochures are available in both languages describing First Step and some other banking products and services.

Community Development

Bank of Boston is actively involved in programs and projects which contribute to the revitalization of our local communities.

These activities often involve participation with governmental agencies and other nonprofit and for-profit entities. For example, the bank is a major participant in three important statewide initiatives organized by the Massachusetts Bankers Association to address community banking issues, the expansion and retention of affordable housing, and financing women- and minority-owned businesses. Also, the bank has regularly participated in the housing programs offered by the Massachusetts Housing Finance Agency to assist first-time homebuyers and to increase the supply of affordable rental housing.

In this community, the bank has been involved in the following community development programs/projects: Bank of Boston is providing a \$1.4 million construction loan and is participating with the Mass. Government Land Bank in the permanent financing for the renovation of the landmark Lithgow Building in Codman Square. In addition,



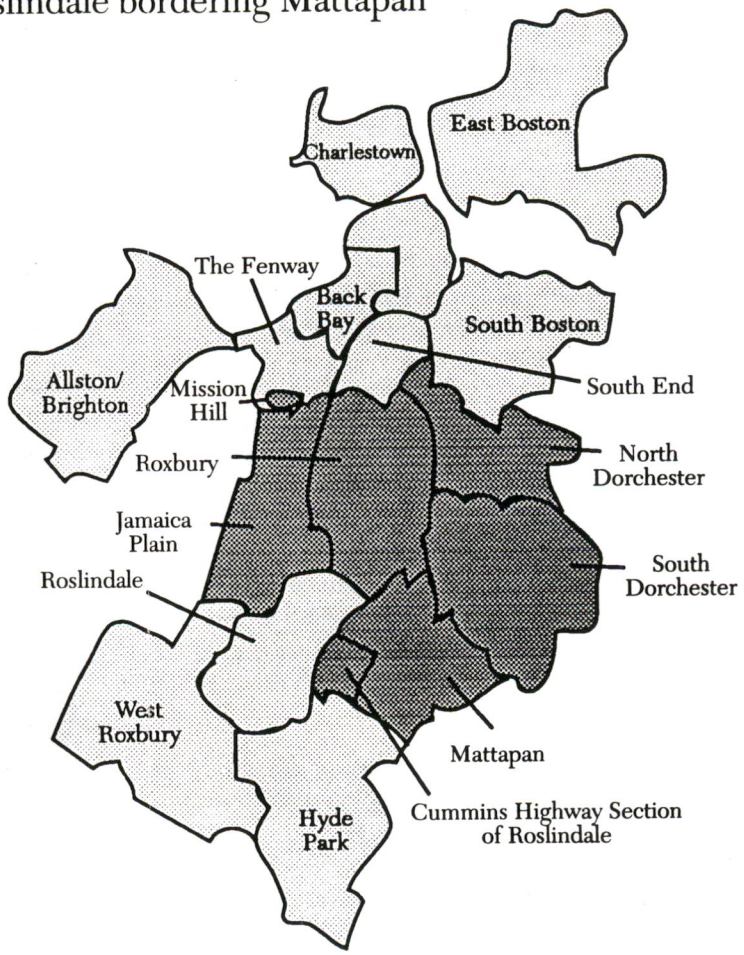
we will become the anchor tenant in the newly renovated property. Bank of Boston has also provided construction financing for the major renovation of the Zakrewska Building at the Dimock Community Health Center. The Bank continues to work closely with Dimock's Board of Directors in the form of financial advisory assistance and long range planning.

In 1989, Bank of Boston provided a construction loan of \$130,900 to the Boston Food Bank for renovation of its food

warehouse and office space in Jamaica Plain under a below-market rate loan program the bank participates in with the MBTA to assist small business affected by the relocation of the Orange Line. The bank has committed up to \$3 million in loans under the program. Bank of Boston has also provided financing for Urban Edge's new corporate headquarters in Egleston Square. We also extended a loan to the Uphams Corner Health Center and Uphams Corner Health Committee

BOSTON FIRST BANKING AREA

Including Dorchester, Jamaica Plain, Mattapan, and Roxbury, and the eastern section of Roslindale bordering Mattapan



Inc. to fund a portion of a \$500,000 renovation project on their property.

Bank of Boston provided financing to Social Justice for Women, Inc., Judge Baker Children's Center, which offers counseling to troubled children and their families, and to Volunteers of America's McCrohon House, a shared living

HORIZONS



Noticias de Residentes

Tenant News

Nouvèl Lokatè

Metropolitan Boston Housing Partnership

Winter, 1992

Codman Square success story

Residents organize to reclaim Washington-Columbia apartments

Less than two years ago, the 11 buildings and 151 apartments which comprise the Washington-Columbia Apartments were rehabilitated as part of a \$75 million BHP program to provide 938 affordable housing units for Dorchester and Roxbury residents. By last spring, the buildings were in serious trouble again.

"When I moved in, everything was fine," recalls resident Angela Key. "Then we got a bad seed in our building and there were hoods in the hallways, graffiti on the walls, and a lot of drugs being sold. People were scared."

Codman Square HDC Executive Director Alyce Lee remembers the challenge facing residents and management: "We had youth gangs, drug trafficking, and prostitution. We couldn't keep doors or locks secure. Wallboard in the common hallways was ripped down daily."

As part of a comprehensive plan to reclaim the apartment complex, Jackie Davis was hired as a Resident Resource Specialist to help residents take charge.



Jackie Davis, right, talks with Steve Monteiro, of the Codman Square CDC staff.

- Todas las noticias en Español: P. 5-8
- Nouvèl an Kreyòl: P. 9-11

"When I first arrived, there were bullet holes in the doors and windows and blood in the hallways," Jackie Davis recalls. "I began by knocking on doors and talking with residents about

their problems."

Only seven residents attended the first meeting organized by Davis. They soon found, however, that Simpson Management — which had recently taken over the property — was committed to working with them. By the time the second organizing meeting was held, more than 30 residents had joined the effort.

"With Jackie's help, we

Continued on page 2



Rosa Navas

Rosa Navas joins MBHP

RRI's new assistant program manager

"I'm really excited to be working with an initiative that aims to empower residents," says Rosa Navas, MBHP's new RRI Assistant Program Manager, who's been on the job since September. "Residents are the frontline experts on the properties. They need to participate in decisions regarding their buildings and their neighborhoods. Change can't happen without them."

Rosa was Director of Urban programs at the American Red Cross of Massachusetts Bay for five years before joining MBHP. While managing the Red Cross' non-traditional programs — English as a Second Language, Immigration Assistance, and food delivery for the Massachusetts Bay Feeding Network — she was also involved with more traditional programs, such as disaster assistance, first-aid training, and volunteer management.

"Resident leaders and volun-

continued on page 4

Building captains are key to Codman turnaround

'Two voices are better than one'

Residents Angela Key and Claribel Ramos have made a vital contribution to improving conditions at the Washington-Columbia Apartments. Each serves as a Building Captain, reaching out to other residents to help them organize to improve their buildings and their lives.

"I started by knocking on doors and said 'Hi, I'm your Building Captain. What do you need to have done in your apartment?'" says Angela. "I was fortunate because some people were very positive. Now, many others are becoming positive because they see what we're getting done."

Angela first came to the area from North Carolina with her sister when she was young. She now works managing automobile insurance accounts at Columbus Insurance of Boston.

Her approach to organizing

Workshops focus on leadership

Once a month tenant leaders from across Boston gather to learn new skills and meet other leaders working to improve conditions in their buildings and neighborhoods. According to one tenant leader, the purpose of the Saturday workshops, sponsored by the Resident Resource Initiative, is "...to learn how to get tenants together and solve some of our problems..." Join us! For information, call 423-1221.

fellow residents is simple: "Get people together. Even if it's your next door neighbor. Two voices are better than one."

Claribel Ramos became a Building Captain because she knew how she wanted to live: "I was tired of gang members,

Residents organize to

continued from page 1

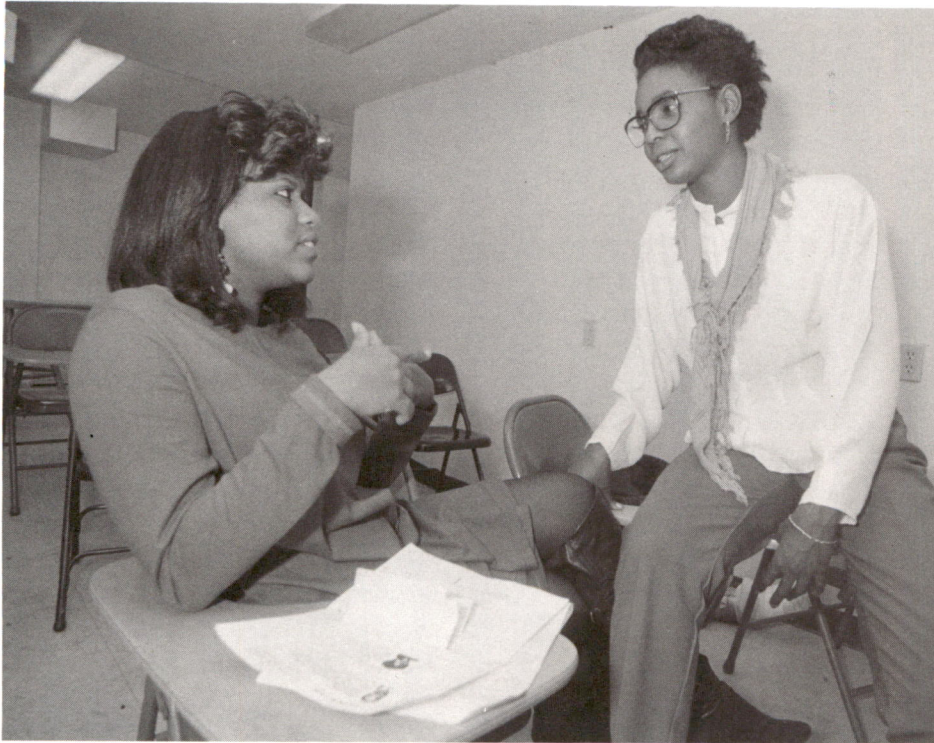
started speaking out," says resident Angela Key. "Soon, the hallways were painted and the front of the building was cleaned up. Then the tenants across the street started to wonder how we were getting all these things done. That's when it really started to come together."

In addition to organizing residents, the plan to reclaim the buildings included an on-site security team, repair of apartments and hallways, aggressive legal action to evict problem

tenants, and a program called "Youth Rap" — an initiative funded by the Massachusetts Housing Finance Agency (MHFA) to hire local youngsters to help clean, repair, and paint the deteriorating units.

According to resident Claribel Ramos, the results have been impressive: "It's a miracle. Before, you couldn't have paid someone to take one of these apartments. Now everybody wants to live here."

From the residents' viewpoint, Jackie Davis has played a



Claribel Ramos, left, and Angela Key.

people who sell drugs, and kids running around outside unsupervised. I started by telling people to come to meetings. It has helped a lot."

Claribel, a native of Puerto Rico, works as a medical receptionist at the Uphams Corner Health Center. By translating written materials and acting as an interpreter at organizing

meetings, she has been instrumental in encouraging increased involvement from her Latino neighbors.

"Residents have to be organized to deal with their own problems," Claribel declares. "If you're on your own, nobody cares. If you raise two or three voices together, then somebody has to listen."

reclaim Codman Sq.

critical role. "If it wasn't for Jackie, we would never have gotten organized," Key claims. "We're not sitting around anymore letting hoods take the place over. We're learning how to stand on our own."

Claribel Ramos agrees: "Jackie has been the key. She told us that we have to be organized. She gave us a lot of advice about dealing with management. Eventually, she wants us to be able to go forward by ourselves."

Keith Harvey, who oversees

the buildings for Simpson Management, also praises Davis' contribution to the successful turnaround: "Jackie helped to give residents some power, some control. I hope that a year from now, residents will be just as excited about what's going on."

For Jackie Davis, the formula for success is clear: "This shows what can happen when residents, young people, management, and community organizations all work together for a better community."

MBHP builds for the future

Last June, BHP and Metropolitan Housing, Inc. (MHI) merged to form MBHP, now the state's largest regional non-profit housing agency. Before the merger, BHP helped to renovate nearly 2,000 apartments, and MHI administered some 4,000 state and federal rental assistance subsidies.

The new organization will build on the programs of BHP and MHI to take a leadership role in launching new initiatives to revitalize Boston's neighborhoods. In close partnership with CDCs, MBHP will continue to energetically promote the creation and preservation of community-based affordable housing, while working to increase housing opportunities and support services. At the heart of all our efforts is a strong commitment to resident empowerment.

HORIZONS

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Design/Diseño/Aranjman: Linda Kincaid



CDC NEWS

ALLSTON-BRIGHTON... The Greenspace Initiative is doing well at **Hano Street** and **Carol Avenue**. The Carol Avenue beautification project was completed last May. The efforts of residents — and especially the open space leader, Jose Fonseca — really paid off. At Hano Street, the two trees planted in the backyard survived despite the summer heat, thanks to the dedication of the residents who cared for it. Unfortunately, the trees were later cut down by vandals. Hano Street residents, however, are more determined than ever to go ahead with their Greenspace plan... The **Commonville Tenant Association** has worked constructively over the last year to keep their housing affordable through a buy-out of the expiring use properties. When the final regulations from HUD are completed, many residents will be eager to apply their enthusiasm and energy to the purchasing process.

CODMAN SQUARE... WCRA stands for the **Washington-Columbia Residents Association**, organized last November by the same people who turned life around for these buildings... **Jequeta (Jody) Bostick**, one of the youth workers for the Youth Rap program, was promoted to a supervisory position. Congratulations!

DORCHESTER BAY... The **Girlfriends** is a support group created by and for female residents of Dorchester Bay EDC to help residents through the tough times as well as let them enjoy

the good times — together! If you are interested in joining, call 825-4200... Farewell and good luck to RRS **Barbara Beach**, who recently left Dorchester Bay to take over as the new Executive Director of the Multicultural Aids Coalition.

JAMAICA PLAIN... **Maria Alamo** has joined the RRI team as the new Resident Resource Specialist at Jamaica Plain Neighborhood Development Corporation. Her background includes tenant organizing, neighborhood empowerment, and youth programs.

LENA PARK... The seventh annual **Hecht-Shaw Dinner**, where nine persons were honored for community service, took place last November. Three resident leaders attended the gala affair: **Gwendolyn Brown**, **Douglas Jackson**, and **Carolyn Wyatt-Gregory**... Congratulations to the newly formed **Mattapan LBB Tenant Association** (headed by **Willie Davis**), and the **Talbot Avenue LBB Tenant Association** (headed by **Elaine Carter**).

NUESTRA COMUNIDAD... The Greenspace Initiative is alive and well thanks to the efforts of **The Mothers' Association** (TMA). They have organized their buildings and the abutters to obtain from the city an empty lot behind their Mount Pleasant Avenue building. Construction is expected to start this spring, and TMA has demanded to do the work themselves!... The **Nuestra Comunidad Annual**

Meeting was held last November at Saint Patrick's Church. Congratulations to residents: **Cora Davis**, **Maria Depina**, **Anibal Diaz**, **Efrain Escobar**, **Awilda Rodriguez**, and **Theresa Rosa**, elected to the Nuestra Comunidad Board!

QUINCY-GENEVA... A **tot-lot** has been started in the back of the Creston Street buildings as part of the Greenspace Initiative... Congratulations to **Carol Alyer**, **Mary Hodnett**, and **Keith MacKenzie**, who were elected to the Quincy-Geneva Board in November.

URBAN EDGE... **Mayor Flynn** joined scores of community people, city and state officials, private lenders and MBHP last November in breaking ground on **Stony Brook Gardens**, a 50-unit limited equity cooperative in Jamaica Plain which will give home ownership to low and moderate income families... The **Egleston Square YMCA Youth Center** opened its doors last December. Area youth are now able to take advantage of many safe, constructive and educational activities.

Rosa Navas joins MBHP staff

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teers have a lot in common," says Rosa. "They are caring individuals who want to make an impact in their communities." Rosa is particularly interested in encouraging the participation of Latino residents. "Increasing involvement by Latino residents in decisions about their buildings and neighborhoods is one of my goals."

Happy
New Year!



¡Feliz
Año!



Bòn Ane
1992!

Washington-Columbia resurge

Los residentes de WCA se organizan para recuperar sus edificios

Hace casi dos años, las 151 unidades en los 11 edificios de Washington-Columbia Apartments fueron rehabilitadas, formando parte de un programa de Boston Housing Partnership (BHP) que utilizó 75 millones de dólares para proveer viviendas a bajo costo a los residentes de Dorchester y Roxbury. Pero en la primavera del año pasado, estos edificios se encontraban nuevamente en condiciones deplorables.

"Cuando yo me mudé aquí, todo estaba bien," recuerda Angela Key. "Pero entonces se mudó una 'mala semilla' a nuestro edificio, y empezamos a ver maleantes en los pasillos, dibujos en las paredes, y muchísimo tráfico de drogas. La gente se sentía insegura."

La Directora Ejecutiva de Codman Square HDC, Alyce Lee recuerda los retos que encaraban los residentes y la compañía administradora: "Teníamos pandillas juveniles, tráfico de drogas, y prostitución. No podíamos mantener las puertas y cerrojos



Jackie Davis conversa con miembros de la Asociación de Residentes de Washington-Columbia.

seguros. El cartón-piedra que cubría las paredes era destruido a diario."

Como parte de un plan para recuperar el complejo de apartamentos, contrataron a Jackie Davis como Especialista de Recursos del Residente para ayudar a los vecinos a organizarse.

"Cuando llegué aquí, habían marcas de balazos en las puertas y ventanas, y sangre en los pasillos," recuerda Jackie Davis. "Empecé a tocar las puertas de los residentes y a conversar acerca de sus problemas."

Tan sólo siete residentes asistieron a la primera reunión que Davis organizó. Pero pronto

los residentes se dieron cuenta que Simpson Management — recién contratados para administrar esos edificios — tenían la intención de ayudarlos. Mas de treinta residentes asistieron a la segunda reunión.

"Con la ayuda de Jackie, todos empezamos a protestar," dijo Angela Key. "En seguida las paredes en los pasillos estaban pintadas, y la fachada del edificio

limpia. Los vecinos del edificio al frente del nuestro empezaron a preguntar cómo hacíamos que todas estas cosas cambiaran. Fué entonces cuando empezamos a unirnos."

Además de la organización de los residentes, el plan de recuperación de los edificios incluye una patrulla de seguridad en el edificio, reparación de los apartamentos y pasillos, acción legal para desalojar a los inquilinos indeseables, y un programa llamado Youth-Rap — existente gracias a fondos proveídos por la Massachusetts Housing Finance Agency (MHFA). El programa

continúa en la página 7

MBHP fortalece su compromiso con el futuro

En junio del año pasado, Boston Housing Partnership (BHP) y Metropolitan Housing, Incorporated (MHI) se unieron para formar MBHP, la agencia regional de vivienda sin fines de lucro más grande del estado.

Antes de la unión, BHP contribuyó a renovar cerca de 2,000 apartamentos, y MHI administraba alrededor de 4,000

subsidios de alquiler federales y estatales.

Apoyándose en los programas de BHP y de MHI, la nueva organización asumirá un papel de liderazgo en el desarrollo de nuevos programas para revitalizar los vecindarios de Boston.

Trabajando con las CDC, MBHP continuará a promover

enérgicamente la creación y preservación de viviendas a bajo costo. Al mismo tiempo procurará el aumento de oportunidades residenciales y de servicios de apoyo.

En todos éstos esfuerzos habrá un firme compromiso de fomentar el empoderamiento de los residentes.

Un caso aparte

Dos residentes de Codman Square son la clave del éxito

Angela Key y Claribel Ramos han puesto su granito de arena (y mucho más) en el proceso que cambió los edificios de Washington-Columbia. Ambas son capitanes de edificio, cuyo papel es de organizar a los demás residentes para así poder mejorar las condiciones de su edificio y de su comunidad.

"Empezé por ir de puerta en puerta, presentándome a mis vecinos: '¡Hola! Yo soy la Capitana de tu edificio. Dime, ¿Qué anda mal en tu apartamento?'" dice Angela.

"Tuve suerte porque algunas personas fueron bien positivas. Ahora, al ver lo que podemos hacer, muchas más personas están volviéndose positivas."

Angela es oriunda de Carolina del Norte, pero se vino a Boston con su hermana cuando eran jóvenes. Hoy día

Seminarios de liderazgo

Una vez al mes residentes líderes de varias vecindades de Boston se reúnen para aprender nuevas técnicas y conocer a otros líderes quienes también trabajan para mejorar las condiciones de sus edificios y de sus vecindarios.

De acuerdo a un residente líder, el propósito de los seminarios sabatinos patrocinados por el programa de recursos del residente es de "...aprender a reunir a los inquilinos para solucionar algunos problemas..."

¡Únete! Para más información, llama al 423-1221.

trabaja en Columbus Insurance, donde es responsable por las

pólizas de vehículos.

Su manera de enfocar y organizar a los residentes es simple: "Juntarlos. Aunque sea nada más que un sólo vecino. Dos voces son mejor que una."

Claribel Ramos se hizo capitana de edificio porque sabía lo que quería: "Ya estaba cansada de las pandillas, los narcotraficantes, y los niños jugando sin supervisión alguna. Empezé por invitar a la gente a que viniera a las reuniones. Y ha ayudado mucho."

Claribel, originalmente de Puerto Rico, trabaja como recepcionista en el Centro de Salud de Uphams Corner. Con su capacidad bilingüe, ella ha sido esencial al traducir materiales escritos, o como intérprete simultánea en las reuniones. Así, ha aumentado la

Rosa Navas se incorpora a MBHP: es la

"Me agrada mucho poder trabajar con un programa cuya meta es empoderar a los residentes," dice Rosa Navas, la nueva Sub-Gerente del Programa de Recursos del Residente (RRI), quien empezó en Septiembre.

"Los residentes son los expertos en los edificios. Ellos necesitan participar en las decisiones que afectan sus hogares y sus vecindarios. Ningún cambio puede ocurrir sin su ayuda."

'Una de mis metas es poder incrementar el número de latinos envueltos en las decisiones que conciernen sus edificios y sus vecindarios.'

— Rosa Navas

Durante cinco años, Rosa fue la Directora de Programas



Urbanos de la Cruz Roja de Massachusetts Bay.

Codman resurge

viene de la página 5

emplea a jóvenes residentes para que ayuden a limpiar, reparar y pintar las unidades que estaban en deterioro.

Para Claribel Ramos, los resultados han sido fenomenales: "Es un milagro. Antes, no hubieras podido pagarle a nadie para que viviera aquí. Ahora todo el mundo quiere vivir aquí."

Desde el punto de vista de los residentes, Jackie Davis ha jugado un papel importante. "Si no fuese por Jackie, nunca nos hubieramos organizado," afirma Key. "Nunca más nos verán sentados, permitiendo que los maleantes se apoderen del edificio. Estamos aprendiendo a ser autosuficientes."

Claribel Ramos está de acuerdo: "Jackie ha sido la clave. Ella nos dijo que teníamos que organizarnos. Y nos dio varias ideas para negociar con los administradores del edificio. Eventualmente, ella quiere que nosotros avancemos por nosotros mismos."

Keith Harvey, la persona de Simpson Management quien supervisa los edificios, también alabó el aporte de Davis a la recuperación de los edificios: "Jackie ayudó a que los residentes recibieran poder y control. Espero que de aquí a un año, los residentes estén tan entusiasmados como lo están ahora."

Para Jackie Davis, la fórmula del éxito es clara: "Esto demuestra lo que puede ocurrir cuando los residentes, los jóvenes, los administradores del edificio, y las organizaciones locales trabajan juntos para mejorar la comunidad."



