Madison Park Development Corporation Case Study

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A community comes together to fight displacement

Madison Park Development Corporation was forged in the heat of crisis in the mid 1960's. Roxbury, the Boston neighborhood it served, was in the midst of a "white flight" transition. It was becoming a predominantly minority community of African Americans, Latinos, and Cape Verdeans – and one of the city's poorest neighborhoods. The survival of the Lower Roxbury community was literally at stake in 1966 as bulldozers--in the name of "urban renewal" and the expansion of Interstate 95--were razing homes, businesses and institutions, until a small group of local activists fought back. With courage, persistence, and the determined leadership of community members such as Ralph Smith and C. Vincent Haynes, the group mobilized residents in opposition to the City of Boston's plans for the neighborhood, created its own plan, and garnered the resources needed to rebuild the once-thriving community. This initial effort led to the formation of Madison Park Development Corporation (MPDC), one of the country's first community-based, nonprofit organizations that independently develops affordable housing for low- and moderate-income residents.

A grassroots group builds its portfolio

MPDC's grassroots origins were reflected in the skill set of its first Executive Director, Ralph Smith, who was a resident and community organizer. While the organization did not have a real estate development staff person, it nevertheless got engaged early on in urban planning and building affordable housing (it benefited from expertise of architects and planners from local universities (Harvard and MIT) interested in making a difference in urban communities. Earlier in the 60's, the City of Boston had acquired and demolished hundreds of homes and apartments surrounding Madison Park, a former city park, through its urban renewal program. In 1967, MPDC began the development of Madison Park Village on the site to begin the process of replacing homes lost to urban renewal. The Village was constructed in five phases, starting with the building of the 132-unit Smith House mid-rise for seniors, which opened in 1973. The 131-unit Haynes House mid-rise followed in 1974. Madison Park's 263 townhouse apartments were built in two phases, finished in 1979 and 1983. The 20-unit Beryl Gardens Co-op completed the Village buildout when it opened in 1999, bringing the unit total to 546 affordable apartments.

In 1989, Danette Jones took over as MPDC's Executive Director, following Ralph Smith's 23-year tenure. A former financial administrator in Massachusetts state government, she focused on building MPDC's financial health. She realized that one of MPDC's greatest strengths was the asset base it had begun developing in the late 1960's. MPDC formed a joint venture with a property management firm, Maloney Properties, to manage the portfolio. Through this joint venture, the organization was receiving approximately $100,000 per year from its 546 unit portfolio. Jones first began to focus on human capital programs such as an after school program for youth and job training efforts for adults. Carol Pope, a long-standing MPDC board member, describes the priorities of that time: “There was recognition of the growing need to provide social services for tenants to ensure safe communities and lower crime. That resulted in the development of after-school programs and job training efforts. In addition, the economic blight of the community was a factor. Economic empowerment was recognized as a key element to a thriving Lower Roxbury.” But soon, Jones also realized that MPDC’s rental portfolio needed help. Time had taken its toll, and the buildings were in need of a physical overhaul. By the early 90s, there was also the threat that project-based subsidies might expire or be significantly cut.

Jones was not a real estate person, but secured consulting services from a for-profit real estate developer, Patrick Lee, principal of Trinity Financial, to help her restructure the portfolio. Lee and Jones knew each other from their work together in the administration of Michael Dukakis in the 1980’s. During the early to mid ‘90s Lee helped MPDC to re-syndicate its portfolio using 9% low-income housing tax credits, loans from the Massachusetts Housing Finance Agency, and a variety of other sources. Says Lee, “If you walked around Madison Park Village at that time, you would not have come away with the impression that these properties needed a lot of money. It was a courageous thing for MPDC to say, ‘we need to think about these properties over the long haul,’ and to make improvements that an outsider might not see but that would be felt by the residents who lived there.” The properties had been syndicated before the Tax Reform Act of 1986, so restructuring them meant breaking up an old syndication as well as structuring a new one, with significant tax implications for the outgoing partners. “We had to work through a long process,” notes Lee, “to negotiate with the outgoing limited partners, coming to an agreement on how much of the outgoing partners’ exit taxes would be paid, trying to balance getting that done in a way that would fit financially within the recapitalization scheme, allow reinvestment in the property, and be palatable politically to the public agencies involved.”

