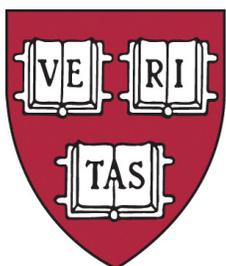


# Profiles in Preservation

New Franklin Apartments in Boston, Massachusetts



A Case Study in the Preservation of Affordable Housing  
by Alexander von Hoffman

June 2014

The research for this series of case studies was conducted with the support of the John D. and Catherine T. MacArthur Foundation.

**Joint Center for Housing Studies**

**Harvard University**

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## **Preface**

The following case study is one of a series of five investigations of projects conducted by nonprofit organizations to preserve affordable rental housing in the United States. These profiles were undertaken to illuminate the characteristics of subsidized housing and the process by which they are preserved — that is to say, refinanced and renovated.

The five subjects of the case studies were selected to represent a variety of geographic locations, communities, and real estate markets; a range of types of tenants: e.g., family, elderly, and formerly homeless; and different types and sizes of nonprofit owner organizations.

Each case explores the history of the particular property and its locale; the history of the organization that owned the property and how it came to own and preserve the property; the methods and challenges of renovating and refinancing the property; and the overall results of the preservation effort. The five profiles in preservation are part of a larger research project supported by the John D. and Catherine T. MacArthur Foundation, whose support the Joint Center for Housing Studies gratefully acknowledges.

## **Introduction**

The following case study tells the history of a set of apartment buildings that over the course of thirty-five years were preserved for affordable housing three times. Franklin Park Apartments is a single property that consists of fifteen three- and four-story buildings located in a dozen sites scattered about the Roxbury and Dorchester districts of Boston. In the 1960s and early 1970s developers used government subsidies to rehabilitate many such structures as part of a widespread effort by government, institutions, and private-sector agents to renew and improve the housing in low-income and predominantly African American neighborhoods.

An idealistic young African American professional, Denis Blackett, contributed to this effort by redeveloping dilapidated low-rent and vacant buildings in Boston's South End, Roxbury, and Dorchester. As part of his work, in 1974 he acquired and renovated the buildings under the name Franklin Park Apartments and acquired subsidies so that low-income tenants could afford them. Having saved the buildings from further ruin and abandonment, Blackett was the first to preserve this property as affordable housing.

By the 1990s, however, Blackett's interest in maintaining the property had flagged, and the Franklin Park Apartments were again in dire need of repair. At the urgent request of the Massachusetts Housing Finance Agency, which held the mortgage to the property, The Community Builders (TCB), a well-known nonprofit housing organization based in Boston, rushed to acquire, refinance, and renovate the property. For a second time the Franklin Park Apartments had been preserved.

By 2009, TCB's staff realized that the utility systems and the physical structures of the Franklin Park Apartments had aged to the point that the buildings needed another renovation. To do this, the organization refinanced the property and undertook a more extensive rehabilitation than before, preserving the buildings were as affordable housing for the third time. The rehab project was no easy task since the buildings were fully occupied and widely dispersed. Nonetheless, TCB took the opportunity to reconfigure some units to make them accessible to handicapped tenants and provide a considerable number of apartments to people who were formerly homeless. By this time, the majority of tenants in the Franklin Park Apartments were Hispanic in background.

The case of Franklin Park Apartments demonstrates that the preservation of affordable housing has been an integral part of the efforts to revitalize urban communities in inner-city neighborhoods in the United States.

### **The Neighborhoods of Franklin Park Apartments: A Brief History**

The Franklin Park Apartments are a motley collection of fifteen apartment buildings, some attached to one another, built at different times and scattered around the Dorchester and Roxbury neighborhoods of Boston. The buildings that would eventually comprise the Franklin Park Apartments were constructed during the late nineteenth and early twentieth centuries as part of the great physical, economic, and demographic expansion of the city of Boston. During this period the former towns of Roxbury, West

Roxbury, and Dorchester were annexed to the small city of Boston and brought closer to the center by the extension of streetcar lines into the outlying areas.