Claribel Ramos (izq.) y Angela Key.

participación de sus vecinos latinos.

"Los residentes tienen que estar organizados para poder lidiar con sus propios

problemas," dice Claribel.

"Si lo haces sólo, a nadie le importa. Pero si lo hacen dos o tres personas juntas, entonces a alguien le interesa lo que dicen."

nueva sub-gerente de RRI

En esa capacidad, dirigió programas que marcaron una nueva pauta para la Cruz Roja: inglés como segundo idioma, asistencia con trámites de inmigración, y reparto de comida a la red de programas alimenticios.

También trabajó con programas más típicos de la Cruz Roja: ayuda en desastres, entrenamiento en primeros auxilios, y coordinación de voluntarios.

"Yo creo que los residentes y los voluntarios tienen mucho en común", dijo Rosa. "Ambos son individuos responsables que quieren poder influenciar cambios en su comunidad."

Rosa está muy interesada en fomentar la participación de los residentes latinos. "Una de mis metas es poder incrementar el número de latinos envueltos en las decisiones que conciernen sus edificios y sus vecindarios."

NOTICIAS DE CDC

ALLSTON-BRIGHTON... El programa de Areas Verdes está progresando satisfactoriamente en **Hano Street** y en **Carol Avenue**. El proyecto de embellecimiento de Carol Avenue fué terminado en Mayo del año pasado. ¡El gran esfuerzo de los residentes, — en especial, José Fonseca — dió estupendos resultados! En Hano Street, los dos árboles que fueron sembrados en el patio trasero sobrevivieron el calor del verano gracias a la dedicación de los residentes. Desafortunadamente, los árboles fueron cortados de cuajo por vándalos. Sin embargo, los vecinos de Hano Street están más determinados que nunca a proseguir con su programa de Areas Verdes... La **Asociación de Vecinos de Commonville** ha trabajado constructivamente durante éste año para poder mantener sus viviendas a bajo costo a través de la compra de propiedades de uso expirante. En cuanto HUD complete las regulaciones sobre éste tipo de propiedades, habrá varios residentes que estarán más que listos, entusiastas y llenos de energía para comenzar el proceso de compra.

□

CODMAN SQUARE... Las siglas WCRA son por la **Asociación de Vecinos de Washington-Columbia**, que fué organizada por las mismas personas que le devolvieron la vida a estos edificios... **Jequeta (Jody) Bostik**, una de las jóvenes residentes quien trabajó para el programa de Youth-Rap, fue ascendida a supervisora. ¡Felicitaciones a todas!

□

DORCHESTER BAY... “**Las Amigas**” son un grupo de apoyo creado por las vecinas de

Dorchester Bay EDC, con el propósito de ayudarse mutuamente en las horas críticas, y para compartir las alegrías de cada una. Si estás interesada en unírte, llama al 825-4200... Nos despedimos de **Barbara Beach**, la Especialista de Recursos del Residente, quien dejó Dorchester Bay al ser escogida para ser la nueva Directora Ejecutiva del Multicultural AIDS Coalition. ¡Buena suerte, Barbara!

□

JAMAICA PLAIN... **María Alamo** se ha incorporado al equipo de RRI al haber sido seleccionada la nueva Especialista de Recursos del Residente en Jamaica Plain NDC. Su curriculum vitae demuestra experiencia en organización de inquilinos, empoderamiento de vecindades, y programas para la juventud.

□

LENA PARK... En Noviembre pasado, durante la cena anual **Hecht-Shaw**, se prestó homenaje a nueve personas que han sobresalido como servidores a la comunidad. Tres residentes-líderes asistieron a ésta gala: **Gwendolyn Brown, Douglas Jackson, y Carolyn Wyatt-Gregory**... Felicitaciones van por la formación de la **Asociación de Vecinos de Mattapan LBB** (presidida por **Willie Davis**) y la **Asociación de Vecinos de la Talbot Avenue** (presidida por **Elaine Carter**).

□

NUESTRA COMUNIDAD... El programa de Areas Verdes transcurre con gran éxito gracias a los esfuerzos de la **Asociación de Madres**. Ellas organizaron sus edificios y las propiedades colindantes, consiguiendo así que la Ciudad de

Boston les cediera un terreno vacío localizado tras el edificio en la Avenida Mount Pleasant. La Asociación de Madres ha insistido en ellas mismas construir el parque infantil proyectado a comenzar en la primavera... La **Reunión Anual de Nuestra Comunidad** tomó lugar en Noviembre del año pasado en la Iglesia de San Patricio. Para aquellos residentes que fueron elegidos como miembros de la Junta de Directores (**Cora Davis, María Depina, Aníbal Díaz, Efrain Escobar, Awilda Rodríguez, y Theresa Rosa**). ¡Felicitaciones!

□

QUINCY GENEVA... Recientemente, la construcción de un **parque infantil** comenzó en el patio trasero de los edificios de la Creston Street. Esto es parte de su programa de Areas Verdes... Felicitaciones también para los residentes que ahora forman parte de la junta directiva: **Carol Alyer, Mary Hodnett, y Keith MacKenzie**.

□

URBAN EDGE: El Alcalde Ray Flynn, se unió a más de cien personas -representantes de la comunidad, funcionarios de la ciudad, del estado, y de la banca y comercio, así como de MBHP — para celebrar el inicio de la construcción de **Stony Brook Gardens**, una cooperativa de equidad limitada en Jamaica Plain. Familias de recursos escasos y medianos tendrán oportunidad de ser propietarios de las viviendas de ésta urbanización... Con el mismo fin, el **Centro Juvenil del YMCA** presenta a los jóvenes de la zona con una gama de actividades sanas, productivas, y educativas.

Chanjman enpòtan nan WCA

Residan oganize pou reklame Apatman Washington-Columbia yo

Gen mwens ke 2 zan 11 bilding ak 151 apatman ki fòme apatman Washinton-Columbia yo te repare. Se yon pwojè \$75 milyon BPH te genyen pou l' te founi 938 inite bon mache pou Dorchester ak Roxbury. Prentan dènye bilding yo te gen kont pwoblèm yo ankò.

"Lè m' te vin rete nan kay la, tout bagay te trè byen. Men yon ti tan apre, te gen yon move grenn nan bilding nou an, te gen yon seri de nèg k'ap mache ak kapichon nan tèt yo nan hal yo, tout mi yo vin gen yon bann mak ekri sou yo, e te gen anpil dwòg ki t'ap vann. Tout moun te pè." Se Angela Key ki t'ap raple l' bagay sa yo.

Alyce Lee, Direktè Egzekitif Codman Square a, sonje ki kalite defi administrasyon an ak rezidan yo te gen devan yo. Men sa li di: "Nou te gen gang jenn ti moun, trafik dwòg ak pwostitasyon. Nou pa te ka kenbe pòt ak seri an sekirite. Tablo nou mete sou mi yo pou afiche papye anons chire chak jou."

Nan efò pou nou te ka fè rezidan yo pran kontwòl apatman yo ankò, nou te anplwaye Jackie Davis. Tit Jack



Jackie Davis, adwat, ap pale ak lòt rezidan apatman Washington-Columbia yo.

Davis se te Espyalis Resous pou Rezidan.

Men kouman Jackie Davis sonje lè li te fèk pran travay la: "Premye fwa m' vini an, te gen twou bal nan pòt yo ak nan fenèt yo, e te gen san nan hal yo. M' frappe nan pòt rezidan yo, e mwen koumanse pale avè yo de pwoblèm yo genyen."

Sèt rezidan sèlman vini nan premye reinyon Davis te fè a. Apre yo te vin konnen ke "Simpsons Management" ki te reskonsab bilding yo te vle tra-vay ak yo an kolaborasyon. Lè dezyèm reinyon an vin fèt, te gen plis ke

30 rezidan ki te mete tèt yo ansanm.

Angela Keys di: "Avèk èd Jackie nou koumanse ap leve vwa nou. Li pa t' pran twò lontan pou te remake ke tout hal yo te pentire, ke tout devan bilding yo te byen pwòp. Sa ou tandè a, rezidan anfas yo koumanse ap mande kouman nou rive fè tout bagay sa yo. Se lè sa a tout moun vin koumanse mete tèt yo ansanm."

Oganize bilding yo se te youn, men te gen lòt bagay toujou. Te gen yon ekip sekirite sou plas, te gen reparasyon apatman ak hal, te gen aksyon serye pou mete deyò tout lokatè ki t'ap bay pwoblèm; te gen tou yon pwogram ki rele "Youth-RAP". Se "Massachusetts Housing Finance Agency" ki bay lajan pou anplwaye jèn pou ede netwaye, repare, pentire apatman k'ap kraze yo.

Daprè rezidan Claribel Ramos, rezilta yo te ekselan: "Se yon mirak. Anvan ou t'ap peye yon moun pou l' te pran apatman sa yo, li pa t'ap pran yo. Kounyea tout moun vle vin abite isi a."

Kontinye nan paj 10

MBHP ta renmen bati katye ki pi bon

Nan mwad jen ki sot pase a, BHP ak Metropolitan Housing, Inc. (MHI) makònen kò yo ansanm pou yo de a fòme sa k' rele kounyea MBHP ki vin pi gwo ajans lojman nan eta a. Anvan makònay sa a te fèt, BHP te ede repare prèske 2000 apatman, e MHI te dirije yon afè de 4000 apatman ke gouvènman federal la ak eta a

sibvansyone.

Nouvèl òganizasyon ki soti nan de òganizasyon sa yo pral travay sou ansyen pwojè ke yo chak te gnyen, men tou li pral met men pou l' lanse nouvo pwogram pou l' wè si yo ka rezoud en plis pwoblèm ki genyen nan lojman katye vil Boston nan.

Ansanm ansanm ak CDC,

MBHP pral kontinye kreye, prezève lojman pa twò chè ki baze nan kominote yo.

An mèm tan tou l'ap travay pou l' ogmante opòtinite gen plis lojman e pou l' ofri plis sèvis sipò. Yon bgay ki enpòtan nan tout efò n'ap fè yo se pou tout rezidan yo santi ke yo gen reyèlman pouvwa desizyon.



Rosa Navas

Rosa Navas ap travay pou MBHP

Rosa Navas nan pozisyon sa depi mwa sektanm ki sot pase a. Li di: "Mwen reyèlman kontan ap fè yon travay kote mwen ka ede rezidan gen plis pouvwa desizyon. Rezidan yo se yo ki premye espè nan zafè pwopriyete yo. Li trè nesèsè pou yo patisipe nan desizyon ki gade bilding yo ak katye yo. Nanpwen okenn chanjman ki posib san yo."

Anvan Rosa te vin travay pou MBHP, li te Direktè pwogram iben pou Lakwa Wouj Amerikèn Massachusetts Bay pandan 5 an. Pandan ke Rosa t'ap dirije pwogram non -tradisyonèl Lakwa Wouj yo, li te reskonsab lòt pwogram tou, kòm Anglè kòm dezyèm lang, Asistan Imigrasyon, e livrezon manje pou "Massachusetts Bay Feeding Network". Li te mele nan yon seri de lòt pwogram tradisyonèl kòm asistans nan dezaz, antrènman pou bay premye swen; li te okipe benevòl yo tou.

Rosa di: "Lidè rezidan ak benevòl sanble anpil. Yo tout se moun ki renmen moun, epi ki vle pote chanjman nan kominote yo. Youn nan bi mwen se ogmante patisipasyon panyòl nan pran desizyon nan sa k' gade bilding yo ak katye yo."

Pwofil lokatè

Rezidan Angela Key ak Claribel Ramos deplwaye yon bann efò pou pote yon gwo amelyorasyon nan apatman Washington-Columbia yo. Tou lède, nan wòl kapten bilding yo jwe a, lonje men ba lòt rezidan yo pou ka ede yo òganize pou pote amelyorasyon nan bilding yo ak nan vi yo.

"M' kòmanse pa frape nan pòt yo, e m' di 'Alo, m' se kapten bilding ou a. Eske ou gen yon bagay ou ta renmen ki fèt nan apatman ou an?' M' te gen chans, paske te gen kèk moun ki te trè pozitif. Kounyea gen anpil lòt moun pozitif, paske je yo ba yo sa nou reyalize." Sa se pawòl ki sot nan bouch Angela.

Angela vin bò isit la lè l' te tou jèn avèk sè li. Li se moun Kawolin di Nò. Kounyea l'ap travay nan yon konpayi asirans machin ki rele Columbus Insurance of Boston.

Resèt li mete an aplikasyon pou òganize rezidan parèy li yo vrèman senp: "Rasanble tout moun ansanm. Menm si se vwazen kole ou la. De vwa pi bon pase youn."

Claribel te vin yon kapten



Claribel Ramos, agòch, ak Angela Key.

bilding paske li te konnen kouman li te vle viv: "M' te fatige wpòt ti mesye gang yo, moun k'ap vann dwòg, ti moun k'ap kouri deyò san moun k'ap voye je sou yo. Premye bagay m' te fè, m' mande moun yo pou yo vin nan reinyon. Sa te ede anpil."

Claribel se moun Pòto Riko. L'ap travay kòm resepsyonis nan yon sant de sante ki rele "Up-hams Corner Health Center." Claribel tradwi an panyòl tout bagay ki ekri an anglè. Li jwe wòl entèprèt tou nan òganize reinyon. Patipasyon li te ede patisipasyon tout vwazen li yo ki pale pale panyòl tankou li.

Claribel deklare: "Rezidan yo dwe òganize pou fè fas a pwòp pwoblèm pa yo. Si ou leve de ou twa vwa ansanm, fò yon moun tande sa ou gen pou di a."

Chanjman enpòtan nan WCA

Kontinye sot nan paj 9

Daprè sa rezidan yo menm di, wòl Jackie Davis te trè enpòtan. Men sa Keys di: "Si se pa t' Jackie nou pa ta p' janm òganize. Nou pa p' chita ankò, kwaze bra nou ap gade vakabon ap kontwòl tout moun ak tout bagay. N'ap appann kouman

pou nou debwouye nou pou kont nou."

Pou Jackie Davis fòmil pou siksè a klè kou dlo kokoye: "Sa moutre sa ki ka rive lè rezidan, jèn, administrasyon ak òganizasyon kominotè yo mete tèt yo ansanm pou yo bati yon kominote ki pi bon."

NOUVEL CDC

ALLSTON-BRIGHTON...

"Greenspace Initiative" ap fè yon trè bon travay nan ri **Hano** ak nan avni **Carol**. Efò tout moun ki abite de kote sa yo te pote rezilta, espesyalman efò lidè ki rele Jose Fenescia a. Nan ri Hano, de pye bwa ki te plante nan lakou a te reziste malgre tout chalè mwad vakans yo. Fò nou remèsye tout moun ki abite nan ri a tou pou jan yo te pran swen pye bwa sa yo. Nou byen regrèt ke malgre tout travay sa yo vaka-bon te pase yo te koupe pye bwa sa yo. Men rezidan ri Hano yo toujou rete byen deside pou pwojè "Greenspace" la kontinye. Pwojè "Greenspace" okipe l' de afè pante pyebwa pou lakou yo ka vèt, ka bèl. **"Commonville Tenant Association"** pase tout ane ki sot pase a ap travay pou yo fè lwaye kay yo rete bon mache. Pou sa ta ka fèt yo te chache wè pou yo te ka achte kay yo abite ladan an. Lè HUD fin mete sou pye tout règleman li yo, gen anpil lokatè ki pral mete tout kouray yo pou regle afè achte kay yo. Konsa yo ka vin pwopriyetè.



CODMAN SQUARE... WCRA

kanpe pou **"Washington-Columbia Residents Association,"** sa vle di asosyasyon rezidan Washington ak Columbia. Se menm moun ki te fè tou sa ki posib pou amelyore kalite lavi nan bilding yo ki te òganize asosyasyon sa a nan mwa novanm pase a... **Jacqueta (Jody) Bos-tick**, youn nan jèn travayè pou "Youth Rap Program" nan, te pran pwomosyon. Kounyea li se sipèvizè. Konpliman pou yo tout!



DORCHESTER BAY... "The Girlfriends," Zanmi fi, se yon gwoup sipò ke rezidan fi Dorchester Bay EDC yo fòme pou

len sipòte lòt ni nan pwoblèm, ni nan kè kontan, ansanm. Si ou ta vle fè pati gwoup sa a men nimewo pou rele: 825-4200... Nou di **Barbara Beach** orevwa e bon chans! Li fèk kite Dorchester Bay pou l' al travay kòm Direktè Egzekitif "Multicultural Aids Coalition", yon òganizasyon ki okipe afè maladi SIDA.



JAMAICA PLAIN... Maria

Alamo fè pati ekip RRI. Tit li se Espesyalis Resous pou Rezidan nan Kòporasyon Devlopman Katye. Se nan Jamaica Plain òganizasyon sa a ye. Maria antre nan òganizasyon an ak anpil esperyans. Li te konn òganize rezidan, li te konn ede katye itilize pouvwa ke yo genyen, e li te travay nan pwogram jenès tou.



LENA PARK... Mwa novanm

ki sot pase a dine anyèl ki rele **"Hetch-Shaw Dinner"** a te òganize. Se setyèm ane dine sa fèt. Twa lidè rezidan yo te patisipe nan kokenn chenn fèt sa a: **Gwendolyn Brown, Douglas Jackson** ak **Carolyn Wyatt-Gregory**... Konpliman pou nouvo **Asosyasyon Lokatè Mattapan** nan. Se **Willie Davis** ki alatèt asosyasyon sa a. Konpliman tou pou **Asosyasyon Lokatè avni Talbot** la. Se **Elaine Carter** ki alatèt asosyasyon sa a.



NUESTRA COMUNIDAD...

"Greenspace Initiative," mouvman pou plante pye bwa nan bilding yo toujou kanpe dyanm grasa efò **Asosyasyon Manman**. Yo òganize bilding yo de fason pou fè vil la ba yo yon bout tè vid dèyè bilding avni Mount Pleasant lan. Konstriksyon ap kòmanse apre livè a, e Asosyasyon Manman an mande pou li fè travay yo li menm. Se nan legliz Sen Patrik la ke Nuestra

Comunidad te fè mwa novanm pase a reinyon anyèl li a. Felis-tasyon pou rezidan sa yo ki eli nan Konsèy Nuestra Comunidad la: **Cora Davis, Maria Depina, Anibal Diaz, Efrain Escobar, Awilda Rodriguez** e **Teresa Rosa**.



QUINCY-GENEVA... Yo kò-

manse yon ti pak pou ti moun jwe dèyè bilding ki nan ri Creston yo. Sa fè pati efò **"Greenspace Initiative"** ap deplwaye yo. Konpliman pou **Carol Alyer, Mary Hodnet** ak **Keith Mac-Kenzie** paske yo te eli manm Konsèy Quincy-Geneva a an novanm.



URBAN EDGE... Majistra

Flynn te mete l' dakò ak manm kominote yo, ofisyèl vil la ak eta a, moun k'ap prete lajan pou l' ka mete apatman **"Stony Brook Gardens"** yo a dispozisyon fanmiy ki pap fè gwo lajan. Se yon koperatif ki nan Jamaica Plain, moun pral kapap achte 50 apatman sa yo... An desanm ane pase, Sant **YMCA pou Jèn Egleston Square** a te ouvè. Jenès katye yo kounyea ka pwofite de yon bann aktivite edikatif, konstriktif, san danje.

Atelye pou lidè

Yon fwa pa mwa lidè lokatè nan tout Boston an reini ansanm pou yo aprann nouvo zouti, epitou pou yo rankontre lòt lidè k'ap travay pou amelyore kondisyon nan bilding yo ak nan katye yo. Dapre yon lidè lokatè yo, bi atelye samdi sa yo ke Inisyatif Resous pou Lokatè a (Resident Resource Initiative) òganize, se "pou aprann kòman nou ka rasanble lokatè ansanm pou nou rezoud pwoblèm nou..." Men nimewo ou ka rele: 423-1221.

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HORIZONS

Noticias de Residentes • Tenant News • Nouvèl Lokatè
Metropolitan Boston Housing Partnership

INSIDE:

**WASHINGTON-COLUMBIA
RESIDENTS RECLAIM THEIR
NEIGHBORHOOD. . . P. 1**

**WASHINGTON-COLUMBIA
APARTMENTS RESURGE. . . P. 5**

**CHANJMAN ENPOTAN NAN
WASHINGTON-COLUMBIA
APATMAN. . . P. 9**



Jackie Davis helped residents of the Washington-Columbia apartments improve conditions in their buildings.

Hard-working teens turn war zones back into homes

This time a year ago, the plan was to seal up the Washington-Columbia Apartments at the corner of Columbia Road and Geneva Avenue with plywood, cut the losses and wait for better days in the next century.

If the crackheads and the little "gangstas" ripped the boards off and claimed the property by eminent domain, well, so be it.

Jequeta "Jody" Bostick happened to live at 169 Columbia Road with her brothers and sisters... if living is what you want to call it.

"It was bad out in the street," she recalled the other day. "But it was worse in the hallways. You could get hurt real bad in the hallways. I went to school. Then I came home and locked the door. That was about it."

A year ago, the Kuwaiti desert had nothing on the hallways at 165 and 169 Columbia Road. The drug dealers, the junkies and the cops were locked in a kind of three-way tango that had gone on for years.

"It was as if they had devoured the walls," said Alyce Lee, the director of the Codman Square Housing Development Corp., who assumed command of the property after HUD turned tail and ran.

"People would literally kick holes, or shoot holes,



WORKING FOR A LIVING: Painting the hallway of 165 Columbia Road last week are Demont Mooney, LaDavia Sutton, Larry Bostick, Jequeia Bostick, Ty Wesley and Amica Washington of Fe-Male Painting Co.

Staff photo by Curtis Ackerman



**PETER
GELZINIS**

in the walls as fast as you would put them up. The MHFA (Massachusetts Housing Finance Agency) wanted us to throw in the towel and walk away."

Alyce Lee decided instead to take them back. She went in with plenty of security and plenty of eviction notices. Then she

had the good fortune to hire a lady named Jackie Davis, who was given the task of turning a wasteland into a community.

"Of the 14 families that were living here at 165 (Columbia Road) before I got here back in May, 10 of them were actively and openly selling drugs. None of this was here...this office, the walls, the lights. The place had been eaten just about to the bones."

To help in the resurrection, Jackie Davis crisscrossed Columbia Road,

knocking on doors, handing out flyers, looking for kids who wanted to spend the summer painting and patching for \$5 an hour.

"I told them straight up what this was about," Jackie said. "Painting apartments, cleaning toilets, scrubbing sinks, replacing walls...honest work for which they would earn some honest money."

"No, it wasn't going to be as much as some of their friends were making to sell drugs, or to simply look out for the

cops, or another gang. But I told them, at least with this money, they wouldn't have to be looking over the shoulders. They wouldn't have to worry about dying, like too many of their friends, over this money."

Ten kids, most of whom had spent a large part of their childhood locked in their apartments at these buildings, took Jackie up on her offer.

Back at the beginning of the summer, the idea was to keep these kids busy for about 17 weeks. But along the way, painting and patching for five bucks an hour has blossomed into an entrepreneurial creation known as "Fe-Male Paint Company."

"We called it that," Jody Bostick said, "because when we began it was eight girls and two guys. And then, when school came some of the guys had football practice, it was just the girls who kept this thing going."

With the guidance of Larry diSalvatore from Roxbury Youthworks, Jody Bostick, Oliveviere Homer, Amica Washington and the seven other friends who took up a paint brush last summer are now in the process of incorporating themselves into their own painting firm.

Last summer, they worked under the supervision of a maintenance man from the

Sampson Management Co. Today, they are drawing their salaries (up a few notches from \$5 an hour) from the contract they signed with the Codman Square Housing Development Corp.

Let's you get the impression that this is a story about how a group of good kids were given "busy work" to keep them out of harm's way, listen to Jackie Davis.