All in all, Madison Park Development Corporation raised $15 million in new capital to make physical improvements to 295 existing units and support $22 million of existing debt. As another benefit of the project, MPDC also raised a developer fee on the restructuring work it did – overcoming objections from funders that MPDC didn’t need earned income and could rely on foundation funding and other support for its operations. MPDC used the fees to build cash reserves and fund additional social services.

MPDC’s additions to its portfolio during Jones’ tenure were Beryl Gardens, a 20-unit limited-equity cooperative completed in 1998, a community learning center to house the after-school program, and the acquisition in 1997 of the Woolworth’s Building, a 45,000 square foot, 3-story commercial property in the heart of lower Roxbury, Dudley Square. But just as importantly, the property portfolio was now in strong shape with a new financial structure to support it going forward. And Jones had maintained a lean, 4-

person staff, building up an operating surplus every year, so that by 1996 the organization had approximately $1 million in cash.

A major opportunity for MPDC emerged in 1996 when the Boston Housing Authority won a HOPE VI award from HUD to re-develop the troubled and deteriorating Orchard Park Housing Project. Adjacent to Roxbury's commercial hub--the Dudley Business District--Orchard Park stood as a glaring symbol of decades' worth of urban social and infrastructure disinvestment. The Housing Authority was looking to select a developer to take on the project. MPDC still did not have a real estate staff, but it had strong relationships with the community through its board, staff, and programming, and $1 million in the bank. Patrick Lee of Trinity Financial approached Danette to see if MPDC would partner with them to do the project. Says Lee, "We saw them as an organization that could complement what we could do. HOPE VI was a brand new program; there were no stories from previous projects you could use to show people what would happen. People had to take a leap of faith – especially residents. Here the BHA was saying that would knock down housing and build a mixed income community, and that everyone could come back. MPDC had been in the neighborhood for 30 years, had a good relationship with residents, and could do things that we couldn't do like helping the community to feel comfortable with the project, providing social services, and overseeing some of the relocation work." MPDC's history with Trinity in the past convinced them that they could work well together.

MPDC and Trinity formed an LLC joint venture, Madison Trinity Ventures, and together with Maloney Properties submitted a winning proposal to the Housing Authority to redevelop and manage the property as Orchard Gardens. The project would involve $58 million of renovation, demolition, and new construction to create 331 units of low-income housing. For its efforts, MPDC would receive a $900,000 share of the developer fee upon lease-up.

Building an in-house real estate operation

Through the tax credit restructurings that MPDC had completed with Patrick Lee, Danette Jones had also come to know Jeanne Pinado, a real estate expert handling tax credit investments at the Massachusetts Housing Investment Corporation, a private lender and investor specializing in affordable housing deals. Jones hoped that Pinado would come on board as her deputy director to help MPDC tackle the daunting Orchard Gardens project as well as Davenport Commons, an innovative, $60-million development that Trinity Financial had brought them into with Northeastern University that would combine dormitory space with 60 mixed-income condominiums, reducing the community impacts of Northeastern's expansion into Lower Roxbury. "I loved the work that Danette was doing," Jeanne Pinado recalls, "but I kept putting her off. Finally, I said, 'okay, send me your financials,' and I realized they were a much bigger organization than their 4-person staff suggested. With the financial position they were in and the strong property portfolio they had, I could see there was a foundation for growth. So I called her and told her I didn't want to be the Deputy Director, but whenever she decided to leave, to give me a call and I'd be happy to be considered for the Director position."