The new districts developed apace, sprouting all sorts of buildings: solid commercial blocks along avenues, small factories in the lowlands, and variously sized residential structures – elegant mansions, single-family and duplex houses, wooden three-decker flats, and substantial brick apartment buildings – throughout. The residences were often sorted by topography and landscape, with larger and more valuable edifices situated on high grounds and near pleasant scenery, whether large natural expanses such as Franklin Park, the jewel of Boston’s chain of parks designed by Frederick Law Olmsted, or small green spaces such as Elm Hill Park.<sup>1</sup>

The new districts attracted a varied population as well. Protestants and Catholics, Yankees and Irish, and everyone from the well-to-do to the working poor filled in the once sparsely populated farm and estate lands. During the first half of the twentieth century, upwardly mobile white ethnics, especially Irish and Jews, settled in these neighborhoods and filled them with small shops, pubs, delicatessens, churches, and synagogues.

The populations of Roxbury and Dorchester were hardly static, however, as members of different ethnic and income groups had been entering and exiting for almost as long as the neighborhoods had existed. Beginning in the late nineteenth century, middle and upper-middle class Yankees – old-line New England Protestants –

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<sup>1</sup> Sam Bass Warner, Jr., *Streetcar Suburbs: The Process of Growth in Boston, 1870-1900* (Cambridge, MA: Harvard University Press, 1962); Alexander von Hoffman, *Local Attachments: The Making of an American Urban Neighborhood, 1850 to 1920* (Baltimore: Johns Hopkins University Press, 1994), 23-63.

were joined by and eventually gave way to middle and upper-middle class Irish-Americans and Jews of eastern European background. In the 1920s, a growing stream of working-class Irish, Jewish, and Italian immigrants and immigrant-stock moved to the outlying streetcar neighborhoods and in time replaced the better-off Catholics and Jews who moved to neighborhoods and towns further out.

Situated above Franklin Park and sporting its own small park, the Elm Hill district developed in the late nineteenth century into “one of Boston’s most desirable neighborhoods” for well-to-do white Protestants. By the early twentieth century it contained mansions, single-family homes, apartment buildings (sometimes in the form of long-term hotels), and large wood-frame suburban style two- and three-family houses. In the 1910s, affluent Jews established themselves in the area, building handsome new synagogues. The number of Yankee Protestant residents began to ebb, which led the Roxbury Latin School, an ancient New England institution, to abandon its plans to establish a new school building and athletic fields there. Yet within a few years, well-to-do and upper-middle class Jews began to choose new areas such as the suburb of Brookline, and over the next few decades were replaced by lower-middle class and working class Jews, who settled in a swath of territory stretching south from central Roxbury to the next neighborhood of Mattapan.<sup>2</sup>

During the twentieth century, African Americans also moved to the growing outer-city neighborhoods, starting in Roxbury. Working-class African Americans spread out from the South End into the industrial areas of lower (northeastern) Roxbury, where

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<sup>2</sup> Gerald Gamm, *Urban Exodus: Why the Jews Left Boston and the Catholics Stayed* (Cambridge, MA: Harvard University Press, 1999), 12, 66, 69, 80, 182, 188-189, quotation at 182.

working-class Irish also lived. Meanwhile, like the Jews before them, upper-middle class blacks settled in the handsome Elm Hill Park neighborhood south of Dudley Square, the historic center of Roxbury. The establishment of two important churches, St. Mark Congregational Church in 1926, at Townsend Street and Humboldt Avenue, and the Charles Street African Methodist Episcopal (AME) Church in 1939, at Warren Street opposite Elm Hill Park, further encouraged the migration of black Bostonians to the Elm Hill neighborhood. The previous locations of the churches reflected the shifting location of the majority of the black population, which was situated first on Beacon Hill (earlier home of the Charles Street AME Church), and later in the South End (from which St. Mark moved).