"The word has already gotten around to many of the other CDC's who own other apartment buildings along Columbia Road and all around us. There's another 80 units that need turning over when they run out of walls and hallways here. We're talking about some real money and real work."

Real enough so that Jody Bostick and Amica Washington, the founders of the Fe-Male Paint Co. may have to consider hiring a few more kids from a waiting list that's growing by the day.

Life has come back into focus at the Washington-Columbia Apartments. The place they wanted to board up now has an elected residents council. Elderly who would never dare to open the door, now come out to feel the morning sun. And the kids, whose dreams could have died under that plywood, are now writing monthly financial statements. □

BRIEFING BOOK CONTENTS

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Agenda for meeting with Boston Metropolitan Housing Partnership List of Attendees	
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Examples of Community Development Activity in New England - o MACDC 1991 Report - o MBA Community Investment Program Summary - o <i>Communities & Banking</i>, Summer 1991	7

Metropolitan Boston Housing Partnership, Inc. Meeting
The Honorable Lawrence Lindsey
Member
Federal Reserve Board
(Special Guest)

Thursday, March 12, 1992 - 2:00 p.m.
The Lithgow Building
Bank of Boston Conference Room - First Floor
622 Washington Street, Codman Square, Dorchester, MA

AGENDA

2:00 - 2:10	Introduction Background of MBHP	W. Edgerly
2:10 - 2:30	Slide Presentation	T. Bledsoe
2:30 - 3:30	Discussion	W. Edgerly

Metropolitan Boston Housing Partnership, Inc. Meeting

Attendees

Mr. Rusty Aertsen
Department Executive
Real Estate Department
Bank of Boston

Mr. Peter J. Blampied
President & CEO
Boston Five Cents Savings Bank

Mr. Herbert F. Collins
Chairman of the Board
Boston Capital Partners, Inc.

Ms. Clara L. Garcia
Executive Director
Inquilinos Boricuas en Accion

Mr. Mossik Hacobian
Executive Director
Urban Edge

Ms. Danette Jones
Executive Director
Madison Park Development Corp.

Mr. David Knowles
Executive Director
Dorchester Bay EDC

Ms. Alyce Lee
Executive Director
Codman Square HDC

Ms. Mary Nee
Executive Director
Public Facilities Department

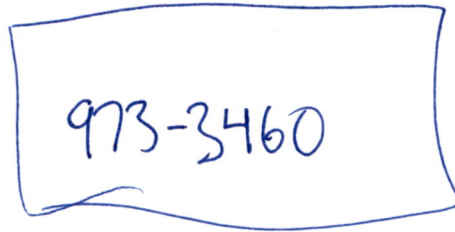
Mr. Richard F. Pollard
Vice Chairman of the Board
BayBanks, Inc.

Mr. Jay Sarles
Executive Vice President
Fleet/Norstar Financial Group

Federal Reserve Bank of Boston

Mr. Richard F. Syron
President & CEO
Federal Reserve Bank of Boston

Mr. William J. Spring
Vice President
District Community Affairs
Federal Reserve Bank of Boston



Mr. Richard C. Walker, III
Associate Director
District Community Affairs
Federal Reserve Bank of Boston

Ms. Elizabeth H. McMurtrie
Community Affairs Coordinator
District Community Affairs
Federal Reserve Bank of Boston

HISTORY AND PROFILE OF METROPOLITAN BOSTON HOUSING PARTNERSHIP, INC.

Introduction

In May 1991, two Boston-area non-profit housing agencies, the Boston Housing Partnership (BHP) and Metropolitan Housing, Inc. (MHI), voted to merge into one regional non-profit housing agency. A powerful board which includes the CEOs of the region's largest financial institutions, directors of the leading community-based groups, and prominent leaders of academic and social service agencies formed this new partnership, which represents 35 private sector firms, public agencies, and community-based groups. It is a full-service, regional (Boston and 33 surrounding communities) agency which develops and preserves affordable housing, administers rental assistance programs and sponsors initiatives which encourage resident participation and control in housing, neighborhoods, social services and economic opportunities. This new partnership can help solve problems which government cannot solve alone, using the pooled resources of the committed parties (public, private, community, academic) to form new ways of doing business and tackling problems. This new institution will be a permanent vehicle for bringing collective interests to the table to address complex housing and community development issues.

Background of the Boston Housing Partnership

BHP was incorporated in 1983 to address the declining availability in Boston of decent, safe, affordable housing for low-income people. The organization was built on a community-based strategy. BHP aligned itself with strong neighborhood institutions (CDCs) to ensure the long term success of neighborhood development. An influential Board of Directors, chaired by William S. Edgerly, Chairman of State Street Bank and Trust Company, was assembled representing city and state government, business, CDCs and other non-profit agencies, and academic and human service policy professionals.

BHP sponsored large scale, high-impact rental housing production programs in conjunction with CDCs. It mediated among coalition members and state, federal, city, and financial institutions to enable neighborhood-based, non-profit developers (CDCs) to buy, rehabilitate and manage large numbers of scattered-site housing units. It insured success by creating aggregate legal, financial, and management structures, including contingencies and reserves, that attracted the confidence of governments and financial investors/lenders. It did not seek to own real estate itself. By aggregating individual housing projects into large programs, the organization created opportunities for financing which otherwise were beyond the reach of a single neighborhood based non-profit developer.

BHP's first program, BHP I, enabled 10 CDCs to acquire and rehab 700 units of run down, sparsely inhabited rental housing in 69 buildings at a total cost of \$38 million. In BHP II, BHP negotiations with H.U.D. netted 926 units of H.U.D. foreclosed housing properties, which 7 CDCs rehabilitated at a cost of about \$75 million. This financing pioneered a new use of low-income housing tax credits, successfully completing one of the first private placements of a major tax-credit syndication with corporate directors. With BHP's chairman as its salesman and participating financial institutions on the Board purchasing a substantial share of the equity, \$18 million in equity interests were sold to twelve corporations with minimal dollar expenditures on marketing costs.

BHP's most recent program, the Boston Cooperative Initiative, is a project of 220 units of limited equity cooperatives sponsored by five community development corporations in neighborhoods throughout Boston. By attracting significant equity investments from participating banks in the Partnership, the Cooperative Initiative represents a new model for developing affordable housing which provides ownership opportunities to low income families who do not have rental subsidies. By eliminating the need for substantial mortgage financing and debt service payments, families in the cooperatives have monthly housing expenses which range from \$350 to \$600.

BHP retains a monitoring and oversight role for 2000 units that the organization has developed through its CDC partners. This portfolio monitoring ensures that the on-going management operations are sound and that the investors' interests are protected.

In 1987, as part of BHP II, the organization added a significant new component called the Resident Resource Initiative (RRI). Funded by several local foundations and banks, and the City of Boston, RRI is a vehicle to support, assist, and develop CDC capacity to preserve affordable housing through organizing and empowering residents. MBHP, as convener of the program, coordinates RRI activities, aggregates resources, provides technical assistance to CDCs and the resident organizers funded by the program. Through this program, residents have been linked with property owners, managers, neighborhood groups, and social service agencies to address building management, security, and community development issues.

All BHP projects continue today as successful affordable housing. The program-wide occupancy level stands at 95%, despite the current economic downturn and the increasing levels of crime and violence in Boston's low-income neighborhoods. There have been problems and challenges, but they have been confronted through the strength of the CDCs and partnership. The benefit to the neighborhoods has been immense, as highly visible buildings have been transformed from major blighting influences into important community assets.

Background of Metropolitan Housing, Inc.

In 1975, the Commonwealth's Executive Office of Communities and Development (EOCD) subcontracted the state-wide administration of H.U.D Section 8 certificates and state housing subsidies to a network of eight regional non-profit agencies. EOCD retained responsibility to

directly administer the subsidy programs in the greater Boston area.

In response to the dramatic rise in homelessness in the 1980's, EOCD and the Department of Public Welfare developed innovative rental assistance programs to help homeless families living in hotels and motels afford rental units in the private housing market. Within a three year period, over 2,000 new certificates were issued to homeless families and the number of subsidies directly administered by EOCD in the Boston area increased to approximately 4,000 certificates. In addition, coordination with social service agencies became an integral component of program administration because the homeless clients needed additional services beyond housing subsidies.

In 1989, EOCD decided that the Boston area rental assistance programs should be administered by a local non-profit agency rather than directly by state government. EOCD believed that a non-profit agency could administer the program in a more efficient and responsive manner and would be able to provide a range of other services, including housing development and counseling. To administer this program, EOCD issued a request for proposal in January 1989 to select a subcontractor. A group of housing advocates incorporated MHI, applied and was awarded the contract in July 1989. Actual administration began in January 1990 with a caseload of 4500 families.

MHI created administrative and financial systems to manage the subsidy contracts and issue monthly payments to landlords. It hired a diverse staff of 45 professionals to inspect the housing units under lease contract, to assist the 4,000 families receiving subsidies and the 1,000 families on the waiting list, and to begin outreach efforts to the 34 communities served by the program. MHI also began to explore innovative approaches to help the formerly homeless families to access the range of social services necessary to achieve economic and family independence and to increase the regional housing opportunities available to certificate holders.

The Merger of BHP and MHI

BHP and MHI have both been dedicated to increasing the availability of decent, safe, low-income housing, as well as supporting housing-related, community-based services and organizations. Given the increasing scarcity of housing resources and the compatible missions of BHP and MHI, merging these organizations uses resources more effectively and substantially increases the agency's capacity to carry out its mission. MBHP now has a combined staff of approximately 60, a core budget of \$3 million (another \$36 million passes through) and is currently organized into divisions, one of which is Housing Development.

METROPOLITAN BOSTON HOUSING PARTNERSHIP

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Eugene Tangney
Chairman & CEO
The Massachusetts Company

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George A. Russell, Jr.
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Clerk

Robert J. Walsh
Assistant Clerk

The Lithgow Building

The restoration of the 92-year old Lithgow building is the result of a major public/private partnership including the Executive Office of Communities & Development, the City of Boston's Public Facilities Department, and the Massachusetts Housing Finance Agency. The project features 31 units of affordable housing and 24,000 feet of commercial retail space. Located in the heart of Codman Square, one of Boston's most racially mixed inner-city neighborhoods, the Lithgow building represents the rebirth of one of the City's most dilapidated landmarks.

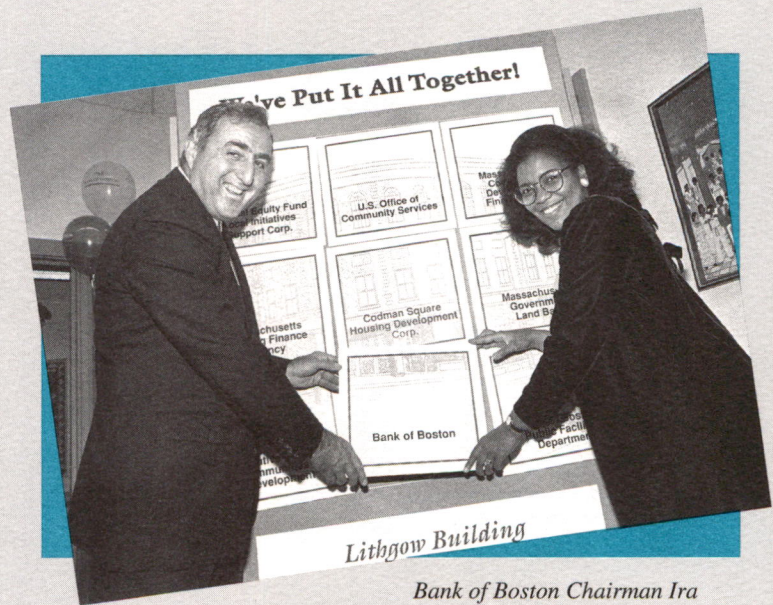
Historic Lithgow Building dedicated as centerpiece of Codman Square redevelopment

After nearly two decades of decay, the 92-year-old Lithgow Building, a central landmark of Dorchester's Codman Square neighborhood, has been completely refurbished and is now a shining example of the dedicated redevelopment efforts of a neighborhood, city, state and private-sector partnership.

The opening of the Lithgow Building, which contains 24,000 square feet of commercial retail space, together with the contiguous development of 31 units of affordable housing, marks the first refurbishment of a major inner-city commercial center since the beginning of the region's economic slowdown.

Bank of Boston, which coordinated the construction financing for the restoration of the Lithgow Building, opened a full-service branch office there, making it the neighborhood's largest banking facility.

The \$8 million project is the result of a creative private/public sector partnership that included a strong community-based, not-for-profit developer, the Codman Square Housing Development Corporation, working in conjunction with Bank of Boston, the sole conventional lender, and a host of governmental and foundation resources.



Boarded up in 1973, the Lithgow Building lay in disrepair until residents of the Codman Square neighborhood began lobbying for a restoration project in the early 1980s. Financing for the project was assembled in 1989 and demolition of the building was begun during the summer of 1990.

Boston Mayor Raymond Flynn and Bank of Boston Chairman Ira Stepanian, together with the heads of many community-based organizations, helped to dedicate the newly refurbished Lithgow Building at ceremonies held this fall. According to Ira Stepanian, "In putting our strengths to work for Codman Square, Bank of Boston is underscoring our commitment to this community and similar communities where we do business. We are proud to have played a part in ushering in a new day and new hope for the residents and businesses of the Codman Square area."

Bank of Boston Chairman Ira Stepanian participates in the dedication ceremonies of the newly renovated Lithgow Building with Alyce Lee, Executive Director of the Codman Square Housing Development Corporation.

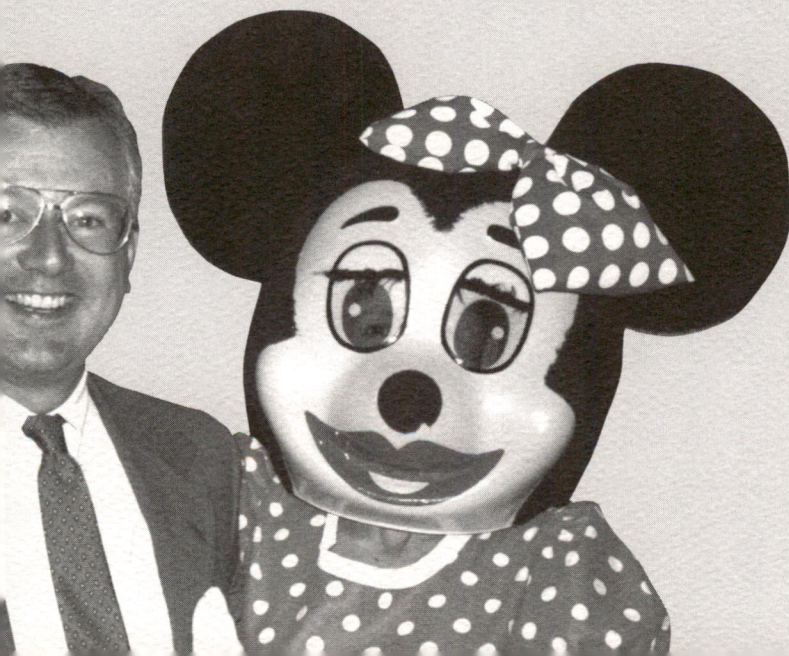
Bank of Boston's branch office, which occupies a central location on the building's ground floor, features a 24-hour ATM machine and Saturday business hours, services that are important in helping to meet the needs of both neighborhood residents and businesses in the Codman Square area. The branch is part of the 10-branch Boston First Banking network, a "bank within a bank" with dedicated products, services and lenders to serve the communities of Dorchester, Roxbury, Mattapan and Jamaica Plain. ■



Canton employees celebrate with "Mickey & Minnie" at a United Way kick-off event. (l to r) Vivian Allen, Maureen Shamaly, Joanne Spadorcia, Gina Grieco, June Rau and Marva Fairclough.



Grace Grainger of the Trust Files Department helps prepare the "energy supply" for road race participants.



Anniversaries celebrated in November/December

35 Years

Gerard P. Twohig, BancBoston Leasing

30 Years

Joseph L. Carcerano, Retail Operations; Paul L. Hicks, Information Services; David L. Hitchings, BancBoston Leasing; Robert M. Previor, Real Estate Custody

25 Years

Robert T. Goodwin, Credit Support; Ellen F. Hickey, SF-High Technology; Phyllis M. Ritchie, Commercial Finance; Judith M. Toussaint, Eagle Investments

20 Years

James E. Cassidy, Facilities Development; Craig H. Deery, M&EI Corporate; Serge DuBuisson, Commercial Loan Services; Madge R. Fraser, Mass. Div.; Mary Ellen Healey, Group HR Support; Diane M. Raymondi, Administration; David L. Shephard, T&O Support; Patricia H. Wilson, N.E. Checking; Brian T. Wrick, Deposit Processing

15 Years

David Ames, T/S Finance; George R. Brandi, N.E. Checking; Michael L. Burkard, Boston Operations; Stephen F. Davis, ABL-Factoring; Mary Emerson, Deposit Accounting; Catherine T. Kane, Deposit Processing; Carol M. Marczyk, ABL-Factoring; Jean Ann Parrillo, Custody Client Administration; Elizabeth L. Randall, M&E Administration; Joyeeta Raysircar, Community Lending; Norman Stembridge, Data Processing; Kim Williams, Boston First Banking

10 Years

Lynne Cheryl Aho, Western Branches; Kira Aruin, Operational Control; Anne Marie Ashur, Boston IPB Sales; Jill A. Berns, Cash Mgmt.; Dolores C. Cappuccio, Area 1-Boston; Ralph J. Catalano, Cash Mgmt.; Mary Theresa Collins, Area 2-Boston; Robert P. Constantine, Personal Trust; Anna L. Corona, BBI Miami Administration; Anne V. Dewolfe, Area 2-Boston; Dorothy H. Fiore, Standard Processing; Michael J. Fiorentino, Commercial Loan Services; Lina C. Gillan, Treasury Systems; Jeanne Frances Greene, M&E Administration; Anna Barbara Guarino, Restaurants; Diane H. Guerard, Retail Operations; Patricia A. Harris, Money & Wire Transfer; Claire Humphrey, Coin & Currency; William P. Hunt, Operations Maint. & Eng.; Thelma Kaminsky, Corporate Compliance; Carol A. Keating, Eastern Area 3; Virginia E. K. Southeastern Branches; Ann Toomey Lahiff, Boston Operations; Virginia M. Lynch, Proof Encoding & Recon.; Diane W. Mao, Bank Accounting Operations; Mary Kathleen McHoul, Area 3-Boston; Brian W. McGonagle, Operational Accounting; Karen E. McWatters-Pervier, Commercial Loan Services; Violeta G. Mendoza, BBI NY Administration; Sally A. O'Connor, External Affairs; Gail E. Phinney, Automated Capture Settlement & Transit; Richard L. Pierce, Finance Systems; Robert H. Reinheimer, Community Lending; Sandra J. Shaw, External Affairs; Barbara A. Sullivan, Corporate Benefits; Michelle Ann Thomas, Boston Retail Administration; Aristea Tikellis, Credit Support; Janet Vansipe, MA Private Banking; David J. Walker, Automated Capture Settlement & Transit; Jeanne T. Wirtanen, Cape Cod Private Bank; Connie Wong, Eastern Area 3; Carol Frances Zilonis, Benefits

Map of Boston (detail - FRB Boston and Codman Square)

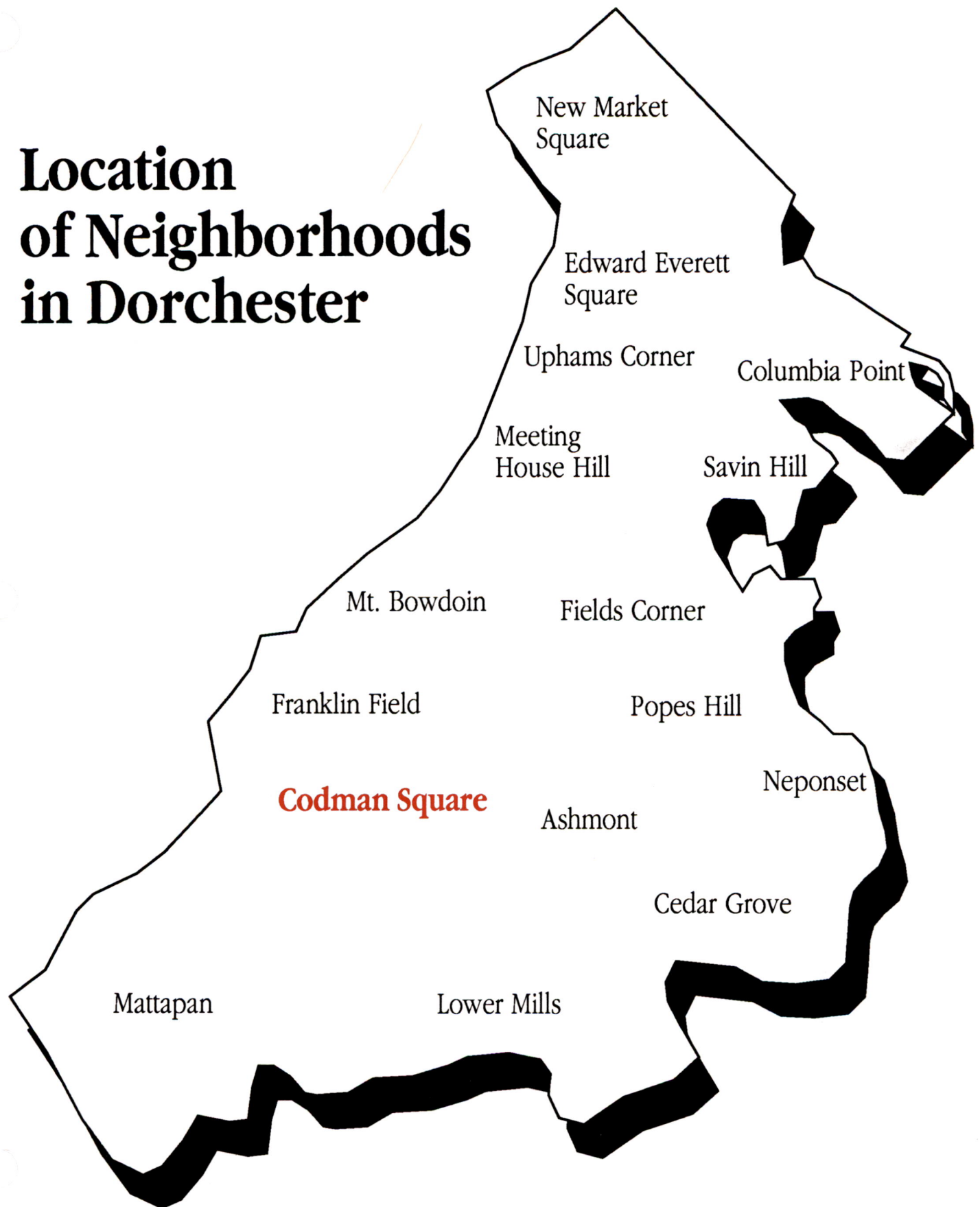
Map of Dorchester (detail - Codman Square)

Demographics, City of Boston

City of Boston



Location of Neighborhoods in Dorchester



**CITY OF BOSTON
POPULATION, INCOME, AND RACE**

Planning District	Population	Income	White	Black	Hispanic	Asian
Central	21,600	\$48,306	74%	3%	3%	20%
East Boston	33,000	\$20,152	76%	2%	18%	4%
Charlestown	14,700	\$33,636	95%	1%	2%	2%
South Boston	29,500	\$16,300	95%	1%	2%	2%
Back Bay/ Beacon Hill	28,000	\$48,158	88%	3%	3%	5%
South End	29,000	\$32,896	40%	32%	16%	12%
Fenway/Kenmore	33,700	\$24,079	71%	10%	8%	10%
Allston/Brighton	70,300	\$33,192	73%	7%	9%	11%
Jamaica Plain	41,200	\$24,005	50%	19%	26%	5%
Roxbury	58,800	\$19,263	6%	71%	19%	1%
North Dorchester	25,000	\$16,744	53%	20%	14%	7%
South Dorchester*	60,600	\$27,783	48%	36%	10%	3%
Roslindale	33,000	\$33,266	77%	8%	11%	3%
Mattapan	36,000	\$33,340	8%	84%	7%	1%
Hyde Park	30,100	\$40,749	72%	22%	4%	1%
West Roxbury	29,700	\$40,379	94%	2%	2%	2%
Boston	574,000	\$28,524	59%	24%	11%	5%

*Codman Square neighborhood	30,667	N/A	19%	65%	12%	3%
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Note: income figures represent 1984 data expressed in 1990 dollars.