When Jones decided to move to South Africa in 1998, the board agreed that Pinado was the right choice to be MPDC's new Executive Director. The transition process was not easy for the board. Says Carol Pope, "[MPDC] from its inception was branded by the strengths and identity of its Executive Director. During Danette's tenure, the organization had strengthened its "downtown" relationships with City Hall, key financial institutions and real estate investors. As the complexity of the tax credit restructuring and future developments deals became apparent, there was recognition by Danette and the Board of the need for more real estate development expertise in management and on the Board." But the board had to surmount a culture that was "akin to a closely-held family operation. While our portfolio and financial success had outgrown this image of a small family operation, we still very much operated in that matter. In essence, Jeanne or anyone else was perceived as an 'outsider' that would probably not stay for any appreciable amount of time."

When Pinado took over the helm, the 331-unit Orchard Garden development was in the middle of construction, and Davenport Commons was at the height of a controversial community process to negotiate what would be built there. The Woolworth's Building was also proving to be a substantial challenge. Acquired via an FDIC foreclosure on the assets of the building's mortgage holder, the building had an ongoing below-market lease commitment for the bottom floor, for a Foot Locker store. It had no tenants for the upper floors. Very few funders were interested in doing a commercial real estate project, and MPDC could not entice Trinity Financial as a partner. MPDC convinced city agencies and other nonprofits to commit to lease the vacant space in the building, and finally began rehabilitation work in 2000.

Together, these three projects provided plenty to focus on, but Pinado was also thinking about setting a foundation for the long term. Says Pinado, "With only a four-person staff, a decent cash cushion, and a steady stream of income from management fees and some relatively accessible grant sources, I could spend the money on fixing the infrastructure and seeding new deals." And seed new deals she did. MPDC bought vacant land in 2000 to build Highland Homes, an 18-unit condo project; acquired Interfaith Apartments in 2002 to do a 69-unit rehab; and bought a historic commercial property called Hibernian Hall in 2000.

On the infrastructure side, a particular concern was MPDC's accounting system, which was completely paper-based and "wasn't much more developed than having a checkbook," according to Pinado. She invested in a Blackbaud accounting system, lined up a new auditor, hired an accountant and outsourced to Accounting Management Solutions, a Boston-based firm, to provide a part-time Chief Financial Officer and bookeeper. She also added asset management staff, and made a key hire in 2000 to bring on David Price as MPDC's Director of Real Estate and General Counsel. Price had been Executive Director of Tent City Corporation, a neighboring CDC, since 1995, and had overseen a 72-unit mixed-income development there. A graduate of Harvard and of Boston College Law School, he had also been a real estate attorney at Goulston & Storrs, a prominent Boston law firm specializing in affordable housing. Price took on responsibility for directing both housing and commercial development projects, as well as overseeing asset management for the existing portfolio. MPDC held off on hiring a project manager until 2002, working instead with development consultants and joint venture partners like Trinity Financial.

Says Pinado, “Danette thought I had gone over the edge when we hired more staff and took on 3 more projects, in the midst of all the Orchard Gardens and Davenport Commons activity. But I really understood real estate, and I could ferret out who I wanted to work with. Once we got underway, the phone never stopped ringing.”

Hitting stride and looking forward

Orchard Gardens was completed in 1999, winning awards for best practices and design from HUD and the American Institute of Architects, as well as a “Builders Choice” award. MPDC went on to complete its first homeownership development in 2000 – Shawmut Estates, a 15-unit project on which Trinity Financial was also a partner. Davenport Commons was completed in 2001 and won the prestigious Maxwell Award from the Fannie Mae Foundation. All in all, from 1998 to 2004 MPDC developed 93 units of homeownership housing and grew its portfolio of multifamily housing from 546 units to 1,250 units. The organization also moved into commercial development, completing the development of the Woolworth’s Building in 2001 (there are now 150 people employed in the building) and putting 75,000 square feet of space under management by 2004. In 2004 it completed the $7.5 million renovation of Hibernian Hall for a new life as the Roxbury Center for the Arts. By 2004, Madison Park’s real estate development and management activities brought in revenues accounting for about 50 percent of the organization’s budget, supporting other program lines including community organizing.