From the early 1940s, when military work attracted migrants from the South, Boston's black population expanded, pushing further south along the track earlier laid out by Boston's Jews. In a settlement pattern that resembled that of other ethnic groups, Boston's affluent African Americans beat a path through the city that less-well off African American followed. As their numbers increased in the postwar era, working- and lower-class blacks spread out from the South End and lower Roxbury into central and eventually southern Roxbury. By the early 1960s the transition had begun to reach the Franklin Park vicinity, including Elm Hill and the land parcels containing three of the apartment buildings that would later become part of Franklin Park Apartments. A survey in 1962 of a southern Roxbury subdistrict by urban planner Chester Rapkin indicated that three kinds of residents lived there: a mostly Jewish and elderly white population; "better educated and higher-income Negroes; and the remainder, poorly

educated, low-income Negroes." Roxbury was still an integrated neighborhood, but it would not remain so for long.<sup>3</sup>

Once African Americans began moving into an area, whites tended not to move there, so the natural turnover of the population combined with racial flight to shift the racial balance. Between 1950 and 1960 the population of Roxbury shifted from 70 percent white and 30 percent black to the reverse, 70 percent black and 30 percent white. By 1970, city blocks with large percentages of African American residents extended to the south, from central Roxbury along the areas adjacent to Franklin Park to the Mattapan neighborhood, and to the east into adjacent sections of Dorchester, Uphams Corner, Mount Bowdoin, and Codman Square.<sup>4</sup>

As happened with other ethnic groups, middle-class African American residents of the transitional areas felt threatened by the arrival of low-income people. Their presence coincided with "blight," the deterioration of buildings and devaluation of real estate properties no longer maintained by their landlords. In addition, they also seemed to bring disorder and crime. Then as now, the large majority of low-income residents were hard-working honest people trying to get by, but a minority belonged to a lumpenproletariat whose behavior clashed with middle-class virtues and attracted most of the attention. In his survey of the Roxbury subdistrict, Rapkin commented that at least some of the newly arrived low-income African Americans appeared "to be

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<sup>3</sup> Chester Rapkin, "The Seaver-Townsend Urban Renewal Area, A Section of the Roxbury-North Dorchester General Neighborhood Renewal Plan Area: An Analysis of the Economic, Financial, and Community Factors That Will Influence the Feasibility of Residential Renewal" (Boston: Boston Redevelopment Authority, 1962), 21-37, quotation at 37.

<sup>4</sup> Gamm, *Urban Exodus*, 60-63, 83-92, 196-197, passim; Jennifer Hock, "Bulldozers, Busing, and Boycotts: Urban Renewal and the Integrationist Project," *Journal of Urban History* 39: 3 (May 2013), 437.

responsible for the rise in social problems in the area, including a mounting number of unwed teenage mothers and anti-social teenage gangs.” He also noted that many of the low-income newcomers lived in the area’s apartment buildings.<sup>5</sup>

### **Fighting Blight**

The racial and economic transition in the Roxbury and Dorchester neighborhoods set off a struggle to stop the transition and stabilize the neighborhoods. In the highlands of Roxbury, middle-class and professional blacks allied with whites of similar status, often Jewish, to stave off the physical and social deterioration that accompanied the arrival in increasing numbers of low-income blacks. In Elm Hill in 1949, social workers Muriel and Otto Snowden started Freedom House as a community center for organizing their neighbors to promote neighborhood improvement and racial harmony. Boston’s government officials offered little support to these efforts to stop overcrowding and physical deterioration until the election in 1959 of a reformer, John Collins, as mayor.<sup>6</sup>

Since the end of World War II, Boston’s political and business elites had joined together to pursue the economic and physical revival of the city. Their agenda included clearing out numerous older residential sections of the city, which were considered unsightly slums that required disproportionate services and returned little to the city’s coffers. The anti-slum drive came to a climax first in the mid-1950s with the destruction of the New York streets section of the South End, a racially integrated multi-ethnic

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<sup>5</sup> Rapkin, “Seaver-Townsend Urban Renewal Area,” 41.