COMMUNITY AFFAIRS

1991-1992 PROGRAM SUMMARY

The Community Affairs operation of the Federal Reserve Bank of Boston has three broad missions: to ensure that financial institutions understand their responsibilities under the Community Reinvestment Act (CRA), to encourage community development activity, and to support public education and training initiatives.

The Community Reinvestment Act of 1977 requires the Federal Reserve System to encourage banks to help meet the credit needs of their communities, including low- and moderate-income areas. We attempt to carry out these responsibilities through 1) close collaboration with banks; bank associations; community-based organizations; federal, state, and city agencies; and federal and state bank regulatory agencies and 2) the development of teaching and information resources designed to further understanding of community development opportunities.

Our CRA and community development efforts cover the following areas:

- * REGULATION
- * COMMUNITY DEVELOPMENT EDUCATION
- * COLLABORATION

We have also developed programs in:

- * PUBLIC EDUCATION AND TRAINING

REGULATION

Community Affairs' activities in the area of regulation are centered around the New England Council of Consumer Examiners. The Council, which represents federal and state agencies that enforce community reinvestment and consumer laws in the District, was created in response to bankers' concerns over perceived inconsistencies among the different federal and state regulatory agencies in evaluating bank CRA performance. Community Affairs helped organize the Council two years ago. In 1991, the Council conducted CRA training for compliance examiners from these agencies. Training sessions will also be held in 1992. The availability of new information on mortgage lending patterns has focused increased attention on the exam process, and reemphasized the importance of our goal to ensure consistency and professionalism in consumer compliance examinations.

When applications are protested, Community Affairs is responsible for attempting to bring the bank and the protestant(s) together to clarify and, if possible, resolve the issues surrounding the protest. A protest in late spring of 1991 of Fleet's application to acquire the Bank of New

England coincided with and reinforced growing concerns about possible abusive second mortgage lending practices. Community Affairs was actively involved in the Bank's response. In particular, Community Affairs worked with the Massachusetts Community and Banking Council to develop a general victim resolution process acceptable to both community groups and banks. (The MCBC was established in 1990, with the assistance of the Federal Reserve, as a state-wide forum for bank and community representatives to resolve differences and collaborate on community development efforts.) Community Affairs also assisted in the development of a Federal Reserve Bank seminar for community service professionals on home improvement credit scams.

COMMUNITY DEVELOPMENT EDUCATION

Experience shows that informed lenders can help their institutions adopt a more businesslike approach to CRA. In 1991 our educational efforts focused on developing a curriculum for bank loan officers on community development finance, expansion of our Community Investment Information Center (CIIC), and publication of our quarterly newsletter *Communities & Banking*.

When bankers were asked what the Fed could do to help them meet their community development responsibilities, they told us their loan officers needed training in the techniques of lending in low-income areas. Making sound judgments about loan proposals that include public subsidies and other enhancements is a special challenge for loan officers unfamiliar with this special type of lending. In response, we have developed a Community Development Finance curriculum. In the past year, we commissioned six case studies drawn from actual bank-sponsored projects in New England. A glossary of community development terms and a compendium of state financing programs for housing and community development in New England were also developed by the Department. With the assistance of several nationally recognized experts in the field, a two-day course was designed. The initial session, held this February in New Haven, Connecticut, was rated an outstanding success by participating loan officers. The use of case studies was especially well received. We plan to conduct at least three more training sessions in 1992.

During 1991 we also expanded the scope of our resource library, the Community Investment Information Center. The CIIC includes publications and studies on community development issues, resource materials from various housing and development agencies, and a computer link to the Community Information Exchange, a national information network. Our quarterly publication, *Communities & Banking*, which is sent to lenders, community organizations, and public agencies throughout New England, will continue to focus on innovative lending techniques and other methods banks can use to strengthen their CRA programs.

COLLABORATION

It is our experience that community investment works best where financial institutions, community groups, local political leadership, and state and federal agencies work together in a collaborative process. In 1991, Community Affairs worked with many of these organizations on a number of conferences and workshops. Among the events we sponsored were several state-wide conferences on affordable housing, and workshops in several Massachusetts cities to explore local business opportunities. Community Affairs also developed, in conjunction with state bank associations and community organizations, directories of community-based organizations in Connecticut and New Hampshire.

In 1992 Community Affairs is committed to increasing its outreach efforts in targeted cities throughout New England. We will be working in cities with large low-income and minority populations to encourage public/private community investment initiatives. Two major conferences are planned. Late this spring we will sponsor a conference on the role of private lenders in Native American economic development. In the fall, we will sponsor a conference on innovative economic development programs.

PUBLIC EDUCATION AND TRAINING

The Boston Compact, now in its tenth year, is a partnership among school, city, business, university, and union leaders, in which each sector has pledged to take steps toward measurable improvement in the education and employment of Boston Public School students. The Compact includes a private sector effort to organize jobs for students and graduates that has attracted national attention. The Bank has been a leader in the Compact since its inception.

Community Affairs staff currently chairs the Boston Compact Measurement Committee, which is charged with developing a method for holding schools more accountable for their results. In 1991, the Committee established measurable objectives by which individual school performance can be evaluated and a method of intervention if schools do not meet these objectives. In 1992, the Measurement Committee will issue a ten year review of the Boston Compact.

In the area of employment and training, the Community Affairs Officer served on the Commission on the Skills of the American Workforce, whose agenda is to build a world class training system with clearly defined performance standards that will produce a highly educated workforce. These responsibilities will continue in 1992. In addition, the CAO has been appointed by the Mayor to the Boston School Committee to lead the redesign of the city's vocational-technical education program.

Federal Reserve Bank of Boston
Community Development Finance Course

- o Description
- o Agenda
- o Sample Case Study

COMMUNITY DEVELOPMENT FINANCE

A Training Program for Bank Loan Officers

Background

Many community development projects cannot be accurately assessed using traditional loan policies. A typical project usually involves several financing sources, sponsorship by a nonprofit community organization, and a nontraditional financial structure. This may leave a loan officer feeling unprepared to properly assess the soundness of the project.

Purpose

Community Development Finance (CDF) is designed to build on the skills that loan officers use to evaluate loan proposals. The course provides participants with both an understanding of the larger issues unique to community development finance and specific tools and techniques that will enable them to work through the mechanics of a proposal. Participants are then expected to apply their training to several complex case studies to assess the soundness of a proposed deal.

Curriculum

CDF is a two-day course in which a small group of lenders (no more than twenty) from one city is taught in a collaborative setting. First day sessions outline the methodology of community development lending: assessing a proposal, defining the gaps, and selecting the appropriate financial enhancements. State and local programs are explained through the use of simple case examples involving a combination of public and private financing. In the afternoon, representatives from local intermediaries are invited to describe the private resources available to lenders.

During the morning of the second day, instructors focus on the nonfinancial aspects of community development lending and map out strategies for putting a deal together. The majority of the day is spent working in groups on case studies designed specifically for the course. Each group is expected to assess the benefits and risks of two different loan proposals, and offer their recommendations to the "credit committee" on the soundness of each proposal.

Instructors

CDF is taught by experienced community development lenders. The Federal Reserve Bank of Boston is working with Charles Riesenbergh, Vice President for Community Lending of First Bank Minneapolis, and co-author of *Principles & Practices of Community Development Lending*; and Lamarr Kendrick, Vice President for Community Lending of CoreStates Bank Corp. in Philadelphia, and Chair of the ABA Subcommittee on Community Development Lending. They will be teaching several CDF courses in 1992.

Community Development Finance Course Schedule

Day 1

8:30 Coffee and Registration

9:00 Introduction

- William Spring, Vice President and Community Affairs Officer, Federal Reserve Bank of Boston

9:15 Introduction to Community Development Lending

- Charles Riesenber, Vice President for Community Lending, First Bank of Minneapolis
 - o Why public/private lending is important
 - o Myths surrounding community investment
 - o The four most common problems in community development lending
 - o A model for community investment

9:45 The Principles and Practices of Community Development Lending

- Charles Riesenber
 - o Developing a model

10:45 Break

11:00 Financial Enhancements

- Charles Riesenber
 - o The structure of financial enhancements
 - o Connecticut housing programs

12:30 Lunch

Community Development Finance Course Schedule

Day 1

- 1:30 Financial Intermediaries: How They Can Make a Deal Work**
- Joan Carty, Executive Director, Bridgeport Neighborhood Fund
- Dean Iaiennaro, Executive Director, Connecticut Housing Investment Fund
o What they do
o How they can help fill the gaps
o How you can work with them
- 2:30 Break**
- 2:45 Case Examples of Connecticut Housing Programs**
- Charles Riesenber
- 4:15 How to Use Professional Services (Lawyers, Appraisers, Consultants)**
- Lamarr Kendrick, Vice President for Community Lending, CoreStates Bank Corp., Philadelphia
- 4:45 Summary; Questions and Answers**
- 5:00 Homework Assignment and Adjournment**

**Community Development Finance
Course Schedule**

Day 2

- 8:00 Making a Deal**
- Lamarr Kendrick
o What are the critical issues that make or break a community development deal?
o What are some strategies for resolving the issues?
- 9:00 Case Study Analysis I: Lodging House Case**
- Group Work Session
- 10:00 Break**
- 10:15 Continue Case Analysis I**
- 11:00 Report to Credit Committee on Group Lending Decisions**
- 12:00 Lunch**
- 1:00 Case Analysis II: Land Trust Case**
- Group Work Session
- 2:00 Break**
- 2:15 Continue Case Analysis II**
- 3:00 Report to Credit Committee on Group Lending Decisions**
- 4:00 Summary; Questions and Answers**
- 4:30 Evaluation**

LODGING HOUSE CASE

"Gunshot at 'lodging house from hell'" the headline on the story in the local newspaper read. The story itself describes an incident in which a small-caliber gun was fired in a dispute, possibly drug-related, over money in a lodging house located on Rockland Street in the City of Butler. It concludes: "Police have nicknamed the building 'the lodging house from hell' because of crime and violations to health and fire codes. The City License Commission voted Thursday to revoke the building's license and evict the tenants."

Not an auspicious selection of buildings, perhaps, for a first affordable housing project by a relatively new local nonprofit. And this building was just one of five such buildings on the same street. After the article appeared, all were emptied and boarded. Eventually, all the properties were foreclosed by the same mortgage company.

They weren't the only vacant, boarded buildings on the South Side of Butler. A vigilant neighborhood crime watch group was up in arms, nevertheless. What they wanted--really--was for the neighborhood to return to the wealthy Victorian city neighborhood it had once been. Unfortunately, those days ended decades earlier when the wealthy moved to the suburbs and apartment buildings were built in among the single-family homes. Try as neighborhood activists might to overlook reality, the truth was that these buildings were too big and inconveniently laid out to attract owner-occupant buyers. But Barbara Creighton, the executive director of the Butler Housing Corporation, and her Board of

Directors of prominent and committed Butler community leaders had more achievable aims. They wanted to stabilize the street and keep things from getting worse. And lodging houses becoming vacant, boarded-up buildings is definitely worse.

ROCKLAND STREET, SOUTHSIDE, BUTLER

Butler is a medium-sized city of about 250,000 people. It is small enough that most people actually know, as opposed to know of, community leaders. But it is big enough to have a downtown with large office buildings, mostly built by the government or by banks. The headquarters of the daily newspaper is located there. Butler also has a Federal Court House and a good deal of 1960s-style urban renewal. Right in the center of the city on Main Street is the old, original City Hall. From City Hall, major streets extend into every neighborhood. Travel south from City Hall on Main Street for several miles and you'll reach Butler University. In between City Hall and the University is an area known as Southside. Not even George Kirby, local banker and lifelong resident, will walk from City Hall to Butler University anymore like he used to when he was a kid. There are drugs and gangs in Southside; every now and then someone is stabbed or gunned down.

The part of Main Street that runs through Southside doesn't look all that bad. It's stores are occupied, although not by national chains. Mostly, it has auto body shops and Chinese restaurants. A number of Southeast Asian and Hispanic immigrants have moved into the area. Some of the signs over the stores are in

other, foreign languages.

Off Main Street in Southside, though, the age shows. On many blocks, the once grand houses set on large, luxurious lots are mixed up with vacant lots and multi-family houses. After the turn of the century, the Irish replaced the Yankees as the neighborhood's primary residents as they moved to their first country estates. Then the Irish, too, moved out, beginning in the 1930s, to single-family homes in the suburbs. It was then that the houses were often split up into apartments and rented by absentee landlords. Others were sold as group homes for the mentally retarded, mentally ill, pregnant, addicted, or delinquent. The houses were big, and no one objected. "Southside is a dumping ground," says City Councillor Linda Stanton, a lifelong neighborhood resident. "Anything that residents of wealthier areas don't want ends up here." Often, government decision-makers didn't even ask first. Residents would wake up to find another congregate house of one kind or another on their street. The HUD median income for the project area was \$39,100. The area has a long history with lodging houses, going back to the 1930s and 1940s when temporary workers, often immigrants, took rooms in lodging houses to save money to send back home. They manned the factories that filled nearby back streets, and the railroad yards through which every train into the region passed. By the 1980-81 recession, though, almost all of the remaining factories had closed. There was little work left in Butler for unskilled laborers.

The market for lodging houses, or single-room occupancy units

(SROs) as they are called, changed. Recent immigrants brought families and thus needed to rent apartments rather than single rooms. The profile of the typical SRO tenant changed significantly, as a result. They were often the more marginal members of society, particularly after public policy decreed that patients in state mental institutions be deinstitutionalized to receive community treatment. As apartment rents began a steep incline, adults addicted to drugs or alcohol began their downward slide into SRO's and homelessness. Further, when federal housing subsidies were drastically cut during the Reagan Administration, the poorest women with children and the elderly also found themselves unable to pay apartment rents.

After the real estate market in the Northeast took off, the typical SRO buyers changed as drastically as the typical SRO tenant. Every kind of real estate was fair game for speculators, including SROs. Inexperienced operators bought them up, overmortgaged them, sucked off all the cash flow, undermanaged them, then filed for bankruptcy. It happened everywhere, including Rockland Street in Southside.

Rockland Street runs up a gentle hill from Main Street to the grounds of Butler City Hospital, although most of the hospital traffic uses another approach. It is still a busy area, but the hospital is scheduled to be downgraded to an emergency facility in the near future. It is uncertain how the bulk of the complex will be used. There is some talk of retaining and expanding the hospital's detox program in that location.

There are a number of owner-occupied houses on Rockland Street. Some are small rooming houses, most of which are fairly well-kept. One big house, one building from the corner of Main Street, was remodeled into a retail store and catalog business several years ago, appears to be doing well. But the people of Rockland Street, whether homeowners or not, have been through hell with the lodging houses with which they share the neighborhood. Drugs, guns, prostitution. They've seen it all.

It was inevitable that the terribly over-leveraged SROs on Rockland Street would get into financial trouble. By the time they did, the real estate boom had gone bust. Most private sector buyers--speculators and legitimate investors alike--had vanished. The mortgagee in the process of foreclosing on the buildings called the Butler Housing Corporation.

BUTLER HOUSING CORPORATION (BHC)

Butler Housing Corporation is a new organization in Butler. It was established in 1986, at the behest of the governor who believed that cities and towns should do more to provide affordable housing, given a hot real estate market and a tight economy. The Butler Housing Corporation's first board of directors was appointed by the Butler City Manager. Their original purpose was to facilitate the development of affordable housing, rather than undertake development themselves. Things began to change for BHC in 1988, however, when Butler's Citywide Housing Development Corporation, in spite of a glorious twenty year history, fell on hard times and

decided to fold. They approached BHC about merging or buying their housing subsidiary. BHC took on their construction manager and some of the office furniture.

The demise of Citywide Housing coincided with a decision by BHC's Board to become more active in affordable housing development. Although there were three neighborhood-based community development corporations (CDCs) in Butler, there were a number of areas not served by any CDC. In addition, the CDC's were all fairly small and unable to handle more complex projects, something Citywide Housing had traditionally done. As a result, BHC incorporated as a non-profit corporation so it could undertake development in late 1988.

In early 1989, Barbara Creighton, a mid-career housing professional, was hired as BHC's executive director. Although she had fairly little direct development experience, she had worked with Neighborhood Housing Services and for the housing and development department of an old, and very poor small city elsewhere in the state. Creighton's first task was to sell off Citywide Housing's unsold condo inventory and land, then useless for further development. Two rental properties were also financial losers and had to be foreclosed.

"It made us cautious," said Creighton about her reaction and the reaction of her board to Citywide Housing's demise. If that could happen to one of the state's most respected organizations, it could happen to anyone. It undoubtedly made the bankers from Butler Savings Bank cautious, too. They were one of the creditors who

ended up short when the doors of Citywide Housing were closed, and they had to foreclose on the two apartment buildings. But when Joan Mahoney, a Butler Housing Corporation board member and chairperson of the Commission on Homelessness, called Barbara and asked her if she wanted to come along to a meeting to discuss the future of the five lodging houses on Rockland Street, Creighton agreed. Butler Housing Corporation's first project, a SRO project, was born that day in mid-1989.

THE FIRST PROPOSAL AND THE BANK

Almost a year passed before the five buildings actually became available for purchase. In the interim, they were sold and foreclosed on once more. By the summer of 1990, however, the mortgage company was ready to sell and BHC was ready to buy. BHC imagined then that they would rehabilitate the 129 SRO units that the five buildings contained.

While they were negotiating a sales price with the mortgagee-in-possession, BHC approached the Butler Savings Bank about submitting an application on their behalf with the regional Federal Home Loan Bank (FHLB) for financial assistance under its Affordable Housing Program. The deadline for the first round of funding, which included competition for below-market-rate loan funds (to which the bank would add a smaller-than-usual spread) as well as grants, was late August.

George Kirby, a vice president, is in charge of community lending at Butler Savings Bank, a \$1.2 billion Butler-based

stockholder-owned bank. Times are tough, and the bank's nonperforming assets climbed to over 6% before beginning to decrease in early 1991. Several of the city's other banks have failed. Bankers in Butler, as elsewhere in the region, feel bruised. Community lending was recently delegated to Kirby, a vice president who had been in the mortgage lending area for years. Although he has to take his deals to the Investment Committee like everyone else, he clearly has a lot of latitude, using it to bring in tough deals that are good for Butler. Even the bank's CEO has long-time roots in the area and a long commitment of doing the tough deals himself. Butler Savings, however, has neither the size nor the financial health to give money away.

Kirby is a facilitator, but he originally resisted the idea of preparing a FHLB application so quickly. No appraisal had yet been done on the buildings, and they were still not under agreement. The project was so new, in fact, that neither Kirby nor BHC knew much about it. What they did know, though, was that the Sussex Services Corporation had agreed to act as the development consultants for the project and the management agents for the renovated SROs.

Sussex Services, originally a provider of social services in an area east of Butler, had gradually moved into the SRO business six years earlier, and is now successfully operating hundreds of SRO units in 30 buildings. They now help other groups outside of their immediate area. The bank had engaged Sussex Services a year earlier to help them with two small SRO's they acquired after foreclosure, with good results. The director, Jim Johnson, was the

acknowledged expert in the field.

Eventually, Kirby was persuaded to scramble to get an application in to the FHLB by August 31, in time for the first round of awards, using very provisional numbers. The underwriting for the loan, he made clear, would happen later. Nothing was guaranteed.

With help from Johnson at Sussex Services, and from Kirby, BHC estimated development costs of \$2.3 million. \$500,000 would be directly written down through a deferred payment loan from the state that turns into equity after 40 years, \$700,000 would be direct subsidy from the FHLB, and \$1.1 million would be a 20 year loan. It was simple, which is what Johnson preferred, and a budget easily supported with weekly rentals of \$65 a week.

In October, while waiting to hear from the FHLB and the state, BHC signed a purchase and sales agreement for the buildings. The FHLB loved the project and awarded it all the requested loan and grant funds in December. Butler Savings made a loan commitment of \$547,500, based on a low initial appraisal of \$730,000.

The trouble was, though, that the neighbors on Rockland Street hated it. They wanted the SROs gone. Nothing short of that goal would do.

A protest exploded, filling the papers day after day. When neighbors threatened to picket the bank, its support wavered. The neighbors organized campaigns aimed at politicians, who then urged the BHC to find a compromise. They aimed their criticism at the regional FHLB, who then indicated they could be flexible. A state

moratorium against the conversion of SRO housing to other uses, neighbors felt, could be changed. Soon, they got an exemption for Rockland Street.

The neighbors' final achievement was that the state grant funds slated to be used for the SRO development were denied. That many SROs was too dense, the state architect said. Only low-income housing tax credits were offered in its place, and that was for a reduced number of SROs units.

A small working committee comprised of BHC representatives, Rockland Street representatives, and a few people from the wider community was put together to come up with a compromise proposal. As a result, a mixed-use project was designed, made up of 47 SRO units and 20 apartments for families. Three buildings were designated for SRO use; the remaining two buildings could be easily reconfigured into large apartments. Residents weren't crazy about it, but were clearly pleased that some family housing would be created. The FHLB agreed to give the project an extension to work up a new pro forma and financing package.

THE SECOND PROPOSAL

Fairly quickly, BHC got a commitment for twenty Section 8 Moderate Rehabilitation project subsidies and requested that the bank revise its prior loan commitment of \$547,500 upwards based on a new appraisal, which was ordered and came in at \$1,163,000. With the guaranteed cash flow at a higher level because of the Section 8 subsidy commitment, BHC thinks the bank can make a larger loan

with less risk.

But the Section 8 Moderate Rehabilitation subsidies also complicated the project, too, because tax credits and Section 8 Mod Rehab cannot be used in the same deal. The BHC project had to be divided into two, a subsidized family apartment project and a SRO project that would use the tax credits. An application was also submitted to HUD for scarce McKinney funds to subsidize the SRO portion of the project. There are, however, many applicants and relatively few funds. A McKinney award is anything but a sure bet.

The Butler Savings Bank has to decide whether to make a new commitment based on the new appraisal of each section of the project, whether to finance both parts of it, and whether to provide all, or only part, of loan funds the project requires, so the BHC will know whether it has a financing gap that it must fill from other public or foundation sources.

THE MARKET AND THE RISK

Although the project-based subsidies committed to the family apartments reduce concerns about the impact of vacancies on cash flow, that is not currently the case with the SRO portion of the project. The operating pro forma is based on rentals of \$65 a week, which is now a very competitive rent for a completely rehabilitated unit. It also projects a vacancy of 10 percent, a number Creighton considers conservative. A vacancy rate under 5 percent for clean, well-run SROs would be more typical, she thinks. But the housing market generally, and the SRO market specifically, is changing

quickly in Butler because of the collapse of the real estate market and ongoing recession. Apartment vacancies and rents are dropping, perhaps increasing their accessibility to lower-income people. Two nearby Southside SRO's bought from Butler Savings by a local CDC, are experiencing vacancy problems in the wake of a murder outside one of them. In addition, a recent survey of SRO projects by the City of Butler found a 16.8 percent vacancy rate.