At the same time, MPDC continued its organizational growth and development, guided by two rounds of strategic planning in 2000 and 2005. In January 2004, MPDC hired a Deputy Director with over 20 years experience in human resource development to help implement strategies for staff development and growth. Staff grew to 16 by 2006, including several key real estate positions. MPDC also added a Real Estate Analyst (to work on financing applications, loan closings and other financial analyses supporting both new development and asset management), a Senior Project Manager, and a Senior Asset Manager. In addition, MPDC continues to utilize development partnerships and consultant services. “I see partnerships with private developers as a great staff development opportunity for our junior staff,” says Pinado. “And development consultants can be a great way to extend the amount of work you can accomplish with a limited staff. You just have to have someone skilled enough to hire the right consultants, manage them well, and know when a project is going well and when it isn’t.”

Closing words of advice

Pinado says, **“**I always tell people there are two things you have to do to grow your real estate business. First, help a for-profit get his approvals and zoning, on some projects that are consistent with the strategic objectives of your non-profit. There's lots of people in the private sector who make their living just doing that, so there's nothing wrong playing that role. And share in some small cut of a big fee on a big project. Then once you have capital, you can ask for a higher share of the fee. Second, you have to build the systems and get the right people. The question is how you afford that." Pope adds a third priority: "Build relationships among community and religious leaders, city and state political leaders and financial and philanthropic leaders."

Questions for discussion

- What were some of the key turning points in the growth of MPDC's development business? (pick at least two). What were the questions that MPDC was facing at the time, and the alternatives they could have chosen?
- What do you see as the key factors that drove MPDC's success in real estate development? (Having money? Hiring the right people? Being in the right place at the right time? Having a strong community base? Strong systems? Utilizing partnerships? Something else?)
- How has MPDC balanced an opportunistic mindset and a "planful" mindset over its history of involvement with real estate development? Where was MPDC more deliberative and where was it more opportunistic? Was it necessary to take a "leap of faith" to "get to the next level?"
- What themes and ideas from the case study are applicable to your own organization? How could you afford to make the investments MPDC made in its growth?

EXHIBIT A: MPDC Governance, staffing, and program areas

Governance

Madison Park is governed by a community-based 13-member board of directors, 90% of whom live or work in Roxbury. The board makes policy decisions and supervises the executive director. Directors are chosen for their community ties and professional skills. The majority of our board lives in Roxbury, with four living in housing owned by MPDC. All are persons of color, eleven African-American and two Latino, reflecting the composition of the community. Directors are elected at annual meeting of members of MPDC. In 2004, MPDC adopted a new three-year plan for the years 2005 and beyond. As the period of the old plan came to a conclusion, the Board appointed a new Strategic Planning Committee, chaired by Elmer Freeman, who also serves as chairman of the MPDC Board of Directors. Our constituents helped us shape this plan through a series of focus groups, interviews and individual conversations.

Staffing

The organization has 16 staff members who carry out its work, of whom 82% are persons of color. Over 50% reside in the community. Four are bilingual in Spanish-English. The board has set a priority for adding more Latino board members and staff.

Madison Park's Accomplishments in Community Development

Madison Park's successes have occurred across our four major program areas:

- **Real Estate —**rental housing development, home ownership development, commercial development, management of commercial properties and asset management of real estate portfolio.
- **Economic Development—**workforce development and technology training programs, cultural economic development initiatives, financial literacy and Individual Development Account (IDA) programs.
- **Community Organizing—**the creation and support of resident associations and community-based organizing campaigns including those related to public safety, civic participation and commercial district revitalization strategies.
- **Youth Programs—** technology training, after school and summer programs and two college scholarship programs.

Real Estate Development Outcomes

Madison Park's development track record shows that we have the capacity to develop very large projects and to develop and manage a wide range of residential, office, retail, cultural and community programming uses. In its 40 year history, Madison Park has built properties with a total development cost of over $218 million. Currently, another $12.9 million is under development, and $26.9 million is in the pipeline for construction starting over the next two years. Our largest project to date was the Orchard Gardens renovation, completed in 2000 at a cost of $58 million. These projects created over 770 full-time construction jobs, 40% of which went to workers of color. Madison Park's construction contracts totaled over $121 million, including $40 million awarded to MBEs. We have successfully renovated eight historic buildings that are now listed on the National Register of Historic Places.