<sup>6</sup> The Snowdens started Freedom House in part as a way to respond to the fear generated by the murder of a local rabbi. Hock, “Bulldozers, Busing, and Boycotts” 436-439; Historical Note, Freedom House, Inc. records, Finding Aid, Archives and Special Collections, Northeastern University Libraries, <http://www.lib.neu.edu/archives/collect/findaids/m16findbioghist.htm>.

working-class area and again starting in 1959 with the demolition of almost the entire West End neighborhood, also a polyglot district.

When Collins took over the mayor's seat in 1960, he promised to revive the city through a fresh approach to urban renewal. He established a new entity, the Boston Redevelopment Authority (BRA), as the planning agency for the new Boston and named an ambitious city planner, Edward Logue, to be its first director. Besides redeveloping the downtown as a government district, Logue sought to carry out urban renewal plans in Boston's neighborhoods. But the wholesale uprooting of Bostonians by slum clearance and the construction of highways had become extremely controversial. Hence, unlike previous planners who had ignored local residents, Logue made it his policy to consult – or appear to consult – with representatives of the affected neighborhoods to gain their endorsement of the BRA's plans. Like earlier schemes, these plans called for demolition of homes, but they also entailed construction of new buildings that would at least potentially house those displaced by the demolition or members of a similar income group. Moreover, Logue's BRA tried to balance clearance with rehabilitation of existing structures, especially after the popular revulsion to the West End demolition and redevelopment with luxury apartments. Not surprisingly, the Roxbury and Dorchester neighborhoods experiencing racial and economic transitions were a prime target of Logue's urban renewal ambitions. The BRA worked with the Snowdens and other middle-class and professional African Americans to plan a five-hundred acre section of Roxbury designated by the BRA as Washington Park. As mentioned above, the African American population was divided, like other

population groups, by class and income. At first, both upper-middle class and blue-collar middle class residents of Roxbury supported urban renewal as a way to preserve an economically and racially integrated neighborhood and stave off the influx of poor Southerners. African-American homeowners were anxious to protect their property investments in a neighborhood where property values appeared to be slipping. They called for better municipal services and facilities and supported a program of house demolition even more extensive than what the BRA thought was politically reasonable. Reflecting its class biases, Freedom House and a new organization, Citizens Urban Renewal Action Committee, proposed that most of the clearance occur in areas inhabited by the poor migrants from the South and adamantly opposed new public housing projects or a home for unmarried women and their children. The result of the neighborhood negotiations produced a scheme for the Washington Park Urban Renewal Area that would demolish more than a third of the existing housing stock in and rehabilitate another 6,500 houses.<sup>7</sup>

To house people dislocated by the demolition and rehabilitation, the BRA, with the avid backing of the federal government, proposed new construction, including 1,500 units of moderate-income housing. The financing would come via a federal housing program passed in 1961, Section 221 (d) (3) of the National Housing Act, which subsidized the interest paid on the construction mortgage. The Section 221 (d) (3) program aimed to serve a moderate-income clientele, that is, those who earned more than the maximum amount to be eligible for public housing but less than what would

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<sup>7</sup> Hock, "Bulldozers, Busing, and Boycotts," 439-40.

pay for good housing in the unsubsidized market. To ensure local support, much of the new housing was built by local institutions, including important local churches. In Roxbury in 1964, for example, the Charles Street AME Church developed Charlame Park Homes, providing ninety-two units of housing; St. Mark Congregational Church built Marksdale Gardens, an eighty-two-unit project.<sup>8</sup>