BHC director Barbara Creighton isn't worried about SRO vacancies, even if they do not get McKinney funds. The long waiting lists for two SRO's run for women by the YWCA and the Little Sisters of the Poor indicate to her that vacancies might have more to do with the quality of the housing, than with demand. Most private SRO's in Butler, she indicates, are dumps.

Jim Johnson from Sussex Services, isn't worried either, but for different reasons. SRO tenants, he has found, are frequently mentally ill or recovering substance abusers and not typically tenants apartment complexes want. The secret to filling vacancies, he thinks, is establishing and maintaining strong relationships with the social service agencies and workers that regularly see these kinds of people and know their housing needs. Referrals, not newspaper advertisements, fill SRO's. As the SRO's managing entity, Sussex Services would be contractually bound to establish those referral networks. George Kirby isn't sure how much he can reasonably commit to the two projects and under what circumstances. The BHC needs a firm commitment in order to keep existing subsidy commitments in place.

DIRECTIONS TO THE STUDENT

The Board of Investment at Butler Savings Bank reviews all loan requests for projects located in all low- and moderate-income neighborhoods in their community. Therefore, they expect George Kirby, Vice President of Butler Savings Bank, to make a presentation to them about the Rockland Street project, sponsored by Butler Housing Corporation (BHC), and his recommendations for each of the two parts--an apartment project subsidized by HUD Sect. 8 Moderate Rehabilitation funds, and an SRO project. If Kirby recommends funding these loans, the Board expects him to recommend the appropriate level of funding.

Kirby cannot postpone the bank's decision until BHC finds out if the McKinny Funds, which would be used as a project-based subsidy for the SROs, have been awarded, although he can always increase the bank's commitment later if the subsidy comes through. Unfortunately, other essential commitments are due to expire before the McKinney funds are awarded.

Prepare a memorandum from Kirby to the Board of Investment outlining your recommendations. Discuss what the borrower has requested, ways to structure the loan and how that might affect the likelihood of repayment, and what the bank's ultimate decision must be in order to act in a safe and sound manner.

APPENDIX A

APARTMENT UNITS OPERATING PRO FORMA BUTLER HOUSING CORPORATION ROCKLAND STREET PROJECT BUILDING #5 AND #28

Schedule of Rents (Section 8 Project Base Subsidies)

8 - 4 BR units @ \$958/month
12 - 2 BR units @ \$733/month

Potential Gross Rental Income	
# 5 King Street	91,968
#28 King Street	105,552
Vacancy 3%	<u>(5,925)</u>
Effective Gross Rental Income	191,595
Laundry	<u>3,000</u>
Effective Gross Income	194,595

Management	15,000	
Administration	2,500	
Utilities	40,000	
Maintenance	10,000	
Taxes	6,000	
Insurance	10,000	
Reserve	7,500	
Operating Expenses		<u>(91,000)</u>
Net Operating Income		103,595
Debt Service		
Butler Savings @ 9.5% 20 yrs		
Other		<u> </u>
Before Tax Cash Flow		

APARTMENT UNITS
DEVELOPMENT PRO FORMA
BUTLER HOUSING CORPORATION
ROCKLAND STREET PROJECT
BUILDINGS #5 AND #28

Hard Costs

Acquisition	150,000	
Construction		
#5 King Street	360,000	
#28 King Street	530,000	
Contingency	40,000	
TOTAL HARD COSTS		1,080,000

Soft Costs

Appraisal	2,600	
Architectural	13,000	
Engineering	1,900	
Legal	5,000	
Financing Fees	8,000	
Taxes	2,300	
Insurance	9,000	
Utilities	1,200	
Construction Loan Interest	40,000	
Development Consultant	35,000	
Developer's Fee	30,000	
TOTAL SOFT COSTS		<u>148,000</u>
TOTAL DEVELOPMENT COSTS		1,228,000

Sources of Financing

Federal Home Loan Bank Subsidy	437,000
Butler Savings Bank\FHLB Loan @ 9.5%, 20 yrs	
Other	

APPENDIX B

SRO UNITS
OPERATING PRO FORMA
BUTLER HOUSING CORPORATION
ROCKLAND STREET PROJECT
BUILDINGS #608, #9, #61/2

Schedule of Rents

44 SRO units @ \$65/week

3 SRO manager's units rent free

Potential Gross Rental Income

#6-8 26 units @ \$65/wk	87,880
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#9 12 units @ \$65/wk	40,560
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#61/2 6 units @ \$65/wk	20,280
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Vacancy 10%	<u>(14,900)</u>
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Effective Gross Rental Income	133,820
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Laundry	<u>3,000</u>
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Effective Gross Income	136,820
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Management	20,000
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Administration	2,500
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Utilities	25,000
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Maintenance	30,000
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Taxes	8,000
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Insurance	8,000
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Reserve	7,500
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Operating Expenses	<u>(101,000)</u>
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Net Operating Income	35,820
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Debt Service

Butler Savings @ 9.5% 20 yrs

Other

Before Tax Cash Flow

SRO UNITS
DEVELOPMENT PRO FORMA
BUTLER HOUSING CORPORATION
ROCKLAND STREET PROJECT
BUILDINGS #6-8, #9, #61/2

Hard Costs

Acquisition	0	
Construction		
#6-8 King Street	199,000	
#9 King Street	225,000	
#61/2 King Street	156,000	
Contingency	50,000	
TOTAL HARD COSTS		630,000

Soft Costs

Appraisal	2,600	
Architectural	20,000	
Engineering	1,900	
Legal	25,000	
Financing Fee	5,000	
Taxes	2,500	
Insurance	10,000	
Marketing	4,000	
Utilities	1,000	
Development Consultant	40,000	
Developer's Fee	45,000	
Construction Loan Interest	9,000	
Bridge Loan Interest	30,000	
TOTAL SOFT COSTS		<u>196,000</u>
TOTAL DEVELOPMENT COSTS		826,000

Sources of Financing

Federal Home Loan Bank Subsidy	263,000
Butler Savings/FHLB Loan @ 9.5%, 20 yrs	
Low Income Housing Tax Credits	389,000
Other	

APPENDIX C

SOURCES OF FINANCING ASSISTANCE

Federal Home Loan Bank--Mandated by the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) passed in 1989, each regional FHLB is operating an Affordable Housing Program that makes funds available in two forms: low-interest loans to banks that the bank then adds a smaller than normal margin to in order to support a low-interest loan, and grants to directly subsidize projects. Both types of subsidies can be used in the same project.

McKinney Act Funds--Among other programs providing for health care, education, and job training aimed at the problem of homelessness, this Federal legislation funded a single room occupancy program to be operated by HUD under its Section 8 Moderate Rehabilitation Program for projects where rehabilitation per unit falls between \$3,000 and \$15,000. HUD pays the difference between the fair market rent, as established by them, and 30 percent of the tenant's income.

HUD Section 8 Moderate Rehabilitation, Multifamily Program--This program provides a rent subsidy to the apartment, not a particular tenant, that guarantees a "fair market rent," as defined by HUD, over the life of the mortgage. HUD pays the difference between 30 percent of a tenant's income and the fair market rate established rent.

Low-Income Tax Credits--Awarded by the state housing department and can be sold to investors seeking tax losses to offset other income for up-front cash. They last for ten years. These funds are then used to subsidize project costs.

Butler Community Loan Fund--A non-profit organization that solicits donations from churches and socially-conscious individuals and businesses, and loans those funds to nonprofit borrowers. It describes itself as a totally flexible organizations, but practically, it has \$350,000 to lend and needs to keep its money working helping as many groups as possible.

APPENDIX D

APPRAISAL

August 8, 1991

Mr. George F. Kirby
Butler Savings Bank
Main Street
Butler

Re: Butler Housing Corporation
Project
5, 6-8, 6 1/2, 9, 28-30
Rockland Street

Dear Mr. Kirby:

At your request I have reviewed my appraisal dated November 6, 1990 of the proposed single room occupancy rooming house project in five buildings on Rockland Street, Butler. The purpose of this review is to reflect changes in the plans based on 20 apartments instead of all single rooms. The date of this revision is August 1, 1991 when I spoke by telephone with Barbara Creighton of the Butler Housing Corporation.

At that conversation, Barbara Creighton stated that the State had agreed with City concerns cited in our earlier appraisal that many more single room occupancy rooms were not needed in Butler. Thus the buildings at 5 Rockland Street and 28-30 Rockland Street would be renovated into 20 apartments, 8 four-bedroom units and 12 two-bedroom units. The remaining three buildings would be renovated into 44 single occupancy rooms as originally planned. Plans and specifications are included with this letter update.

Apartments at 5 & 28 Rockland Street

The apartments have been awarded Section 8 subsidy funds. A copy of this commitment letter is enclosed. Tenants pay only 30% of their income for rent, with the Federal Government paying the remainder.

In a telephone conversation on August 6, 1991, the subsidy program administrator stated that the likely ballpark rents are 120% of the HUD determined Fair Market Rent for the Butler area. The final section 8 rents will be set after completion of construction. They could rise to 130% of Fair Market Rents, if

8/8/91

needed to compensate for improvements. He said that he has never seen these rents go down, and in the past they have always increased from 3% to 7% annually.

The current HUD estimated Fair Market Rents for the Butler MSA, as noted on a copy from the Federal Register included with this letter, are \$611 for two-bedroom units and \$856 for four-bedroom units. These rents will change October 1, 1991. An upward adjustment of these rents to 120% level would thus support the proposed rents of \$733 per month for two-bedroom units and \$958 for four-bedroom units. At these rents utilities are provided.

The blank HAP (Housing Assistance Payments) Contract between HUD and the owner was reviewed. This Section 8 funding will be for 15 years, after which the apartments can be rented privately or a new subsidy can be arranged. Section 1.7 provides that in the case of vacancies, the owner may keep housing assistance payment for the partial month and 80% of contract rent for the next month, unless it is released.

Thus, the rental income for the apartments appears to be sound. The enclosed Income Approach to Value for these two buildings' values these Section 8 apartments. A 5% allowance for vacancy and credit loss appears adequate for this subsidized rental income is protected from current downturn in the rental market. The total Effective Income, including laundry income, is thus \$190,644.

Operating expenses were estimated by Butler Housing Corporation and found reasonable. Countrywide Gas Company estimated heating costs at \$18,200 annually which supports the total utility bill of \$40,000. An insurance agency confirmed the reasonableness of the insurance charges. Management costs an estimated 9% of total effective income, which appears reasonable. Operating expenses total \$91,000 and annual net operating income is thus \$99,644.

This net operating income was capitalized at a 10.00% capitalization rate. This low rate reflects the secure nature of this investment with government subsidies at high levels for 15 years, and probable financing as a small multi-family building at a 10% interest rate.

Thus, capitalizing this net operating income of \$99,644 at a 10% rate indicates an indicated value for these 20 Section 8 apartments of \$1,000,000.

George F. Kirby

8/8/91

INCOME APPROACH TO VALUE
SECTION 8 APARTMENTS

Income

8 - 4BR units @ \$958/month	91,968	
12 - 2BR units @ \$733/month	<u>105,552</u>	
Potential Rental Income	197,520	
Vacancy Apartments 5%	<u>9,876</u>	
Effective Rental Income	187,644	
Laundry Income	3,000	
Total Effective Income		190,644

Expenses

Management & Administration	17,500	
Utilities	40,000	
Maintenance	10,000	
Taxes	6,000	
Insurance	10,000	
Replacement Reserve	7,500	
Total Expenses		<u>91,000</u>

Net Operating Income 99,644

Capitalized at 10.0% 996,440

ROUNDED TO 1,000,000

Derivation of Capitalization Rate

Mortgage $(.70)(.109) = .0763$
Equity $(.30)(.10) = .0300$
 .1063

Minus Equity Buildup
 $(.70)(.154)(.062) = .0066$
 .9997 rounded to 10.0%

.70 Loan to value ratio
.109 Annual constant on a 10.0% loan, 25 year term
.10 Return to equity
.154 Percent of loan paid off in 10 years of ownership
.0062 Sinking fund factor - 10 years at 10%

Single Room Occupancy Units

The buildings at 6-8, 6 1/2 and 9 Rockland Street are proposed for renovation into 44 rental rooms in a rooming house fashion rented furnished by the week to individuals and couples. The units will be unsubsidized and rented at market levels. The Butler Housing Corporation proposed the rent at \$65 per week.

Our analysis of the rooming house market in Butler originally conducted in November of 1990 was updated to August 1991. A comparison of specific properties in the two markets follows.

Paul Masters has 14 room rooming house at 20 Rockland Street. In November, rents were \$65 to \$75 per week; in August \$60 to \$65, with one for \$75. In November and earlier this summer, there were 6 vacancies for a 43% vacancy rate, but in August there were only 3 vacancies. Three years ago he said rates were \$75 to \$80 per week.

Mark Powers has a 16 unit rooming house at 7-9 Prince Street. In November rents were \$70 to \$90, but in August they were \$55 per week. In November there were 5 empty rooms; in June 6 empty rooms; but in August only 1 empty room.

John Cowan has 90 rooms on Mountain Street in three buildings. Current rents average \$60 per week with 25% to 30% vacancy, similar to rents and vacancy levels last year.

Carl Curry has 70 rooms at the Somerset at 586 Main Street. Rents have remained steady at \$65 to \$75 per week. Vacancies rose from 10 empty rooms in November to 25 empty rooms in August.

At 19 Tower and 34 Harley Streets, off Sears Street, are a 42 unit rooming house complex. Rents in November were \$65 to \$85, and in August from \$60 to \$65. Vacancy rates in November were estimated at 40% of total, and in August at 30% to 50% of total.

This increase in vacancies and fall in rents is attributable to the declining economy, which has caused cutbacks and unemployment among the lower income workers who live in rooming houses. The unemployment rate for the Butler MSA has increased from 6.8% in July of 1990 to 9.9% in May of 1991, a sign of the worsening economy. This period total jobs fell from 211,000 to 193,000 in the Butler MSA, a loss of 18,000 jobs.

George F. Kirby

8/8/91

Based on this market information, it is my opinion that the indicated market rents for these 44 rooms is \$65 per week. This is slightly above current median rents, but subject property will have the newest and most modern rooms in the market.

Rooming house tenants are often transient, with frequent moves and occasional credit problems as they often have a precarious financial situation.

The vacancy level for competing rooming houses runs from 25% to 30% before the addition of 44 new units on the market. Subject property will have the best rooms on the market priced fairly, and a 20% allowance for vacancy and credit loss appears reasonable.

Operating expense estimates supplied by the Butler Housing Corporation appear reasonable. Management of a rooming house is expensive, and an allowance of 18% of effective gross income appears reasonable. Utility costs were supported by estimates by ComGas. The annual net operating income of \$20,976 after expenses is indicated.

There is significant risk in operating a rooming house, and so the capitalization rate remains high at 12.9% as explained in the earlier report. Thus, capitalizing this net operating income of \$20,976 at the 12.9% capitalization rate indicates a value for these 44 rooms of \$163,000.

Conclusion

The final indications of value as of August 1, 1991, assuming final completion as proposed and Section 8 rental subsidies as agreed, is as follows:

20 Section 8 apartments at 5 & 28 Rockland St.	\$1,000,000
44 SRO units at 6-8, 6-1/2, & 9 Rockland St.	\$ 163,000

This letter should be attached to and made a part of the original appraisal dated November 6, 1990 and is subject to the same limiting conditions and assumptions.

Very truly yours,

Christopher N. Jackson
Jackson Appraisal &
Consulting Co., Inc.

INCOME APPROACH TO VALUE
SRO UNITS

Income

44 SRO rooms @ \$65/week	148,720	
Vacancy rooms @ 20%	<u>(29,744)</u>	
Effective Rental Income	118,976	
Laundry Income	3,000	
Total Effective Income		121,976

Expenses

Management & Administration	22,500	
Utilities	25,000	
Maintenance	30,000	
Taxes	8,000	
Insurance	8,000	
Replacement Reserve	7,500	
Total Expenses		<u>101,000</u>

Net Operating Income 20,976

Capitalized at 12.9% 162,605

ROUNDED TO 163,000

Federal Reserve Bank of Boston
Community Affairs Publications

- o *Communities & Banking*, Fall 1991
- o *Glossary of Community Development Terms*
- o *Compendium of State Financing Programs
for Housing and Community Development
in Connecticut*

CDBG FUNDS

A RESOURCE FOR BUSINESS DEVELOPMENT

RICK PATOSKI, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

At one time or another, many banks have participated in public/private collaborations to assist business development in their communities. In most cases, city funds have been used to fill a financing gap between what a bank can reasonably provide under its normal underwriting standards and the amount needed by the business client. One government resource for business assistance is often overlooked by lenders, however - the Community Development Block Grant.

Community Development Block Grants (CDBG) are federal entitlement funds distributed annually to city and state community development departments by the U.S. Department of Housing and Urban Development (HUD) for use in locally designed programs. In 1991, New England's larger cities received approximately \$150 million directly; smaller cities are served by state programs funded annually with approximately \$62 million in CDBG funds. Each community has a great deal of flexibility in deciding how the funds will be distributed. Historically, CDBG funds have been used for general community revitalization projects such as sidewalk repair, storefront renovations, and sewer line installation, although many other applications are possible.

Throughout the last decade, much CDBG money was used to mitigate the affordable housing crunch, an outgrowth in part of the tremendous economic expansion in the region. Now, as businesses find private credit harder to obtain, community development agencies are using CDBG funds to assist local businesses caught in the "credit crunch". This assis-

tance can take many forms: grants, loans, loan guarantees, interest rate buydowns, loan payments on behalf of the business during a start-up phase, employee wage payments during an on-the-job training period (working capital grants), or whatever is needed to make a project financially viable.

Following public benefit requirements set out by the federal government, the community seeks to assist businesses that either create or retain jobs for persons from low- and moderate-income households, businesses that provide a service to low- and moderate-income residential areas, or businesses that invest in a blighted area. A city's financial consideration centers on ensuring that the financial assistance is not excessive, taking into account the funds available to the business in the private market and the extent of public benefits expected. A financial return is not the investment objective here.

While most communities require at least repayment of principal at some future date, many forms of assistance are structured to ensure that all initial cash flow is available for bank debt service. Any CDBG-funded mortgage or equipment loan is almost always subordinated to private market lenders. Repayments of CDBG funds are retained by the city for continued use, and many communities now operate well-capitalized revolving loan funds for business assistance.

It is important to remember that city governments rely on local banks to inform them of the types of community assistance needed to ensure that loans to local businesses are bankable. If lenders are not aware of, or do not actively consider, CDBG

money as an additional source of financing when reviewing loan applications, the leveraging potential of these funds remains untapped. The most active programs today are those that resulted from the direct involvement of local banks.

A great deal of flexibility exists in the type of assistance that can be provided. Information on what a specific community is currently offering, or is willing to consider offering, is best obtained by contacting your local Community Development Department for larger cities, or your state Community Development Office for smaller communities. The name of an appropriate contact person can be obtained by calling HUD at (617) 565-5386. **CB**

Free subscriptions and additional copies are available upon request to the Community Affairs Department, Federal Reserve Bank of Boston, P.O. Box 2076, Boston, MA 02106-2076, or call Sheryl Snowden at (617) 973-3097.

The views expressed in *Communities & Banking* are not necessarily those of the Federal Reserve Bank of Boston or the Federal Reserve System. Information provided on upcoming events and other organizations should be viewed as strictly informational and not as an endorsement of their activities.

Financial institutions, community-based organizations and other organizations involved in community development that have interesting projects, programs or ideas that they would like to have mentioned in the next issue of *Communities & Banking* should contact:

Elizabeth McMurtrie
Editor, *Communities & Banking*
Community Affairs Department
Federal Reserve Bank of Boston
P.O. Box 2076
Boston, MA 02106-2076

JOBS FOR FALL RIVER

RICK PATOSKI, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
BETH MCMURTRIE, FEDERAL RESERVE BANK OF BOSTON

Fall River, Massachusetts is an example of a city once economically dependent on a single industry that has managed to develop a diverse business community. Once the hub of the nation's textile industry, Fall River has skillfully combined public funds and private initiative to attract new businesses into the city, help local businesses grow, and provide jobs for its lower-income residents. The Fall River Office of Economic Development, otherwise known as Jobs for Fall River Inc., has played an integral part in the city's development.

Jobs for Fall River, a private, non-profit agency established in 1978, provides a variety of financial and technical services, including employee recruitment and business planning assistance, to businesses wishing to relocate or expand in Fall River. Using U.S. Economic Development Administration funds, Community Development Block Grants, and paybacks from the now defunct Urban Development Action Grant program, Jobs for Fall River provides below-market financial assistance in a variety of forms, including working capital and bridge loans.

Lenders in Fall River play an integral part in the work that Jobs for Fall River does. Several lending institutions in the city have representatives on JFR's board of directors, working alongside local business and political leaders. The integration of public and private interests is one reason why Jobs for Fall River has been able to effectively distribute over \$3 million of CDBG funds in direct lending assistance to 164 Fall River companies since its inception in 1978, leveraging an additional \$25 million in private financing. Over 1,800 jobs, primarily for people from lower-

income backgrounds, have been created in the process. Factoring in other federal funds, such as Urban Development Action Grants (the predecessor to CDBG) and Economic Development Administration funds, Jobs for Fall River has been able to leverage a total of \$100 million in private financing, creating 7,109 new jobs in Fall River.

Explaining his city's success in using federal community development funds, Paul Vigeant, Executive Vice President of Jobs for Fall River, noted, "A lot of people look at federal regulations as being constraining, but there are actually a lot of eligible uses for the funds. We succeeded by not being conventional, not assuming that what this money had been used for in the past was all it *could* be used for." By Vigeant's estimates, JFR's projects now generate \$1.1 million a year in taxes, 10 percent of Fall River's total industrial and commercial tax revenue. "We go all out. We're not afraid to try things that are creative," he noted. That approach is helping to push Fall River from the nineteenth century into the twenty-first.

PROJECTS FUNDED

A brief review of several projects and programs funded by the city through Jobs for Fall River, Inc. can provide some practical insights into the types of projects and the manner in which assistance has been provided.

- **BRIDGE LOAN** The city provided a short-term loan of \$400,000 for working capital to a manufacturer of aircraft engine components who is building a major facility in the city. The loan should cover non-construction start-up costs during plant construction and until sales generate

SPRINGFIELD BUSINESS DEVELOPMENT FUND

BETH MCMURTRIE, FEDERAL RESERVE BANK OF BOSTON

Like other entitlement cities, Springfield receives Community Development Block Grant funds directly from the federal government every year. These funds can be used in a variety of ways. Whether a city chooses to focus on housing, commercial, or business development depends on the needs of the particular community. In the 1980s, while many Community Development Departments focused on affordable housing, Springfield developed a plan to assist small businesses in its area as well. The city's Office of



STATE STREET PLAZA, BEFORE RENOVATIONS BEGAN...

Community Development created the Springfield Business Development Fund to provide subordinated financing to small businesses looking to start up, expand, or relocate within the city.

The Springfield Business Development Fund is structured as a revolving loan fund in order to ensure that a perpetual supply of money will be available to help locally based business ventures. Since the fund is administered by Community Development staff, those seeking a loan from SBDF are also offered additional resources. Many times the potential SBDF applicant is provided with technical assistance such as business plan review, financial analysis, or identification of the

necessary permit process. Applicants might also be referred to organizations such as the University of Massachusetts Small Business Development Center to further refine their proposals.

Since its inception in 1984, the Small Business Development Fund has loaned almost one million dollars and created over 500 jobs in Springfield. In addition, over \$3.5 million in private investments have been leveraged by the Fund. Businesses assisted by SBDF range from



...AND AFTER: HELEN'S HAIRUM, OWNED BY GEORGE AND HELEN JOHNSON.

a neighborhood florist to a shopping plaza (see sidebar). In 1990-91, approximately \$346,000 was loaned to five businesses, leveraging \$1,400,300 of private investment and creating 58 new job opportunities for people with low and moderate incomes.