EXHIBIT B: MPDC 2006 REAL ESTATE PRODUCTION AND PERFORMANCE GOALS

Real Estate Development and Asset and Commercial Property Management

Going forward, as noted in its strategic plan, MPDC intends to look at a variety of real estate models, including mixed-income housing and mixed-use projects that combine retail and residential uses. It will continue to preserve affordable rental housing, create more home ownership opportunities for moderate-income residents and also maintain its focus on commercial development in Dudley Square. In our 2005 three-year strategic plan, we set goals for all lines of business. This year, we're developing our second comprehensive operations plan with specific goals, milestones and community outcomes.

MPDC has a history of combining its real estate development and organizing activities and engaging stakeholders to evaluate outcomes and set a strategic direction for its work.

Rental Housing Development

MPDC's major **performance goal related to rental housing development is to develop or preserve 200 rental units over the next 24 months.**

Two-year strategies for doing so include:

- Completion of Ruggles-Shawmut Apartments, a 43-unit affordable rental rehabilitation project which includes renewal of the project's expiring Section 8 contract to ensure long-time affordability for very-low income families
- New construction of rental apartments on publicly-owned land
- Acquisition of other "expiring use" properties in the Roxbury and South End neighborhoods

Specific **outcomes** related to these goals include:

- Increase in the supply of affordable rental units in Roxbury
- A reduction in the rate of increase of rental rates in Roxbury
- Insulating residents from market fluctuations
- Allowing low income families to survive in an expensive housing market

MPDC will **measure outcomes** by assessing over a three-year period:

- Changes in the number of affordable rental units in Roxbury census tracts
- Calculating the rate of increase in market rents and comparing that to the increase in rents at our properties over the same period of time
- Calculating the number of units preserved as affordable housing in expiring use properties and the number of units converted to market
- Calculating the number of low-income families served by the new housing.

Home Ownership Development

MPDC's major goal relating to home ownership is the development of 100 new units within the next 24 months.

Two-year strategies for doing so include:

- Development of 2451 Washington Street, a 36-unit mixed-use and mixed-income condominium development that will employ green and sustainable development practices which enhance the asset value of the building, lower operating and maintenance costs and maximize additional benefits to the occupants and community.

- New construction of 50-100 homeownership units on public land
- Pursuing a second phase of Highland Homes with 20 mixed-income home ownership units on private and public land

Specific **outcomes** related to this goal include:

- Increase in homeownership rate in Roxbury versus other Boston neighborhoods and city-wide
- A reduction in the rate of increase for home prices in Roxbury
- Insulating residents from market fluctuation through home ownership
- Allowing families who could not otherwise acquire a home the opportunity to purchase one

MPDC will measure these outcomes by assessing the:

- Change in the number and percentage of ownership units in Roxbury
- Calculating the percentage of household income that new homeowners must pay in monthly housing costs against an affordability threshold of 33% of household income
- Calculate the number of families served by the new housing.

Commercial Development and Revitalization

In the area of commercial development and revitalization, MPDC will work on developing Dudley Square in Roxbury into a thriving commercial business district.
Two-year strategies for achieving this goal include:

- Successful leasing and management of tenant spaces and ballroom operations at Roxbury Center for Arts at Hibernian Hall and 2201 Washington Street
- Support of new and existing retail establishments in Dudley Square
- Strengthening the existing partnership between community, businesses and the police/security forces in Dudley Square (also Community Organizing goal)

Specific outcomes related to this goal include:

- A broader range of retail establishments and mix of retailers that meet the market demand for goods & services
- "Legal" nightlife and more businesses that stay open in the evenings in Dudley Square
- An increase in cultural tourism
- A 20% decrease in crime rates in and around Dudley Square over the three year period of 2005-2007
- A decrease in publicly owned vacant land by 2007
- Highly visible and active use of vacant public land prior to development, such as the Dudley Square Farmers Market

MPDC will **measure** whether it has achieved these outcomes by assessing:

- The number of new businesses in Dudley Square

- The number of retailers that stay open past 6:00 PM
- The number of new businesses in retail categories for which there is market demand but a shortage of local businesses
- The number of functions and events held at Roxbury Center for Arts at Hibernian Hall (RCAHH)
- The number of new jobs created at RCAHH
- The number of cultural tours conducted each year
- The ability to continue and expand on The Farmers Market (and other activities) held on vacant publicly owned land in Dudley Square
- Crime data prepared by Boston Police Department and the Metropolitan Boston Transit Agency Police Department

Asset Management and Commercial Property Management

MPDC's **major performance goals** in the **asset management** area are:

- Maximizing revenues and net cash flow.
- Maintaining the value of its assets through effective management of its Capital Improvement Program.
- Increasing the quality of life for residents.
- Delivering high quality property management and resident services.

Two-year strategies for **maximizing revenue, net cash flow and asset value** include:

- Meeting with third-party property management staff to review to review their monthly financial and operations reports, make decisions based on report information and review/approve annual property budgets.
- Establishing financial performance standards that are monitored by the asset management staff on a monthly basis and reviewed quarterly by the Board Real Estate committee.
- Establishing and enforcing consequences for management companies that fail to meet performance standards. (For example, in 2005 we put the management contract out to bid)
- Renewing or releasing office tenants at the commercial properties
- Refinancing existing debt on 2201 Washington Street by the end of 2005 and embarking upon capital improvement projects in 4Q 2006 and 2007
- Implementing a commercial property management plan and capital needs assessment for both 2201 Washington Street and Hibernian Hall.
- Leasing and management of Roxbury Center for Arts at Hibernian Hall
- Establishing, monitoring and completing in a timely manner the capital improvement project schedules for each of MPDC's residential properties.
- Exploring debt refinancing strategies wherever feasible.

Three-year specific **strategies** for **ensuring good quality of life for residents** include:

- Surveying residents with the goal of obtaining a high level of satisfaction; if this is not achieved, MPDC will come up with a plan to respond to residents' concerns.
- Creating and distributing a Resident Handbook for each property.

- Reviewing and updating, if needed, resident selection plans.
- Aggressively monitoring public safety matters and ensuring consistent collaboration among management companies, security offices, residents, and the Boston Police.
- Requiring property management companies to share information through monthly newsletters and quarterly meetings with residents.
- Facilitating workshops designed to educate and empower residents and work closing with organizing staff on resident leadership development.

Specific **outcomes** related to asset and commercial property management include:

- Sustaining asset value: capital repairs done on schedule; refinancing of MPIV completed in January 2006, moderate rehabilitation of property completed by mid-2006; refinancing plan created for mod rehab of Haynes House in place by June 2006.
- Training and stability of management staff: highest grades in site inspections by regulatory agencies/funders
- Resident satisfaction: surveys show increase in resident satisfaction over time; resident meetings held at least quarterly at each development; tenants understand and support requested rent increases.
- Maintenance: fewer than 15% resident-generated work orders; monthly site inspections; annual apartment inspections and timely follow-up of work orders generated during annual unit inspections.

MPDC will **measure** whether it has achieved these outcomes over a three-year period by:

- Reviewing capital needs schedules for each development at monthly senior staff meetings (MPDC and management company)
- Property performance at inspections and reviews of regulatory compliance
- Analyzing resident satisfaction by comparing results from surveys collected in 2005 to those collected in 2006 and 2007 annually; feedback from Resident Service Coordinators and other management staff; attending monthly owners meetings (site managers and MPDC asset managers), reviewing attendance at resident meetings and management's ability to get resident support for rent increases.
- Reviewing maintenance issues, at monthly owners meetings, by looking at the percentage of resident-generated work orders; number of monthly site inspections; status of annual apartment inspections.
- Ability to manage operating budgets, refinancing strategies, capital improvements and increase net cash flow at residential properties
- Ability to successfully refinance and release commercial properties and positively impact net cash flow

EXHIBIT C: **MPDC Real Estate Project Priority Scoring Chart**

Scoring is from 1 (lowest feasibility/highest risk/lowest policy benefit) to 10 (highest feasibility/lowest risk/greatest policy benefit) for each of the listed Feasibility Topics.