Meanwhile, in response to criticisms from Massachusetts Republican Senator Edward Brooke that Federal Housing Administration (FHA) mortgage insurance promoted suburban single-family houses and ignored inner-city neighborhoods, HUD officials proposed using Boston as a test case for employing FHA funds to spur the rehabilitation of run-down inner-city rental properties. In 1967 HUD allocated \$24.5 million of Section 221 (d) (3) funds for the Boston Rehabilitation Program (BURP) to renovate 2,074 apartments for low-income tenants in Roxbury and north Dorchester on a rush basis – six months. HUD’s FHA officials recruited Boston’s major real estate developers, with whom FHA had done business in the past, to carry out the rehabilitation of the apartment buildings in Roxbury and Dorchester. All the developers were white, of Jewish or Irish background.<sup>9</sup>

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<sup>8</sup> Other churches that developed housing as part of Boston’s urban renewal programs included the Union United Methodist Church and Grant AME Church, both in the South End; St. Joseph Catholic Church and 12th Street Baptist Church, both in Roxbury. Hock, “Bulldozers, Busing, and Boycotts,” 443; Willie Jones, “Two AME Churches Develop Housing in Boston Urban Renewal Areas,” unpublished paper, 2010; John H. Spiers, “‘Planning with People’: Urban Renewal in Boston’s Washington Park, 1950-1970,” *Journal of Planning History* 8: 221 (2009), 227-228.

<sup>9</sup> Langley C. Keyes, Jr., *The Boston Rehabilitation Program: An Independent Analysis* (Boston: Joint Center for Urban Studies of the Massachusetts Institute of Technology and Harvard University, 1970), 14-26.

## **Growing Discontent**

From the mid-1960s, however, black Bostonians grew discontented with the BRA's urban renewal plans in Roxbury. Some of the BRA's former supporters became impatient with the slow pace of new development compared to the rapid course of demolition. Some were alienated by the apparent failure of urban renewal to staunch the low-income migration to the neighborhood. By 1966, three years into the urban renewal process, residents were unhappy with the land clearance, lack of BRA consultation, and decline in city services, including public safety.

Meanwhile, the clash between African Americans seeking equal treatment by local government and entrenched politicians and government workers roiled race relations in Boston. For more than a decade the Irish-dominated school committee refused entreaties to supply predominantly black schools with adequate teachers and supplies. An overwhelmingly white criminal justice system, especially the police, treated African Americans harshly. As they fought for civil rights in northern cities, activists around the country became militant and at times angry. In June 1967, protesting welfare mothers attempted to seize the welfare office on Blue Hill Avenue, but when the Boston police turned them out of the building, they clashed with angry bystanders and set off a major riot.

The growing discord spurred outright opposition in African American neighborhoods to the urban renewal schemes. Neighborhood activists insisted on community control of government policies affecting black neighborhoods. Civil rights groups organized working class residents to oppose the Snowdens and the BRA for ignoring the plight of

low-income people in the urban renewal plans for Roxbury. When HUD Secretary Robert C. Weaver came to Roxbury in December 1967 to announce the federal grant for the BURP project, African American and community activists seized the microphone to denounce the BURP program for giving all the rehab work to white developers who were unsympathetic with black neighborhood residents and who were in some cases also irresponsible landlords in their neighborhoods. Furthermore, the activists charged, BURP deprived African-American workers of jobs. In 1967 militant residents of the South End organized Community Assembly for a United South End (CAUSE) and the following year set up a tent city on a neighborhood urban renewal site to block the BRA's plans.