Dominic R. Sarno, President of SBDF, attributes the success of the fund to the commitment of the City of Springfield. "SBDF provides a needed financing resource to support long-term sustained economic development."

To learn more about the Springfield Business Development Fund, contact Jim Asselin or Jim Krzystofik of the Springfield Office of Community Development at (413) 787-6050.

STATE STREET PLAZA

G & H Development Corporation may sound like an anonymous firm, but it represents one couple's efforts to bring life back to an area of their city. G & H are George and Helen Johnson. Together with the city of Springfield and several local banks, they developed a plan to renovate a deteriorated shopping plaza, which had come to look like a junkyard replete with abandoned cars. The property was vacant except for a small restaurant. The Johnsons presented their business plan first to a local loan consortium, the Mason Square Mortgage Pool, and received a commitment of \$410,000 in permanent financing. The project could not support any more market-rate debt, so the company applied for a low-interest loan from the Springfield Business Development Fund. They were given a \$100,000 below-market loan, the largest amount ever put into a single project by the city. The Johnsons injected \$100,000 in equity to cover the remaining project costs.

The commitment of the Johnsons, local banks, local political leaders, and the city made the project work. Previous attempts to rehab the property had not met with success, and there had been several calls for the demolition of the plaza. Once the renovations were completed, leasing out space presented little difficulty. Tenants in the new State Street Plaza include a clothing store, a record store, and a beauty shop (see photos). The Springfield Business Development Fund was also able to provide technical assistance and CDBG funds for public improvements to the area, including sidewalk repair. What was once a blighted area has now become the center of a publicly supported urban revitalization program. **CB**

HOME MORTGAGE DISCLOSURE ACT

Two years ago Congress amended the Home Mortgage Disclosure Act (HMDA) in light of a growing concern that predominantly minority neighborhoods were receiving disproportionately fewer home mortgage loans than nonminority areas. As most home mortgage lenders are required to report their loan activity under HMDA, Congress saw the disclosure law as a potentially powerful tool in combatting discriminatory lending practices. In general, the amendments to HMDA:

- require disclosure of data on loan applications and their disposition. Previously, only loan originations were recorded.
- require disclosure of the race, sex, and income of the applicants.
- permit institutions to report the reasons for loan denials.
- expand coverage to include independent mortgage companies.

1990 HMDA data, which reflect the new disclosure requirements, have been tabulated by the Federal Financial Institutions Examination Council (FFIEC), an interagency council of federal regulators, and are now available to the public in the form of disclosure statements.

- Lenders must make their institution's statement available for inspection by the public. A copy must be kept in its main office and in at least one office in every Metropolitan Statistical Area (MSA) in which it operates. A reasonable fee may be charged for copies of the statement.

- Every MSA also has a HMDA depository, which stores the disclosure statements for every lender op-

MAINE DEVELOPMENT FUND

LINDA SHAPLEIGH
MAINE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

In 1986, following the death of its owner, Belfast Manufacturing, a sportswear assembler in Belmont, Maine, closed its doors. George Rybarczyk, Belfast's Director of Manufacturing, was encouraged by a long-time business associate to try to reopen the plant and run it himself. Rybarczyk decided to test the waters by leasing the facility from the owner's widow for a two-year period. He succeeded in getting a below-market working capital loan from Key Bank of Maine through the Finance Authority of Maine's Commercial Loan Insurance Program and its Linked Investment Program. The former helps reduce credit risk and the latter invests state funds in a financial institution at below-market interest rates, in return for the financial institution making loans to commercial enterprises.

In 1988, Rybarczyk again approached Key Bank for financing, this time to purchase the building and equipment and to provide money for working capital. His experience in running the business during the previous year and one-half convinced him that he could make it grow. Larry Quinn, Vice President and Manager at Key Bank, felt that Rybarczyk's company needed some low-interest subordinated debt to help facilitate the firm's growth with respect to both the company's cash flow and the bank's collateral position. Quinn contacted the Eastern Maine Development Corporation (EMDC) in Bangor to assist him in finding such financing. EMDC is a private, non-profit organization that, among other things, assists public sector clients by providing specialized services such as grant writing, packaging, and administration for a number of state and federal programs. Key Bank was already quite familiar with

EMDC, having worked with it to provided financial assistance to other businesses in the area.

After having met with the bank and Rybarczyk to discuss the company's financing needs, a business financing specialist from EMDC suggested that Rybarczyk apply for a Development Fund loan through the Maine Department of Economic and Community Development. The Development Fund is part of the Community Development Block Grant Small Cities Program, under which the state distributes federal funds to local governments for programs that are part of a long-range community strategy. As part of the CDBG program, the state sets aside \$750,000 yearly for grants to communities to help finance development projects. The primary objectives of the Development Fund are to help stimulate private investment that will result in job creation, job retention, and housing opportunities for low- and moderate-income people, and to promote local economic growth and stability.

The Development Fund's loan review committee received Rybarczyk's application in the spring of 1988. In order to be approved, the application had to meet three primary criteria: the majority of new jobs created or retained must go to people from low- or moderate-income backgrounds, some private financing must be obtained, and the applicant must show that additional financing cannot be obtained from other sources. The application passed on all accounts. Rybarczyk's company, now called J&P Apparel, had the financing it needed to expand.

Any doubts about the potential of J&P Apparel were soon laid to rest. In early 1989, the company joined

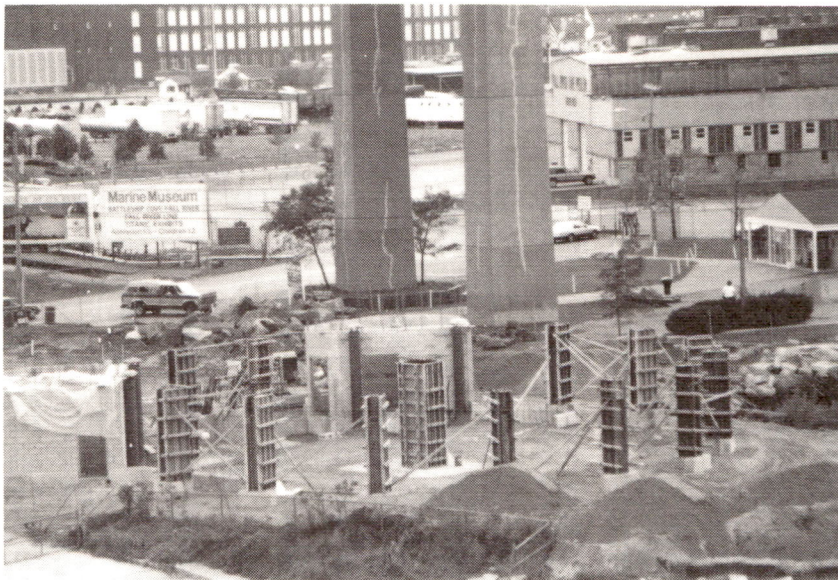
JOBS FOR FALL RIVER

cash flow. A working capital loan would not be available from a bank until the facility was in production. This was an interim use of available but unspent Community Development Funds that the city of Fall River intends to use later for public services and public works. The manufacturer's bank issued the city an irrevocable letter of credit for the amount of the loan, ensuring that funds would be available so the already approved city project could proceed on schedule. The loan's interest rate was set at 3 percent based on what a city review showed the company could afford. The public benefits were 200 new manufacturing jobs within the city, the majority to be held by people from low- and moderate-income families, and diversification of the city's economic base.

- **SUBSTITUTE WORKING CAPITAL LOAN** The city provided another short-term loan of \$250,000 in working capital to an existing manufacturer who had recently begun to manufacture fiber optic cable from special yarns. Because of market conditions, a local bank had been forced to reduce the company's line of credit. The city's loan enabled the company to maintain existing production and also to continue an expansion program until either the bank is able to restore the company's full line of credit or the company obtains additional funds from other sources. The city set the interest rate at 4 percent, based on what a city review showed the company could afford. The public benefits include local retained jobs plus an estimated 26 new jobs, primarily for people from low- and moderate-income families, and the retention of

technology that builds on Fall River's textile industry base.

- **EQUITY FINANCING** Fall River is using its future annual entitlement to CDBG funds as collateral for bonds issued by the city on behalf of a private developer, to be used for site acquisition and some of the soft costs of a 183-bed nursing home facility. This procedure makes the bonds AAA-rated and, with fees and issuance costs, provides funds to the developer at a fixed rate of 90 basis points



CONSTRUCTION OF A CAROUSEL PAVILION AT FALL RIVER'S WATERFRONT PARK IS SUPPORTED IN PART BY CITY COMMUNITY DEVELOPMENT FUNDS.

over the federal funds rate. The bond proceeds serve to complete a 10 percent equity requirement, necessary to leverage a federally insured conventional mortgage for the remaining project costs provided through the banking community. The term of the city loan is six years, during which time the developer will arrange sufficient additional equity to take out the city's loan. The public benefits are 150 jobs created, the majority to be held by people from low- and moderate-income families, and the fact that 70 percent of the beds will be set aside for local Medicaid recipients.

- **REVOLVING LOAN FUNDS** As part of its ongoing program of supporting

expanding businesses, the city of Fall River provided subordinated financing to complete financing for the purchase of used machinery and equipment by a local printer. Because of the age and specialized nature of the equipment, a local bank could not provide more than 60 percent of the funds needed. The term of the city's loan was the same as the bank's loan and the rate was set at 6.75 percent based on what a city review showed the company could afford. The public benefits were an 80 percent increase in jobs at the company, primarily for people from low- and moderate-income families, and expanded printing services to the underserved local market.

- **PRIVATE FINANCING OF A PUBLIC ECONOMIC DEVELOPMENT PROJECT** Seven local banks are participating in a \$1.75 million loan to a local nonprofit corporation to complete construction of a carousel pavilion at Fall River's waterfront

park, as part of the city's effort to increase tourist traffic at the Battleship Cove and Heritage State Park. This will build on efforts already supported by \$700,000 in private contributions but stalled by lack of appropriated state funds, now frozen because of the state's fiscal crisis. Since the banks would not rely on 'frozen' state funds for collateral, the city put up as collateral the payment stream from three prior major development loans in order to ensure time loan can be taken out with the approved state grant.

To find out more about Jobs for Fall River Inc., contact Steve Parr, Director of Finance, at (508) 675-1497. **CB**

PUBLICATIONS

Affordable Housing

* **Constructing Local Solutions: Affordable Housing**, National Conference of State Legislatures (1991). Discusses the need to link federal, state, and local programs, and the importance of community participation in affordable housing projects. Also focuses on the importance of working with nonprofit community development organizations. Call the National Conference of State Legislatures, Book Orders Department at (303) 830-2200. \$15.00.

* **Affordable Housing Evaluation Toolbox**, Rainbow Research, Inc. (1990). A two-part kit designed to help affordable housing operators develop, document, and assess effectiveness of (1) residents' self-sufficiency and quality of life, and (2) board capacity. Write to Publications, Rainbow Research, Inc., 1406 W. Lake Street, Minneapolis, MN 55408. Or call (612) 824-0724. Each Toolbox costs \$17.50, \$30.00 for both.

* **Tax Credits for Low Income Housing: New Opportunities for Developers, Nonprofits, and Communities Under the 1986, 1988, 1989 and 1990 Tax Acts**, Joseph Guggenheim (1991). An updated version of the 1990 guidebook. Covers statutory amendments and IRS and HUD rulings of the last 14 months. Call Simon Publications at (301) 320-5771. \$53.95 soft cover, \$145 for loose leaf binder with three quarterly supplements.

Community Development

* **Proposal Writing: A Basic Primer**, Illinois Department of Commerce and Community Affairs (1991). A guide for nonprofits on writing a successful grant proposal. Write to IDCCA, 620

E. Adams St., Springfield, IL 62701. Or call (217) 785-6193. Free.

* **Reclaiming Capital: Democratic Initiatives and Community Development**, Christopher Gunn and Hazel Dayton Gunn (1991). Focuses on the difficulty of retaining capital in lower-income communities and explores alternative institutions that attract and retain resources, such as credit unions and nonprofit corporations. Write to Cornell University Press, 124 Roberts Place, P.O. Box 250, Ithaca, N.Y. 14851-0250. \$9.95 paperback, \$24.95 cloth.

* **Growth Factors in the Development of Community Foundations: A Study Guide for Technical Assistance**, Steven Mayer (1988). This guide is based on the experience of 15 emerging community foundations, and is organized around 5 growth areas: self-understanding, board commitment, organizational capacity, asset development, and community role. Write to Publications, Rainbow Research, Inc., 1406 W. Lake Street, Minneapolis, MN 55408. Or call (612) 824-0724. \$15.00.

* **Banking in the Public's Interest: Promoting Community Development with the Public Deposits of Cities and States**, Woodstock Institute, National League of Cities, and National Association of State Auditors, Comptrollers, and Treasurers (1991). Describes a number of city and state programs that use public deposits to increase private financial institution investment in community development. Identifies successful techniques and common problems. Includes recommendations for structuring a public deposit program. Call the Woodstock Institute at (312) 427-8070. \$20.00 for-profit, \$10.00 government/university/non-profit.

* **Community Economic Development in Puerto Rican Neighborhoods**, National Puerto Rican Coalition (1991). Describes examples of

successful affordable housing and economic development projects produced by Puerto Rican organizations. Outlines ways in which groups can build staff capacity, access funding sources, and develop income-generating activities. Send payment to National Puerto Rican Coalition, Inc., 1700 K Street, N.W., Suite 500, Washington, D.C. 20006. Or call (202) 223-3915. \$10.00.

* **Report of the 1991 Needs Assessment Task Force**, United Way of Mid Coast Maine (1991). Provides results of needs assessment survey done in the Mid Coast area. Covers issues such as housing, health care, and employment training. Offers recommendations and resources for meeting local needs. Write to United Way of Mid Coast Maine, 746 High Street, Bath, ME 04530. Or call (207) 443-9752. Enclose \$1.33 postage.

* **Religious Institutions as Partners in Community Based Development**, Rainbow Research Inc. (1991). An evaluation of 28 church-linked housing and economic development projects from around the country. Write to Publications, Rainbow Research, Inc., 1406 W. Lake Street, Minneapolis, MN 55408. Or call (612) 824-0724. First copy free. Additional copies \$8.00.

The National Council for Urban Economic Development offers a variety of publications on topics ranging from minority enterprise development to revolving loan funds to business incubators. For a publications list, call (202) 223-4735.

Fair Housing

* **Fair Housing Amendments Act of 1988: A Selected Resource Guide**, HUD User (1991). Reviews the FHAA and lists sources that deal with the various issues in the Act. Write to HUD User, P.O. Box 6091, Rockville, MD 20850. Or call (800) 245-2691. \$3.00.

Compliance

Compliance Officer's Management Manual, Sheshunoff Information Services (1991). Covers managerial and technical aspects of developing a comprehensive and effective compliance program. Call (800) 456-2340. \$265.00.

Rural Development

* ***Rural Community Economic Development***, Norman Walzer, ed. (1991). Examines economic trends affecting rural development, local government responses, and the long-term effects of the reduction in federal support. Offers development strategies for local governments to undertake. Write to Greenwood Publishing Group, Inc., 88 Post Road West, P.O. Box 5007, Westport, CT 06881. Or call (203) 226-3571. \$43.00.

* Denotes publications available for review in the Community Affairs Department resource library.

CONFERENCES

November 8-9

"Third Annual Northeast Regional Conference for Community Development Credit Unions," Vermont Development Credit Union. Burlington, VT. For credit unions, banks, and foundations. Session topics include obtaining bank support for community development credit unions, regulatory issues, and rural credit unions. For more information, contact VDCU at (802) 865-3404.

November 12-16

"Neighborhood Reinvestment Training Institute," Neighborhood Reinvestment Corporation. Los Angeles, CA. This program offers over 40 one, two, and three-day courses for community development practitioners in four subject areas: management skills, community development strategies, affordable housing, and computer skills. For more information, call the Neighborhood Rein-

vestment Training Institute at (202) 376-2642.

November 19

"Financing Affordable Housing in New Hampshire," New Hampshire Bankers Association, New Hampshire Housing Finance Authority, New Hampshire Community Loan Fund, New Hampshire Community Development Finance Authority, Federal Home Loan Bank of Boston, and Federal Reserve Bank of Boston. Manchester, N.H. For lenders, funding and community lending specialists, and representatives of affordable housing agencies. Workshops will focus on finding equity sources and developing lending consortia, with an overview of available resources for affordable housing finance. For more information, contact David Parish of the Federal Home Loan Bank at (617) 330-9892.

November 26

"Connecticut Conference on Affordable Housing," The Banks' Association of Connecticut, Bank Compliance Association of Connecticut, Connecticut Association of Housing Development Corporations, Federal Home Loan Bank of Boston, and Federal Reserve Bank of Boston. For lenders, developers, and representatives of affordable housing agencies. Workshop topics include first-time homebuyer programs, technical assistance options, and equity sources for low-income housing tax credit projects. For more information, contact Tom Mongellow of The Banks' Association of Connecticut at (203) 527-5161.

December 10-12

"...And Miles to Go," Housing Assistance Council. Arlington, VA. For organizations involved in rural housing development. Session topics include affordable housing finance options, technical workshops (programs of FmHA, HUD, and other agencies), and serving special populations. For more information, contact HAC at (202) 842-8600.

EMERGENCY LOAN FUND PROGRAM

Since 1981, The Emergency Loan Fund (ELF), a special program of Associated Grantmakers of Massachusetts, has provided short-term, low-interest loans to stable nonprofit organizations experiencing cash flow difficulties. Its guiding principles have been to allow needed services to continue, to help organizations achieve greater financial stability, and to increase the impact of philanthropic dollars. Its success can be measured by a default rate of just over 1 percent—much lower than that of more traditional lending institutions.

Applicants to the Emergency Loan Fund must be 501(c)(3) nonprofits that are experiencing a cash deficiency of such a magnitude to prevent the organization from continuing normal operations and whose receivables would be acknowledged by a credit-worthy source (often a governmental agency). You must have first approached a bank and been turned down for the financing you are requesting, and your board of directors must have voted and approved submitting a loan application to the Emergency Loan Fund. The Fund makes loans of up to \$25,000, and interest on the ELF loans corresponds to the interest earned on the Emergency Loan Fund account (average is 8 percent). The average term of loans made is anywhere from two to three months. For more information, please contact Tucker Ecklin at (617) 426-2606.**CB**

COMMUNITY AFFAIRS DEPARTMENT
Federal Reserve Bank of Boston
P.O. Box 2076
Boston, Massachusetts 02106-2076

Continued from page 5

HMDA

erating in that MSA as well as disclosure statements that aggregate the HMDA data for all lenders in that MSA. Depositories may charge a reasonable fee for copying services.

- The FFIEC will also provide, for a fee, the edited data contained in the loan application registers submitted by lenders to their regulators. This is useful for researchers who may wish to tabulate the data in a different manner than is provided in the disclosure statements. Other data available from the FFIEC include disclosure statements in hardcopy and on

print image tapes. For more information, call Barbara Kenlaw of the FFIEC at ((202) 357-0177.

- The Federal Reserve Bank of Boston has produced summary tables for all of the MSAs in New England. These tables show the disposition of loan applications based on the race and income of the applicant and the location of the property. To receive these tables or to request additional information on HMDA, call the Community Affairs Department at (617) 973-3097 or the Research Library at (617) 973-3397.

Continued from page 5

MAINE DEVELOPMENT FUND

with the Passamaquoddy Tribe and formed a partnership known as Creative Apparel Associates. Rybarczyk, with the assistance of the Tribe, EMDC, the U.S. Economic Development Administration, the U.S. Small Business Administration, and Key Bank, obtained additional financing to construct a new plant at Indian Township and purchase equipment for its extended operations. Further, with the help of the Maine Procurement Assistance Center staffed by the Eastern Maine Development Corporation, Creative Apparel Associates obtained a major renewable government contract from the Department of Defense.

In 1991, Rybarczyk received the Blue Chip Enterprise Initiative Award, established to identify outstanding examples of small business management's ability to overcome adversity. The award is sponsored by the U.S. Chamber of Commerce and Connecticut Mutual Life Insurance Company, and made to one company in each state.

In the last three years, George Rybarczyk has built the company

into a successful, well-respected operation that has achieved a 400 percent increase in sales. Creative Apparel Associates currently employs 46 people in the Belmont facility and an additional 21 in the Passamaquoddy plant.

The Development Fund has helped many businesses like Rybarczyk's. Since 1984, the partnership among the state, municipalities, businesses, and private lenders has helped create and retain over 1,152 jobs in 47 businesses. An investment of \$4 million in CDBG funds has leveraged in excess of \$34 million of private capital. As Leonard A. Dow, Director of the Office of Community Development, noted, "We are not in competition with lending institutions, but rather provide gap financing to make deals viable. The program is willing and able to take more risks than the typical lending institution is allowed to take."

Anyone interested in finding out more about the Development Fund program can contact Linda Shapleigh, Development Fund Coordinator, at (207) 624-6800.

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Examples of Community Development Activity in New England

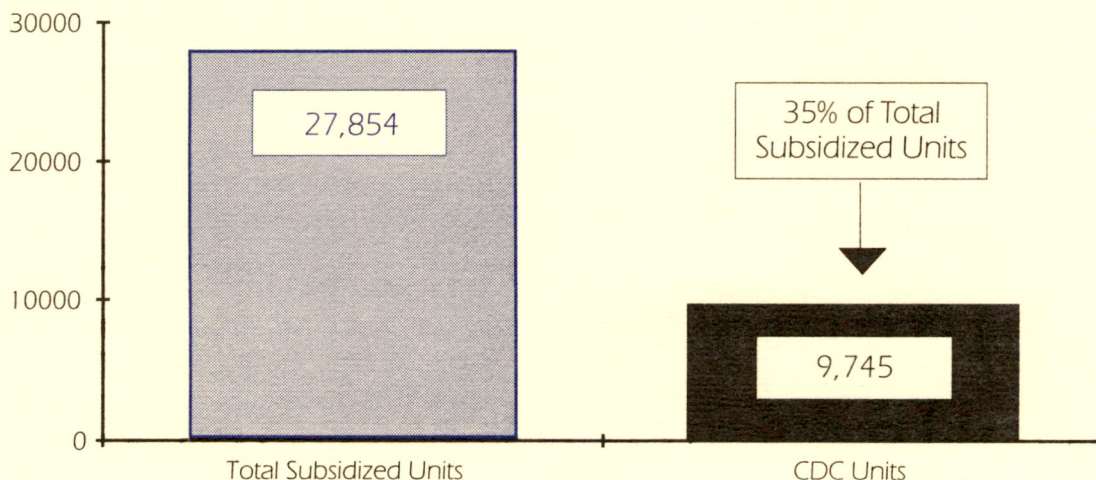
- o MACDC 1991 Report
- o MBA Community Investment Program
- o *Communities & Banking*, Summer 1991

The Growing Impact of Massachusetts Community Development Corporations

The deficit in affordable housing has reached a crisis which threatens the underpinnings of our fragile economy. Study after study has indicated that there is an inadequate supply of affordable housing and when it exists, much of it is in deteriorated condition. Our communities are further plagued by rising unemployment which is affecting all segments of industry and disproportionately impacting poor areas.