Total Score =	101 – 150	"A": Project is feasible and a top priority
Total Score =	76 – 100	"B": Project is feasible and a secondary priority
Total Score =	51 – 75	"C": Project may be feasible and a low priority
Total Score =	0 – 50	"D": Project is not feasible

Feasibility Topic		Sample housing project: Fulda-Highland Homes	Sample commercial project: 2201 Washington St.	New Project: Project name: 555 Dudley: acquisition of 9 apartments, 3 store spaces at W. Cottage. 3 units, 1 store now vacant.
Policy Goals				
1.	Stabilizes/enhances current housing portfolio	2 Enhances reputation for quality homeownership development	10 Very close to Madison Park Village and OP Gardens	2 Distant from Dudley Square and our properties
2.	Promote Dudley Square commerce and culture	2 Distant from Square	10 In heart of Square	2
3.	Consistent with NRC and MPDC Strategy and Goals	8 50% plus for affordable homeownership	10 Job creation and ec revitalization	5 Would preserve at-risk rental housing, but small # of units
4.	Support of affected neighborhood	5 Many local questions about density, affordability	10 Dudley Sq. Main Sts supportive	unknown
Subtotal Policy Goals		17	40	9
Financial Feasibility				
	Pays for MPDC overhead during development	7 CEDAC repays acq'n, funds some overhead	5 Little overhead funded	5 Tight budget
	Pays developer fee to MPDC	8 12% fee projected	5 5% fee projected	5 Unclear
Subtotal Financial Feasibility		15	50	10
Financial Risk				
	Predevelopment funds at risk	8 CEDAC pays; will repay acq'n	2 MPDC fronting costs	1 Boston Community Capital can repay after acquisition, but the owner is hard-to-deal with and unpredictable, so the

			closing might be called off for any number of reasons.
Likelihood of assembling sources	10 Solid project	6 Tight numbers for lenders	7 OK if we actually close.
Construction risk	5 Ledge, underground conditions	3 Demo beginning w/no financing commitments	3 We haven’t inspected the building so we don’t know what it needs.
Lease-up/sales risk	8 Strong demand for home ownership in Highland Park	6 7,000 square feet not committed	7 Probably easy to lease to Sect 8 certificate holders after we renovate
Environmental risk	7 Phase I and II reports look good; foundation soil removal may add costs	10 No environmental issues; no foundation work	3 unknown
Other risk	5 Interest rate risk before construction commitment in hand	8 Interest rate risk; could b resolved in next few months	3 Interest rate risk over long-term as rates can only go up.
Subtotal Financial Risk	43	35	24
Organizational Capacity Feasibility			
Current staff availability/capacity	7 Staff can do financing applications, community process	7 Staff will refine pro formas, write financing applications	3 Staff is stretched. It would be hard to justify for such a small project.
Requires outside development consultant(s)	7 Consultant will coordinate GC, architect, construction oversight	7 Consultant will coordinate construction, deal with tenants and lenders’ loan officers	3 Because of staff limits, outside consultants would be necessary; again, hard to support with a small project.
Subtotal Organizational Capacity	14	14	6
Total Scoring	89	139	49
Scoring Category Result	“B”: Project is feasible and a secondary priority	“A”: Project is feasible and a top priority	“D”: Project is not feasible
Recommendation for proceeding	Proceed	Proceed	Do not proceed

EXHIBIT D: MPDC 2006 Budget projections

- (See the pages that follow)