Into this ferment rushed idealistic young professionals, black and white. Legal service lawyers, community health doctors, urban planners, and socially committed architects deployed to Boston's inner-city neighborhoods where they put their skills to work to help low-income residents. In 1966 MIT and Harvard faculty and students organized a nonprofit advocacy firm, Urban Planning Aid, to help Bostonians fight highway construction and urban renewal schemes.<sup>10</sup>

As agitation at the grassroots level grew, local officials and civic leaders redoubled their commitments to save the city. They continued to believe that housing was one of the fundamental problems facing low-income and minority Bostonians and threw their support to more schemes for improving the housing in low-income neighborhoods, especially in Roxbury and Dorchester. In 1968 the federal government enacted a new

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<sup>10</sup> Ben Wisner, "Advocacy and Geography: The Case Of Boston's Urban Planning Aid," *Antipode* 2:1 (August 1970), 25-29; <http://www.cambridgehistory.org/content/inner-belt-symposia>.

private-public program, Section 236, which now became the primary vehicle for developing rental housing in Boston. Like its predecessor Section 221 (d) (3), however, Section 236 aimed to serve the moderate-income group. The Commonwealth of Massachusetts supported the inner-city urban renewal effort, directly through the Massachusetts Housing Finance Agency (MHFA) and indirectly through its Department of Communities and Development. Large corporations based in Boston, such as the John Hancock Insurance Company and Commonwealth Gas, also participated.

In the waning days of the Collins administration, Ed Logue's BRA devised another scheme, Infill Housing, to use private firms to build one thousand units of housing on tax-foreclosed vacant lots. In 1968 the new mayor, Kevin White, and his BRA director, Hale Champion, endorsed the idea and expanded it to a \$47 million program to build two thousand single- and two-family homes for low-income families. In 1968 a consortium of local banks, twenty-two in all, formed the Boston Banks Urban Renewal Group (BBURG), which pledged to make some \$50 million in mortgage money available to low-income families to buy homes in Boston. Boston's governmental, corporate, and community leaders implemented many programs in other areas, such as education and employment, but housing efforts comprised a key element of the drive to improve Roxbury and Dorchester.<sup>11</sup>

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<sup>11</sup> Citizens Housing and Planning Association, *The Metropolitan Boston Development Fund, a Proposal* (Boston: 1968), 36-37; David Ellis, "Hub Council OK's 'Infill' Housing; Rips White," *Boston Globe*, October 15, 1968, 8.

## **Denis Blackett and the Mission to Rebuild Roxbury and North Dorchester**

Denis A. Blackett, the man who assembled and redeveloped Franklin Park Apartments as subsidized housing, launched his career as a real estate developer in this intense milieu of urban upheaval, planning and housing projects, and racial politics. Blackett had graduated from MIT, where he received a bachelor's degree in architecture and a master's degree in civil engineering. Starting in 1953 he worked for nine years as an architect and engineering designer for various firms, including the national firm Skidmore, Owings, and Merrill in Chicago, and in 1962 went to Italy to study as a Fulbright Scholar. Considering that at this time blacks were vastly underrepresented in the engineering and design professions, Blackett, who was African American, had already experienced exceptional success. In 1963, he took a job as an urban designer and planner at the BRA under Ed Logue, where he presumably worked on projects such as the Washington Park Urban Renewal plan. After a while, Blackett apparently concluded that he was working for the wrong side in the urban renewal field, because in 1966 he quit the BRA to become director of Urban Planning Aid, the city's new radical planning organization. There he became what he called an "advocate planner." The same year, Blackett decided to put his idealistic principles further to the test by developing real estate for low-income residents in Roxbury and Dorchester.<sup>12</sup>

With little knowledge of how to run a real estate company or develop property in low-income neighborhoods, Blackett plunged into his new career by becoming the joint

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<sup>12</sup> Arthur John Clement, "Black Entrepreneurs in Real Estate" (master's thesis, MIT, 1973), 88, 109; Housing Innovations, Inc. (HII), "Columbia Point Peninsula: Proposal for the Development of Phase II by HII Corporation" (1982), 113.

director of two idealistic failing operations. The Roxbury Development Corporation was a for-profit company that aimed to develop housing in low-income sections of Roxbury. The New England Community Development Corporation was a nonprofit group which was supposed to provide social services in the same neighborhoods.<sup>13</sup>