Even in the best of times, the work of community revitalization is an arduous task. But despite the odds, Community Development Corporations (CDCs) have persevered in their efforts to reinvigorate economically distressed communities. According to Avis Vidal from the New School of Social Research, CDCs "are the leading edge of a new institutional infrastructure for the delivery of housing and related service to the disadvantaged." *

Publicly-Assisted Housing Production in Massachusetts (not including public housing)



* *The New School Commentator*, Volume Two, No. 2, November 1990

Instruments of Change

In 1991, the Massachusetts Association of Community Development Corporations conducted a survey of its 46 member CDCs, documenting two decades of their accomplishments. The results show an impressive track record of activity and conclusively illustrate the impact of CDCs in revitalizing disadvantaged localities throughout the Commonwealth. As organizations with roots in the communities they serve, CDCs are positioned better than any other group of developers to respond to community needs with long-term commitment and solutions.

Housing Track Record

MACDC's member CDCs (90% of the CDCs in Massachusetts) produced 9,745 units of housing for low-income persons during the past 20 years. This represents almost 35% of the privately developed affordable housing stock in the Commonwealth (see chart on first page). The housing produced by CDCs includes rental

"Community Development Corporations make a vital contribution to the quality of life in our neighborhoods."

*William Edgerly
Chair and CEO of State Street Bank*

and homeownership units, cooperative, as well as special needs housing. While CDC housing production is concentrated in the Boston Metropolitan area, CDCs across the Commonwealth are producing increasingly greater numbers of units.

Affordable housing production by CDCs has contributed more than \$600 million in capital to the state's economy as a whole. When this value is measured against the \$8.2 million grant subsidy that has been provided by the state in the form of "CEED" funds, it indicates that the state has received a return on its investment of more than 73 to 1 (see diagram on next page).

The development of affordable housing has a positive effect upon other segments of the economy. It is a critical element in stabilizing blighted neighborhoods, providing thousands of jobs in the construction trades, encouraging consumer spending and bringing renewed vigor to distressed communities.

CDC-developed housing adds a critical dimension to these benefits — rental housing tenants receive supportive services and training, special needs residents are served in a dignified manner, and homeownership opportunities are available to many people who would not otherwise be able to realize this traditional American dream. And, because this housing is developed by CDCs, it remains a permanently affordable resource for the community.

Economic Development

CDCs have a unique role in local job generation, providing loans and specialized technical assistance to areas underserved by traditional sources of financing and where the need is greatest. Through the creation of 5,781 jobs, the development of more than a million square feet of commercial space, and the leveraging of over \$30 million in capital to businesses in Massachusetts, CDCs have proven their ability to accomplish key goals in economic development.

"Community Development Corporations have proven through hard times that they can be aggressive players in the financing and construction of affordable housing."

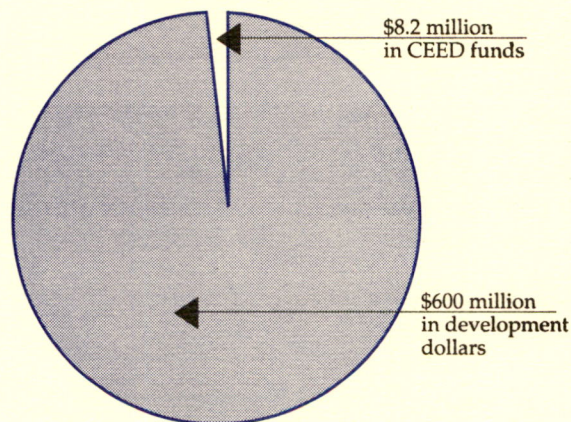
Congressman Joseph P. Kennedy, II

The CDC economic development strategy is grounded in the philosophy that with targeted assistance, disadvantaged people can become viable participants in the mainstream "entrepreneurial economy". CDCs have built an infrastructure of business support institutions and relationships that has gradually become a trusted source of advice, capital and connections that non-traditional entrepreneurs rely upon to be successful.

Climate For Change

Community-based organizations provide a new and potentially powerful way to deliver housing and related support services to disadvantaged communities. The number of CDCs in Massachusetts grew from nearly 20 in the 1970's to over 50 by the end of the 1980's. Paralleling this growth, the affordable housing and economic development activities by CDCs increased dramatically. The rapid rise of CDCs gives us an opportunity to capitalize upon an increasingly important element of national domestic policy.

State's Return On Investment From CDCs



The state has received a 73 to 1 return on its investment in CDCs.

Massachusetts Association of Community Development Corporations

Founded in 1980, MACDC was the first organization of its type in the country. It was established by and for CDCs as a way for them to facilitate information sharing; to formulate and advocate for public policies concerning affordable housing and economic development; to publicize the work, effectiveness and professionalism of CDCs; and to generate capital, technical assistance and support services to facilitate CDC projects and operations.

For more information please contact:

MACDC, 197 Portland Street
Boston, MA 02114
Telephone: (617) 523-7002
Facsimile: (617) 523-5409

This report was completed with assistance from the Boston Redevelopment Authority. Layout and design was done by Annette Duke at Massachusetts Law Reform Institute. Printing was contributed by the Federal Reserve Bank of Boston.

Allston-Brighton CDC • Arlington Square CDC • Asian CDC • Back of the Hill CDC • Brightwood DC • CDC of Fitchburg • Chicopee CDC • Coalition for A Better Acre • Codman Square HDC • Dorchester Bay EDC • East Boston CDC • Falmouth Housing Trust • Fenway CDC • Fields Corner CDC • Franklin County CDC • Green Island CDC • Heritage Common CDC • Hilltown CDC • Homeowners Rehab. • Housing Corporation of Arlington • Inquilinos Boricuas en Accion • Jamaica Plain NDC • Just-A-Start • Lena Park CDC • Lynn Affordable Housing • Madison Park CDC • Main South CDC • Medford Community Housing • Millers River Self Help Network CDC • Neighborhood of Affordable Housing • North Adams CDC • Nuestra Comunidad DC • Nueva Esperanza CDC • Oak Hill CDC • Quincy-Geneva HDC • Pilgrim CDC • Riverside-Cambridgeport CC • Salem Harbor CDC • Somerville Community Corporation • South Boston CDC • Tent City Corporation • United South End/Lower Roxbury DC • Urban Edge • Valley CDC • Waltham Alliance to Create Housing • Worcester Common Ground

Massachusetts Association of
Community Development Corporations
197 Portland Street
Boston, MA 02114

MASSACHUSETTS BANKERS ASSOCIATION
COMMUNITY INVESTMENT PROGRAM

A 1989 Federal Reserve Bank of Boston Study, *Geographic Patterns of Mortgage Lending in Boston, 1982-1987*, found that significantly fewer loans were made in Boston's black neighborhoods than in white neighborhoods, even after controlling for economic and other non-racial factors. In response, the Massachusetts Bankers Association developed the Community Investment Program. The CIP established three entities:

- o The Massachusetts Housing Investment Corporation
- o The Massachusetts Minority Enterprise Investment Corporation
- o The Massachusetts Community and Banking Council

Attached are descriptions of their activities.

Leadership In Business Development

The obvious need for an expanded investment in the Commonwealth's small business infrastructure set the stage for a more inclusive and comprehensive interpretation of the Community Reinvestment Act (CRA) in Massachusetts in 1989. The commitment of the Massachusetts Bankers Association to strengthen communities through increased financial and technical assistance to small business has resulted in the creation of the Massachusetts Minority Enterprise Investment Corporation (MEIC).

In June 1990, MEIC was incorporated as the centerpiece of the MBA's statewide Community Investment Program. Its mandate: to bridge the gap between commercial banks and disadvantaged businesses* seeking loans; to help consummate transactions that *but for* MEIC would not get funded! The Office of the Comptroller of the Currency (OCC) formally approved MEIC as an autonomous private entity on December 28, 1990.

MEIC is a multibank community development corporation with committed capitalization of \$5 million, and \$50 million in pledged lines of credit. The Massachusetts banks who have invested in MEIC believe that community investment is not only good social policy, but is also sound business practice. Support of small business stimulates local economic growth, and creates a stronger, more stable environment in which banks may also market related products and services.

A Winning Strategy

Massachusetts banks are MEIC's stockholders. Thus, the small, minority or disadvantaged business owner has access to bank loans and technical assistance in ways that have never before existed in the Commonwealth.

Any type of

business is

eligible to

apply for

a loan

through

MEIC

Under the leadership of president Tom Schumpert, chairman John Hamill from Shawmut Bank, and a board of directors of 10 bankers and five community representatives, MEIC will participate with banks in lending to minority or disadvantaged businesses.

Any type of business is eligible to apply for a loan through MEIC and an interested bank. Each application is reviewed by a loan committee comprised of five senior bankers and two community representatives. MEIC will lend up to \$250,000 to businesses that show potential for growth, stability and viability in the marketplace. In addition to loans, MEIC is committed to providing technical assistance and business counselling to further ensure the success of these enterprises.

MEIC investor banks emerge as winners in this equation, as well. Lending is profitable and small business loan portfolios can be extremely lucrative when clients are also counselled in business operations. As banks participate in MEIC-generated

loans, there is an untapped marketplace available for cross-selling of related products. Many small and minority businesses are reluctant to seek loans from banks because of the perception that they will be automatically denied credit. With banks reaching out to minority and disadvantaged business enterprises, better relationships are formed with a growing market segment, misperceptions are avoided, and CRA performance is enhanced in the community.

Golden Future

MEIC is fully-operational and ready to review loan requests. The staff consisting of a technical assistance coordinator, loan officer, administrative officer, loaned executive and president expects to grow as the loan demand and capitalization expand. In addition to granting traditional business loans, MEIC will make equity investments in eligible businesses through its Minority Enterprise Small Business Investment Corporation (MESBIC).

The MESBIC is scheduled to be operational by the fourth quarter of 1991.

As a wholly-owned subsidiary, the MESBIC will be managed by the Community Development Finance Corporation (CDFC). MEIC and the MESBIC will share several board directors, in addition to at least three community representatives not involved with MEIC.

THE MASSACHUSETTS COMMUNITY AND BANKING COUNCIL, INC.

MISSION STATEMENT

The Massachusetts Community and Banking Council (MCBC) is a research and policy advisory center whose purpose is to promote community investment in minority and low and moderate income communities. Through market analysis and research, community liaison and outreach, and educational activities, the MCBC will serve as a focal point to promote better understanding between community organizations, government, and banks. MCBC will be responsible for coordinating, monitoring, and evaluating the community investment initiatives of the Massachusetts Bankers Association.

ACTIVITIES

1. Community Liaison and Outreach:

The MCBC will be directed by an eighteen member Board of Directors - nine community representatives and nine banker representatives. The initial Board of Directors will serve a two year term and determine the method of selection and rotation of future board members. The Board of Directors will provide an open forum to voice community credit needs from a variety of sources and will oversee and guide the research, marketing, and educational activities of MCBC.

2. Market Analysis and Research:

The Community Reinvestment Act and the 1989 C.R.A. Policy Statement mandate that banks understand the credit needs of their local communities, especially low and moderate income communities. In order to meet this objective, the MCBC will conduct annual credit needs assessments (including analysis of basic bank services and products) in eight geographic regions of Massachusetts. The credit needs assessments will detail financing needs such as mortgage loans, small business loans, economic development financing, and affordable housing development loans.

The assessments, in addition to identifying needs, will explore external issues that affect community revitalization. Through statistical analysis, surveys of consumers and community organizations, and review of government profiles, the needs assessment will provide banks with comprehension of minority and low and moderate income communities, better data, and sound loan opportunities.

3. Educational Efforts:

The MCBC will oversee educational efforts in minority and low and moderate income communities to promote a better understanding of banks and the financial system. Educational efforts will include the development of printed materials, seminars and audio-visual presentations on mortgage lending, credit, small businesses, and bank products such as checking, savings, consumer loans. MCBC will coordinate the support and development of existing and new homeownership education and business development programs.

4. Marketing:

MCBC will develop a media marketing program - ongoing - to promote new affordable mortgage programs, better bank/community relations, and other bank services and products. Public service announcements and advertisements in the printed media will be used.

5. Special Projects:

MCBC will research and explore new industry initiatives including but not limited to:

- a. Enhancing traditional bank services (i.e. government check cashing) in minority and low and moderate income communities.
- b. Expanded use of electronic bank products and services.
- c. Use of community organization facilities for bank services.

The MCBC will produce an action plan to address the above issues.

Massachusetts Housing Investment Corporation

David A. Spina
Chairman
Joseph L. Flatley
President

100 Franklin Street
Mezzanine Level
Boston, MA 02110
(617) 338-6886

MISSION

The mission of the Massachusetts Housing Investment Corporation is to pool the resources of Massachusetts banks to improve and expand the financing of affordable housing throughout the State.

BACKGROUND

The need for improvement and expansion of bank financing for affordable housing was one of many needs discussed by community groups in the summer and fall of 1989. The Massachusetts Bankers Association created four task forces of banks and community participants to address various issues. One of the four task forces was focused on affordable housing under the leadership of Dick Driscoll of the Bank of New England.

Over the fall and winter, the task forces focused on two major needs: (1) lending for affordable housing, and (2) tax credit equity investing.

With regard to the credit needs of affordable housing projects, several concerns were raised. Community participants noted that there was significant turnover of bank lending officers with specific knowledge of government housing finance programs.

They also felt it was hard to get the attention of the larger banks to consider smaller loans. City and state government agency personnel participated and cited the need for a clearer understanding of bank lending policies and parameters. There was a consensus that focused or committed resources would be more effective in making good loans for affordable housing. It was believed that a loan consortium would effectively serve these needs.

There was clear recognition that standardization would benefit all parties involved in tax credit equity investing.

COMMITMENT

In January 1990, the Massachusetts Bankers Association and community participants reported agreement on a number of new initiatives. Among them were the creation of a \$100 million loan fund for affordable housing and a \$100 million program for tax credit equity investing.

A bank work group was assembled from the original task force. The work group has focused on three functions:

- o the creation of a multi-bank loan pool;
- o the standardization of tax credit equity investing; and
- o the pursuit of other parties to provide long-term financing for affordable housing projects.

ORGANIZATION

The Massachusetts Housing Investment Corporation was formally established on July 1, 1990 as a Massachusetts chartered, Chapter 180, not-for-profit corporation. The Corporation is filing with the IRS for status as a 501(c)(3) corporation under federal tax law.

The Corporation has a Board of Directors of 15 people, with 10 coming from banks and 5 from the community. A loan committee with 5 to 7 bankers will meet monthly to review and recommend loans to the full Board. An investment committee will review all projects seeking tax credit equity investments from participating banks.

The corporation has an initial full-time staff of 3 people. Joseph Flatley serves as the President of the Corporation.

LOAN POOL

The loan pool will provide loans for affordable housing on a statewide basis. Participating banks will fund the pool and will share the risks and rewards proportionately to their financial participation. Credit approval will be centralized in a loan committee, composed of individuals designated by the banks. The loans will support affordable housing needs such as construction lending for

rehabilitation or new construction. Most loans will be small, for the most part under \$5 million.

- o MHIC does not plan to replace financing available from banks. MHIC hopes to supplement what financing is already available by focusing the real estate lending skills of the banks and by diversifying loan risks in a pool.

- o Since the MHIC pool is focused on loans to support affordable housing, the pool is subject to the cyclical risks of real estate lending. Lending policies and provisions for losses will take these risks into account.

Already, a substantial portion of the \$100 million target has been committed by participating banks.

TAX CREDIT EQUITY INVESTING

In the last 4 years, several tax credit equity investments have been made by Massachusetts banks. These financings are complex and require a high degree of tax, legal and real estate capacity. Since the credits are limited to low-income housing projects, familiarity with government housing programs is a prerequisite. As a result, participating banks intend to agree to standardize the analytical approach to valuing tax credits, the requirements for projection of financial results of the projects, the legal and tax accounting support required to close transactions.

At this time, it is not expected that an equity pool will be created, but instead MHIC will coordinate the standardization of investment structures and marketing to participating banks.

- o Pooling of funds planned for tax credit equity investing could create a significant administrative burdens and might cause MHIC to be viewed as a regulated underwriter.
- o Rather than operating a pool, the MHIC staff will analyze tax credit equity investments, review them with the Investment Committee, and recommend them to the banks who committed to participate in the equity program.
- o MHIC will develop standard pricing and investment parameters, as well as standard documents to be used in equity investments, to reduce review time and costs, and to maximize the net equity available for project purposes.

Initially, approximately half of the \$100 million target has been committed by participating banks.

LONG-TERM FINANCING

Since the bank loan pool of \$100 million is intended to "revolve" to provide continuing availability of funds for affordable housing, project sponsors will need to obtain long-term financing for their project to be feasible. MHIC has identified a number of potential sources of permanent financing for rental housing projects. These include:

- o The Massachusetts Housing Finance Agency (MHFA) which would issue tax-exempt or taxable bonds to provide permanent financing;
- o The Massachusetts Government Land Bank;
- o Fannie Mae and Freddie Mac;

- o Insurance companies, pension funds, and other institutional investors; and
- o Various social investors (such as LIMAC).

Wherever possible, it is MHIC's intent to package permanent financing with construction loans made from MHIC's loan fund.

FINANCING FOR THE CORPORATION

The Corporation will be self-supporting, and will cover its overhead costs. Moreover, the Corporation will need to build reserves to cover potential loan losses. To support the finances of the Corporation, participating banks will accept a lower return of interest on invested loan balances.

- o The initial spread will be set at 1%. Accordingly, if a bank loans \$1 million into the pool, and MHIC invests that money temporarily in the same bank at 7%, then MHIC will pay that participating bank 6% and would retain the other 1% for expenses and to build up reserves.
- o Once funds are loaned out to a project, the participating bank will earn prime minus 1% and the project will be charged prime plus 0.5%, earning a 1.5% spread for the Corporation.

In addition, MHIC will charge participating banks for analyzing and standardizing tax credit equity investments, based on a percentage of their level of investment.

FOR MORE INFORMATION

For additional information on the programs
offered by MHIC, contact:

Massachusetts Housing Investment
Corporation
100 Franklin Street
Boston, MA 02110
(617) 338-6886

COMMUNITIES & BANKING

PUBLISHED BY THE COMMUNITY AFFAIRS DEPARTMENT OF THE FEDERAL RESERVE BANK OF BOSTON Vol. 2, No. 3 SUMMER 1991

BANKING COUNCILS PARTNERSHIPS FOR COMMUNITY DEVELOPMENT

In these times of decreased profits and increased regulatory oversight, many banks are looking for new ways to increase their commitment to their local community while keeping costs to a minimum. For some, collaboration has proven the best path to this end.

Although banks have long had working relationships with other banks, local government officials, and community leaders, few formalized these associations by creating an independent working group or council. Several innovative community banking councils have been established in New England within the past three years, however. They range in design from a network of banks that meet regularly to focus on a specific credit need, to a collective of banks, public agencies, and nonprofits that acts as a forum for discussion of local economic issues. Some have paid staff which work on independent projects, such as credit needs assessments. Others rely on staff members who volunteer their time, for example, to help conduct consumer education programs or distribute funds from a loan pool.

Collaboration for the purpose of developing a loan pool is much more common than the creation of an open-ended forum. It is not difficult to see why. Loan pools are product-oriented, offering tangible results in a relatively short time. Conversely, councils that promote discussion of a wide range of issues can often be intimidating and frustrating to banks. Not only will their commitment to their local community be the topic of continual debate, but banks may also feel uncomfortable about publicly acknowledging a lack of

awareness of certain credit needs in their area.

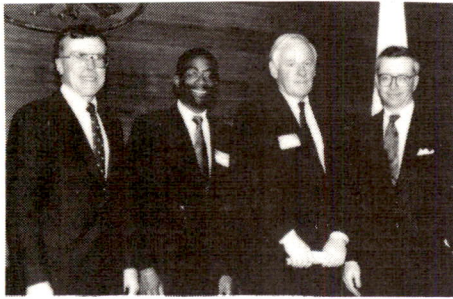
Despite the discomfort, such banks have found that councils usually build and strengthen working relationships among banks and public and private agencies. Furthermore, combining forces with other banks and the community at large has enabled smaller banks and specialty banks to get more for their effort.

This issue of *Communities & Banking* focuses on three banking councils in New England. The Massachusetts Community and Banking Council, representing the entire state, has an ambitious agenda encompassing consumer education, banking services, and bank CRA programs. The Burlington Community Banking Council consists of all of the banks that operate in Burlington, Vermont, plus city agencies and community organizations. So far, the Council has focused on assessing local credit needs and working with a local community development credit union to increase credit flowing into lower-income areas. Finally, the Seacoast Community Banking Council, which focuses on the housing needs of a twenty-town area in New Hampshire, is primarily a loan consortium, but also is involved in consumer education and needs assessment.

Because these banking councils are fairly new, their leverage within their communities is relatively unknown. It is clear, though, that banks have been able to improve their relationships with local community organizations and expand their knowledge of community issues much more effectively by working together rather than independently. **CB**

MASSACHUSETTS COMMUNITY AND BANKING COUNCIL

Boston banks have come under fire once again for their lending practices in the city's minority neighborhoods. Several months ago, local news media began reporting the plight of victims of second mortgage scams. Stories were told of



SCENES FROM MCBC'S ANNUAL MEETING: RICHARD POLLARD, CHAIRMAN, BAYBANKS; JOSEPH D. FEASTER, JR., PRESIDENT, MCBC; RICHARD D. DRISCOLL, PRESIDENT, MASSACHUSETTS BANKERS' ASSOCIATION; RICHARD SYRON, PRESIDENT, FEDERAL RESERVE BANK OF BOSTON

homeowners, often poor and minority, whose homes were being foreclosed because they could not afford the debt service on their second mortgages. Cases were documented that involved misleading and high pressure sales tactics, exorbitant fees, and very high interest rates.

As part of their investigative efforts, the media focused on the relationships between several second mortgage companies and area banks. These companies, operating primarily in Boston's minority neighborhoods, have all been accused of unscrupulous lending practices.

Although the banks' involvement in these unethical and sometimes illegal dealings is not yet clear, some public officials and community advocates argue that underinvestment in these neighborhoods by Boston banks has provided an environment where such companies can flourish. Community and public representatives also charge that by extending lines of credit and sometimes by purchasing loans from these mortgage companies, the banks profit from their questionable activities.

Faced with such serious allegations, the banking community found itself in need of a way to organize a joint response. Fortunately, a structure was already in place that would allow them to deal with the issues collectively.

The Massachusetts Community and Banking Council (MCBC), established in July of 1990, was designed as a forum to discuss and devise solutions to community credit needs issues across the Commonwealth. It is one of three entities created by the Massachusetts Bankers Association as part of its Community Investment Program (CIP). The CIP is a statewide response to the problems of underinvestment and disinvestment in lower-income and minority communities.

The other two entities under the CIP umbrella, the Massachusetts Housing Investment Corporation (MHIC) and the Minority Enterprise Investment Corporation (MEIC), were chartered to make debt and equity investments in affordable housing and minority businesses, respectively. MCBC was created as a separate entity to assist both corporations in carrying out their programs and to assist member banks in meeting their CRA responsibilities, in addition to providing a forum for bank and community concerns.



WILLIE JONES, GREATER ROXBURY NEIGHBORHOOD AUTHORITY; PAT MCGUIGAN, BOSTON PUBLIC FACILITIES DEPARTMENT; SUNNY-BRENT HARDING, HARDING & HARDING, MCBC BOARD

With a membership of over 100 Massachusetts banks and a board of nine bankers and nine community

representatives from Boston, Springfield, and several other cities, the Massachusetts Community and



DAREN LOPES, GENERAL ELECTRIC; BILL FULLER, VICE PRESIDENT, SHAWMUT BANK; TOM SCHUMPERT, PRESIDENT, MASSACHUSETTS MINORITY ENTERPRISE INVESTMENT CORPORATION; RON WALKER, FLEET BANK; WAYNE JOHNSON, STATE STREET BANK

Banking Council speaks for a wide range of organizations. Joseph Feaster, MCBC's president, has been coordinating the Council's efforts to come up with a comprehensive solution to the second mortgage scam. MCBC has provided a forum where community advocates have presented proposals to the banking community to set up a conciliation process to aid victimized homeowners. The Massachusetts Bankers Association also chose MCBC to announce its support of a moratorium on foreclosures.