Blackett soon decided that the two groups were beyond saving and in 1966 started his own twin ventures. He organized Housing Innovations, Incorporated (HII) as a for-profit business like the Roxbury Development Corporation and became its president. HII would specialize in rehabilitating housing and promoting homeownership for low-income households. Blackett hoped that there would be enough demand for HII's consulting and planning services that it would begin to break even financially in three years. Blackett's second venture, the Foundation for Housing Innovations (FHI), was a nonprofit organization that would raise funds, through donations or equity investments, to support the activities of HII. To get access to large business and philanthropic financial support, Blackett convinced white ministers, business school professors, and liberal businessmen to serve on the FHI board.<sup>14</sup>

Blackett's first project was an experimental program to rehabilitate and rent-to-sell homes aimed at low-income residents within a thirty-five-block area of Roxbury and north Dorchester. HII would acquire houses, particularly three-decker homes, renovate them, and sell them with 100 percent no-down-payment financing to low-income people, who could earn rents from the units they did not occupy to help pay back mortgage loans. In addition, Blackett proposed homeownership instruction, job training,

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<sup>13</sup> Clement, "Black Entrepreneurs in Real Estate," 89.

<sup>14</sup> Clement, "Black Entrepreneurs in Real Estate," 89-93.

and child care support for the families living in the houses. HII began the program with a three-block pilot project. Within this area, Blackett observed that there were also brick apartment buildings, most of which contained six small units and whose landlords, black as well as white, lived elsewhere. To remedy the problem of absentee landlords, Blackett proposed to acquire, rehabilitate, and reconfigure the apartment buildings as well as the smaller properties.<sup>15</sup>

Blackett raised almost \$500,000 to fund the pilot project and in the summer of 1968 began purchasing buildings. The following year the FHA and Boston Housing Authority (BHA) offered new programs that allowed HII to rely on government funding rather than raise equity funding through the sister organization, FHI. Yet, like others before and after him, Blackett discovered that it was difficult to break even when rehabbing existing properties and selling them in a declining market. HII was unable to acquire and renovate the houses with the amenities desired by even low-income home buyers – such as new kitchen and bathroom fixtures – and still sell the buildings at reasonable prices. In addition, HII faced the long-term population shift that had undermined the BRA’s Washington Park urban renewal project: the ongoing migration of middle class African Americans out of Roxbury and Dorchester and the continuing influx of lower-income people into this section of Boston. In the end, Blackett salvaged the pilot project by entering a leasing agreement with the BHA to rent renovated apartments to tenants who qualified for public housing.<sup>16</sup>

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<sup>15</sup> HII, “Quincy-Geneva Demonstration Block,” (Boston: Housing Innovations, Inc., 1967).

<sup>16</sup> The funds FHI raised included including a two-year grant of \$132,000 for HII operating funds from the Ford Foundation and a \$175,000 loan from the John Hancock Mutual Life Insurance Company. HII’s

At the same time, Blackett won bids to participate in the BRA's Infill Housing program, committing to build one hundred units. Unable to find a general contractor for the entire Infill Housing contract, Blackett formed HII Construction Company to carry out the duties of general contractor. By 1973, HII successfully completed construction of one hundred new units for the program. The Infill Housing project earned Blackett's real estate development company a good reputation and allowed him to expand his business, but it lost him the support of FHI board members who felt he should fulfill his commitments in the pilot project before taking on new risky business. And indeed, the Infill Housing program turned out to be a money-losing venture for HII. In 1970 Blackett's company would have gone out of business, were it not for a timely investment of \$400,000 by the John Hancock Mutual Life Insurance Company.<sup>17</sup>

Starting in 1970, Blackett adopted a different business model, in which HII formed limited-partnership companies to rehabilitate inner-city rental housing. On this new model, the limited-partnership entity took advantage of a provision of the 1969 tax law, which allowed owners of rehabilitated housing for low-income and moderate-income families to use an accelerated schedule for declaring the depreciation of these housing units as a tax write-off. Crucially, Blackett formed close relationships with the staff of Massachusetts's recently formed housing finance agency, MHFA (organized in 1968),

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method consisted of obtaining an interim construction loan (from a local minority-managed commercial bank) guaranteed by the John Hancock; renovating the building according to FHA guidelines; obtaining FHA mortgage insurance through the Section 221 (d) (2) program; sale to homeowner through BBURG (Boston Banks Urban Renewal Group), which would provide financing. By December 1970 HII had acquired and renovated 50 dwelling units but had not sold any to tenants. Clement, "Black Entrepreneurs in Real Estate," 93-94, 97-98.