While MCBC has been wrestling with the issues behind the second mortgage scam for several months, it has been working on its long-term goals for over a year. Following are some of the programs and services MCBC has determined will help banks across the Commonwealth better meet the needs of their communities.

- **BANKING SERVICES.** A voluntary welfare check-cashing program was instituted last year, in which over 200 banks currently participate. In May of this year a voluntary direct deposit program for welfare recipients was introduced as well. MCBC has also undertaken research to design a low or no cost checking account for lower-income customers.

BURLINGTON COMMUNITY BANKING COUNCIL

Three years ago Burlington, Vermont was declared the most livable city in the country by the U.S. Council of Mayors. Much of the credit for this award must go to the cooperation among the city's various community, business, and economic development agencies. During the past decade, Burlington has focused its energies on revitalizing the city from within. While other city governments were attempting to lure big business into their areas, Burlington implemented programs that promote and work with locally owned businesses.

It was in keeping with this grow-your-own philosophy that the acquisition of a local bank by an out-of-state institution mobilized the city to create the Community Banking Council in early 1989. The Council, representing the seven area banks, the city's Community Economic Development Office, and representatives from local nonprofit housing, small business, and consumer advocacy organizations, was established to ensure that banks not lose touch with the communities they were chartered to serve.

The beginnings of the Council were bumpy, by all accounts. The city, known for its progressive community development programs, faced representatives of an industry whose lending policies it felt were overly conservative. Conversely, the bankers initially felt that the nonbankers in the group were not appreciative of the regulatory and financial constraints unique to their industry. Yet both sides agree that the Council has helped clear the air. As Council member Jane Knodell, President of Vermont CRA, a consumer advocacy organization, put it, "Both sides had preconceptions, and the Council is very good at breaking down those preconceptions." John Ewing, President of Bank of Vermont and one of the Council's original co-chairs, echoed that sentiment. "We

spent the first year getting to know each other, and, in the process, got rid of a lot of webs of mistrust."

The majority of the Council's activities have been developed and implemented by its three subcommittees: Small Business, Housing, and Consumer. Below is a brief overview of several of the programs in progress.

- **AFFORDABLE MORTGAGE PRODUCTS.** The Council has approached the problem of affordable housing from several directions. It is working with the Greater Burlington Industrial Council to create a central information bank of the types of affordable mortgage products currently available. The Council also plans to write an article for the local newspaper on various homeownership products for people with low and moderate incomes. In addition, the Council intends to explore nontraditional home financing options, and will be inviting various housing experts to speak with local bankers.

- **SMALL BUSINESS SURVEY.** Burlington was recently chosen by *Inc. Magazine* as the best place in New England to grow a business. City officials contend that Burlington's business-friendly environment is due in large part to public initiatives, and argue that banks could do more than they are to encourage small business growth. In order to determine whether local banks are meeting the credit needs of small businesses, the Council has decided to conduct a survey of all small business loan applicants for a two-quarter period. Once the survey results are in, Council members will have a common ground on which to debate future small business lending policies.

- **VERMONT DEVELOPMENT CREDIT UNION.** The Council's work with VDCU, the first community development credit union in Northern New England, has become the focal point of its program. VDCU's mission, to bring financial

services to low-income people, ties directly into the Council's goals. By providing a less intimidating environment to people unfamiliar and uncomfortable with banks, VDCU has found a great demand for its services in low-income neighborhoods. By depositing funds in the credit union, local banks have enabled VDCU to increase the number of loans it can make. Bank personnel, from tellers to marketing experts, volunteer time to help VDCU, and gain a different perspective on the financial services market. The combined deposits of area banks, totaling \$200,000 in below-market CDs, and other organizations have reached over \$1,000,000. VDCU has been able to use these funds to make loans to date of \$400,000.



VDCU BOARD MEMBER CHRISTINE JONES RECEIVED A \$750 LOAN FROM VDCU TO ESTABLISH HER DAYCARE CENTER. JONES IS A FORMER WELFARE RECIPIENT.

- **EDUCATION AND OUTREACH.** The Council also supports the Burlington Ecumenical Action Ministry (BEAM), which created VDCU, in establishing educational outreach programs for the Credit Union. BEAM is well known in the Burlington area for its innovative educational, community development, and social service programs. Vermont Federal Bank is helping BEAM start a banking program for fourth and fifth graders at Champlain Elementary School. Howard Bank is involved in developing a Counseling and Advocacy Program. As part of the program, the first of several focus group meetings was held in June with members of Northgate Tenants Association, the largest low-income housing

SEACOAST COMMUNITY BANKING COUNCIL

project in Burlington. As Cheryl Fatnassi, Chair of the Consumer subcommittee and Vice President at Howard Bank, explained, "Focus groups will help us determine what level of financial service assistance people need."

Caryl Stewart, VDCU President and Executive Director of BEAM, summarized the overall progress. "Here in Vermont, we have set a new standard for commitment by banks to the success of a community development credit union. The Banking Council has helped us do that, and everyone benefits."

As the Council matures and its programs are implemented, better relationships are being forged among its members. "Tension among different groups has lessened," noted Ewing. "The Council has provided a tremendous benefit in promoting understanding between banks and community groups," he said. Yet its members recognize that tension is an integral part of the collaborative process. "Part of the success of the Council is that there is an undercurrent of discord," explained Bruce Seifer, Council member and Assistant Director for Economic Development of the city's Community and Economic Development Office. Disagreement forces everyone to define and defend their positions, he noted, "and this makes for a better product." The city, meanwhile, will continue to prod its banks to create new products and services, and extend more credit to the community. As Seifer put it, "There's always more we could do."

For more information about the Burlington Community Banking Council contact Larry Kupferman, Business Development Specialist, Champlain Valley Office of Economic Opportunity, at (802) 863-6248 or Bill George, Senior Vice President and Regional Manager, Vermont National Bank, at (802) 863-8900. They are the Council's current Co-Chairs. **CB**

The 1980s were boom years for the Seacoast area of New Hampshire. As in most other areas of New England, this twenty-town region in the southeastern part of the state saw its unemployment rate drop and its housing prices rise. As one of the two largest employers in the area, Pease Airforce Base, located in Portsmouth, helped support the thousands of jobs and hundreds of millions of dollars in wages that local businesses generated.

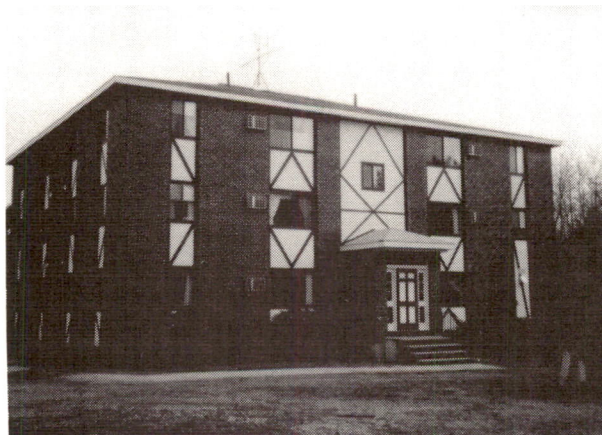
So when it was announced in 1987 that the airforce base would be closing within the next two years, the local economy, pushed along by the general economic slowdown, went into a tailspin. To make matters worse, both the federal and state governments adopted an ambivalent approach to recruiting new businesses into the area. Several companies have expressed interest in locating on the base, which closed in September of 1990, but issues over leasing and hazardous waste cleanup have substantially delayed negotiations.

This gloomy picture is what Seacoast area banks were facing in late 1989 when their chief executive officers were invited to a meeting hosted by Fleet Bank - NH to discuss affordable

housing. Fleet had been approached by a local nonprofit developer, the Housing Partnership, with the request to convene the meeting. Anne Meadows, Executive Director of HP, borrowed the idea from the Massachusetts Bankers Association, which was then going through its own series of negotiations with local community organizations.

Meadows met with more than twenty local banks that November to talk about the crisis in affordable housing and her organization's work as a nonprofit developer. Her statements, however, were greeted with a great deal of skepticism from the attendees. How could there be an affordable housing crisis when rents were dropping rapidly and vacancies were on the rise? Meadows saw that it would take more than one organization's voice for these bankers to realize the magnitude of the crisis.

With the prodding of Clarke Chandler, then Senior Vice President of Fleet, these banks agreed to explore the issue further. During the next nine months, they met with representatives from city planning departments, human service agencies, and housing authorities to discuss the social and economic problems facing the area. These agencies described a scenario in which families were seeing their wages drop even faster than area rents. During the boom, they noted, the concern was escalating home prices. Today, many families that had relied on two incomes to pay the rent must now squeak by with only one family member employed.



ARBOR FALLS, RECENTLY PURCHASED BY THE HOUSING PARTNERSHIP, WILL PROVIDE 24 AFFORDABLE RENTAL UNITS IN ROCHESTER, N.H. THE COUNCIL PROVIDED A \$434,000 LOAN TO HP FOR THE PURCHASE.

Chandler acknowledged that CRA compliance was the initiative in getting banks to participate in the meetings initially. Within a few months, though, it became clear to local banks that discussions weren't enough; a program was needed to help solve the affordable housing problem.



NICHOLS AVE. IN NEWMARKET, N.H. WILL BE CONVERTED INTO A 6 UNIT AFFORDABLE RENTAL BUILDING. THE COUNCIL HAS COMMITTED \$125,000 TO THE PROJECT.

After several months of regular meetings, twenty two area banks decided to formalize their group by creating the Community Banking Council, with Chandler as Chair. Though their title is general, their mission is focused on promoting affordable housing. Mark Tierney, Executive Vice President of Fleet - NH and the Council's current Chair, noted that the Council chose to focus its energy on one issue, rather than getting sidetracked by the myriad of other problems facing the local economy.

In that vein, the Council set up a direct working relationship with the Housing Partnership by establishing a \$5.65 million below-market loan pool. The pool, formalized this spring, is structured so that HP applies directly to the Council with a loan request to purchase an existing building. A loan origination committee reviews the application before the Council meets and recommends approval or denial of the loan. HP assumes sole responsibility for managing the property if it is used as low-income rental units, or for selling the property to lower-income families. The rate of interest charged HP, from 7 to 8 percent depending on the project, is low enough to ensure the long-term affordability of its rental properties.

Although total dollar commitment is binding, the participation of every bank in each project is not required. Member banks decide, as each loan application is reviewed, whether or not they wish to participate. Three projects have been approved so far,

totaling \$715,000, with five more under review.

"We are encouraged," said Meadows, "that the banking community has developed a better understanding of the economic and social need for affordable housing." Chandler, though, is concerned about the program's flexibility. As fundraising chairman for the Housing Partnership in 1991, he cautions banks against applying standard commercial underwriting criteria to each loan application they receive, disregarding the unique aspects of affordable housing. "This hampers the agency's negotiating capabilities and eliminates some potentially rewarding opportunities," he noted.

The Council has also established several committees to explore related issues. The Secondary Market Committee was created to ensure that the loans are structured so that they can be sold on the secondary market, thus ensuring a perpetual supply of affordable housing funds. The Education Committee has held one open house so far on first time homebuyer programs. The Outreach Committee has developed and distributed questionnaires to local businesses, schools, and public agencies to help determine the credit needs of the community.

Local banks are also working through the Council to encourage the federal government to sell off the housing on the airforce base. HP is willing to purchase some of the 400 or so units

to increase the pool of affordable housing in the area.

The Community Banking Council recognizes that it does not have the support of public agencies as similar councils do in Vermont or Massachusetts, and this is reflected in their agenda. "We can't rely on the government to do our work for us," Tierney noted, "If there is a problem in the community, it's up to the community to do something about it." Their hope is that by demonstrating the commitment of banks to increasing the amount of affordable housing in the Seacoast area, the local, state and federal governments will begin to put more resources into revitalizing the area.

For more information on the Community Banking Council, contact Mark Tierney, Fleet Bank - NH, at (603) 594-5884. **CB**

Free subscriptions and additional copies are available upon request to the Community Affairs Department, Federal Reserve Bank of Boston, P.O. Box 2076, Boston, MA 02106-2076, or call Sheryl Snowden at (617) 973-3097.

The views expressed in *Communities & Banking* are not necessarily those of the Federal Reserve Bank of Boston or the Federal Reserve System. Information provided on upcoming events and other organizations should be viewed as strictly informational and not as an endorsement of their activities.

Financial institutions, community-based organizations and other organizations involved in community development that have interesting projects, programs or ideas that they would like to have mentioned in the next issue of *Communities & Banking* should contact:

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PUBLICATIONS

CRA Compliance

Community Relations Action Guide, Michael P. Sullivan and Nancy B. Greenspan, American Bankers Association (1989). A guide for bankers on developing a strong community relations program. Includes "how to" sections, tables, charts, and sample documents from some of the top-rated banks in the country. Call the ABA at (800) 338-0626. \$198 members, \$297 nonmembers.

* **Fair Lending and Community Investment Compliance Manual**, American Bankers Association (1991). Provides specific tactics and action plans to help financial institutions comply with the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, and the Community Reinvestment Act. Includes a computer-based tutorial which presents over 200 situations based on real-world circumstances involving these regulations. Call the ABA at (800) 338-0626. \$169 members, \$254 nonmembers.

Community Reinvestment Act ADVISOR, Carras/Newkirk Publications. A new periodical designed to help financial institutions improve their CRA programs. Call Carras/Newkirk at (800) 525-4237. \$195 for six issues.

* **A Banker's Guide to the Community Reinvestment Act: Case Studies of 33 Institutions**, Kevin Kane, Esq. and Robert E. Mannion (1991). Provides history and requirements of CRA, along with the community reinvestment strategies of various banks. Also includes commentary on the future of CRA. Call the Bureau of National Affairs, Inc. at (800) 372-1033. \$95.00.

Microenterprise

* **The Hidden Beast: Delinquency in Microenterprise Credit Programs**, Katherine E. Stearns, ACCION International (1991). The costs and causes of delinquency are examined, as are successful strategies for controlling delinquency. This is the fifth in a series of discussion papers on topics related to program implementation of microenterprise projects. Call ACCION at (617) 492-4930. Each discussion paper is \$6.00 in English, \$3.00 in Spanish.

Software Programs

* **First Step Review**, National Business Association and U.S. Small Business Administration (1989). A business loan review software program designed to help potential borrowers understand the types of financial information required by lenders. Call the NBA at (800) 456-0440. Free.

* **A Public/Private Partnership Model for Home Mortgage Lending**, Federal Reserve Bank of Atlanta (1990). Designed for organizations looking to create a program for lower-income borrowers. The model demonstrates how various financial factors affect affordability. Includes Lotus 1-2-3 spreadsheets on diskette. Write to Federal Reserve Bank of Atlanta, Community Affairs, Dept. of Supervision and Regulation, 104 Marietta Street NW, Atlanta, GA 30303-2713. Or call Dianne Rawls at (404) 589-7307. Free.

Housing

* **Lessons Learned from the Atlanta Mortgage Consortium**, Ronald N. Zimmerman, Federal Reserve Bank of Atlanta (1990). Reviews the results of a loan consortium geared toward residents of Atlanta's lower-income minority neighborhoods. Also discusses the causes of denial under traditional lending criteria and their public policy implications. Write to Federal Reserve Bank

of Atlanta, Community Affairs, Dept. of Supervision and Regulation, 104 Marietta Street NW, Atlanta, GA 30303-2713. Or call Dianne Rawls at (404) 589-7307. Free.

* **The Housing Ladder: A Steeper Climb for American Households**, National Association of Realtors (1990). Discusses the changes in the housing market which have made the transition from rental to homeownership more difficult for people with lower incomes. Also documents the role of public and private agencies in providing affordable housing. Write to National Association of Realtors, Products and Services, 777 14th Street NW, Washington, D.C. 20005. Or call (800) 874-6500. (Item number 186-210.) \$30.00.

* **Making Housing Set-Aside Funds Work**, The Development Fund (1991). A three-volume report that describes how community developers can access capital from redevelopment agencies. Write to The Development Fund, 1107 Oak Street, San Francisco, CA 94117. Or call (415) 863-7800. \$25.00 for nonprofits. Free executive summary.

* **Who Can Afford to Buy a House?**, U.S. Bureau of the Census (1991). This report compares the financial situation of homeowners and renters to home costs in the areas where they live. It finds that only 9 percent of all renters are able to afford homeownership. Write to Superintendent of Documents, DPD Publications Unit, 1201 E. 10th Street, Jeffersonville, IN 47132. (Document number H121-91-1.) Enclose a check for \$2.50.

The Massachusetts Housing Partnership offers over 35 technical publications designed to assist communities developing local housing strategies. Subjects range from affordable housing design to alternative financing mechanisms. For a complete list of available publications contact Tara Murphy at (617) 338-7868.

Community Development

* **Regional and Local Economic Analysis for Practitioners**, Praeger Publishers (1991). A review of state-of-the-art regional and local economic development initiatives. Write to Praeger Publishers, 88 Post Road W., Box 5007, Westport, CT 06881. Or call (203) 226-3571. (ISBN number 0275937518.) \$17.95.

* **Partnerships for Success: A Mentoring Program Manual**, Enterprise Foundation and United Way of America (1989). A manual for developing partnerships among public, private, and nonprofit organizations. Includes information on planning, marketing, volunteer training, and program operations. Call the Enterprise Foundation at (301) 964-1230. \$20.00.

* **Banking Services for the Poor: Community Development Credit Unions**, Woodstock Institute (1991). An overview of credit unions across the United States that offer credit and financial services to lower-income communities. Includes recommendations on how public and private agencies can support the work of these credit unions. Write to Woodstock Institute, 407 S Dearborn, Suite 550, Chicago, IL 60605. Or call (312) 427-8070. \$16.00 for-profit, \$8.00 other.

* **Mentoring Program Design Manual**, Women's Business Development Corporation (1991). Covers all steps in developing a business mentoring program, including program organization, recruitment, screening, orientation and training, and evaluation. Also includes sample questionnaires, application forms, and brochures on diskette. Technical assistance from WBDC staff also provided. Write to WBDC, P.O. Box 5347, Augusta, ME 04332-5347. Or call (207) 623-0065. \$375.00.

CONFERENCES

September 10-11

"Developing Affordable Rural Housing," Housing Assistance Council. Burlington, VT. A series of workshops which will provide intensive training on Farmers Home Administration programs, multi- and single-family programs and other resources for developing affordable rural housing. Designed for nonprofits, community development corporations, private builders, public agencies and other professionals involved in affordable housing development. For more information, contact Luz Rosas of HAC at (202) 842-8600.

September 12

"Massachusetts Association of CDCs 10th Anniversary Annual Meeting," MACDC. Boston, MA. Meeting will include nominations to the executive committee with reception following. For more information, contact Gwen Reeves of MACDC at (617) 523-7002. MACDC is also planning a Lead Awareness Day sometime in October. Call for details.

September 16-18

"Creating New Partnerships for Community Economic Development," Community Information Exchange. Washington, D.C. For grantees of HUD's Neighborhood Development Demonstration Program, other community-based organizations, and others working to revitalize low-income communities. Conference will explore federal legislation affecting our neighborhoods and state-of-the-art trends in affordable housing and business development. For more information, contact Ernestine Jackson of CIE at (202) 628-2981.

September 17

"CRA Roundtable," Coastal Enterprises. Wiscasset, ME. A follow-up to June CRA workshop. Will focus on what has been accomplished under CRA and strategize for future collaboration. All interested bankers, community leaders, and housing providers are welcome. For

more information, contact Coastal Enterprises at (207) 882-7552.

October 1-3

"Preserving Affordable Housing: An Introduction to Community Land Trusts," Institute for Community Economics. Washington, D.C. Training opportunities for individuals, community organizations, religious groups, and public agencies interested in starting new community land trusts to create and preserve permanently affordable housing. Case studies and caucuses with experienced CLT leaders. Workshop topics include CLT legal structure, organizing and outreach, fundraising, and project development. For more information, contact Carrie Nobel of ICE at (413) 746-8660.

October 23-26

"1991 Public Policy Conference: Developing an Action Plan for Community Economic Development," National Congress for Community Economic Development. Washington, D.C. For community development corporations and other nonprofits. Session topics include national legislative strategies, community economic development partnerships, and local coalition strategies. For more information, contact NCCED at (202) 659-8411.

Rhode Island Housing and Mortgage Finance Corporation is sponsoring a series of Homeownership Opportunity Fairs in various locations around the state this fall. Realtors, lenders, attorneys, and RIHMFC representatives will present various housing finance options for first-time homebuyers and be on hand to answer questions and prequalify potential homebuyers. For more information on dates and locations, contact Helen King of RIHMFC at (401) 751-5566, ext. 218.

* Denotes publications that have been ordered by the Community Affairs Department and are available for public use.

COMMUNITY AFFAIRS DEPARTMENT
Federal Reserve Bank of Boston
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- **CRA ASSESSMENT AND PLANNING PROGRAM.** This newly developed CRA program is designed to take banks beyond basic CRA compliance elements. The program includes guidebooks focusing on self-assessment, community credit needs, and development of a CRA plan.

- **EDUCATION.** A two-day Home Buyers Fair held in Roxbury last year attracted thousands of people looking to learn more about buying a home. Banker training seminars, designed to encourage bankers and community representatives to discuss local credit needs, have been held in Boston and Springfield, with more planned.

- **MONITORING.** The Monitoring Committee has developed a standardized reporting form to enable banks to respond effectively to inquiries about their community development lending practices from community groups, municipalities, and regulatory agencies. The form, designed to be used in conjunction with HMDA reports, CRA statements, and other related documentation, covers five areas: mortgages, affordable housing development and rehabilitation, small business and other credit products, low-cost checking and savings, and bank facilities.

Discussions are underway with the City of Boston to use the form as part of its linked deposit program. If adopted by the city, and possibly by the state, which has its own CRA law, this standardized form would enable public agencies and community organizations to compare and aggregate data provided by Massachusetts banks much more effectively than is currently possible.

In developing its mission, its focus, and its programs, MCBC has its share of challenges. Because the Council intends to serve the needs of banks and bank customers throughout the state, it must be careful to design products and services that are relevant to rural, urban, and suburban banks of all sizes. Also, its

board members must ensure that they speak for community interests across the Commonwealth, both rural and urban.

According to Tom Callahan, a board member and Assistant Director of Massachusetts Affordable Housing Alliance, the Council's future success will also depend on bank regulators. "The changes in the laws [CRA and HMDA] made the formation of MCBC possible," he said. If regulators are lax in grading CRA exams, he believes that banks could lose interest in the activities of the Council.

Kathy Tullberg, Vice President of Shawmut Bank and also a board member, has a different perspective. "Bankers go to a lot of meetings and have people talk to us," she noted. "My sense is that banks appreciate having a vehicle where they can talk with community folks." She noted, too, that while banks based farther from Boston have legitimate concerns about seeing any local payoff from contributing to the MHIC and MEIC loan pools, the Council's products have a broader appeal and can be adapted to local needs.

"In less than a year," Feaster noted, "the Massachusetts Community and Banking Council has positioned itself as a forum for bankers and community leaders to discuss issues of mutual concern. We will continue to strengthen our ties in the cities and towns outside of Boston, and to develop effective programs and services for our members. Because we represent both bank and community interests, we have the opportunity to become a powerful and unique voice within the Commonwealth. We intend to make the most of this collaborative process."

For more information about the Massachusetts Community and Banking Council, contact Joe Feaster, President, at (617) 423-4449. For information about the Massachusetts Housing Investment Corporation, contact Joseph Flatley, President, at (617) 338-6886. For information about the Minority Enterprise Investment Corporation, contact Tom Schumpert, Jr., President, at (617) 338-0425. **CB**

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