<sup>17</sup> John Hancock Mutual Life Insurance Company gave a \$300,000 fully subordinated loan and bought another \$100,000 worth of HII stock. Clement, "Black Entrepreneurs in Real Estate," 104-105.

which offered both interim and below-market interest rates on permanent mortgages but did not require FHA insurance. This was essential because the FHA refused to insure loans in declining areas such as Roxbury and north Dorchester.<sup>18</sup> In addition, to make rents affordable to low-income tenants, HII utilized the federal government's Section 236 interest rate subsidy and rent supplements programs.

In 1970 HII organized its first limited partnership, Intervale Associates, to rehabilitate fourteen apartments on the street which had been the focus of Blackett's pilot project. The next year HII formed another limited partnership that, with MHFA financing, rehabilitated 45 units. In 1972 HII formed a third partnership, Lawrenceville Associates, which would complete its largest rehab project yet: 149 dwelling units in several buildings scattered about Boston's Model Cities Area, which included Roxbury and north Dorchester.<sup>19</sup>

By the early 1970s, then, Blackett had gained practical experience in managing a real estate operation and had mastered the complex financing and regulations required for developing low-income housing. At the same time, he had become thoroughly knowledgeable about properties in Boston's inner-city and racial minority neighborhoods – the South End, Roxbury, and Dorchester. In addition to his own real estate and planning work, from 1970 to 1972 Blackett and Ralph Partan, HII's executive director, researched and wrote the physical development plan for the Boston's Model Cities renewal district. Blackett maintained good working relationships with officials at

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<sup>18</sup> Clement, "Black Entrepreneurs in Real Estate," 105-106; Willie Jones, interview with author, Boston, Massachusetts, January 17, 2014.

<sup>19</sup> Clement, "Black Entrepreneurs in Real Estate," 105-107.

the BRA, where he used to work, and the MHFA, which had financed his urban redevelopment deals. Both the BRA and MHFA were committed to stabilizing Boston's neighborhoods and providing low-income housing. Blackett likely used his knowledge of the area and his contacts in the two agencies to identify apartment buildings in these neighborhoods that would make likely candidates for redevelopment as subsidized housing.<sup>20</sup>

### **The Creation of Franklin Park Apartments**

In the fall of 1974, Blackett assembled for redevelopment thirteen parcels of land with apartment buildings on scattered locations in Roxbury and north Dorchester, which his firm, HII, would operate under the name Franklin Park Apartments. The inspiration for the name no doubt came from two sets of handsome-looking apartment buildings on Seaver Street, directly opposite the northeast edge of Franklin Park, Boston's version of New York's Central Park, designed by Frederick Law Olmsted in 1885. A half dozen other apartment buildings were located on side streets – McLellan, Wales, Bicknell, and Esmond Streets – that ran from Blue Hill Avenue and were within a short walk of the eastern border of Franklin Park. This area was designated as the Franklin Field neighborhood, named after the Franklin Field recreational grounds located further south at Talbot and Blue Hill Avenues.

All the sites in the Franklin Park vicinity were located within a mile or so of each other, but others were further away. One of the buildings was located to the north on

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<sup>20</sup> HII Boston Model Cities Administration, Physical Development Plan for the Model Cities Neighborhood Area, Prepared for the Boston Model Cities Administration, 1972.

Crawford Street within central Roxbury. Three parcels were situated in the other Dorchester neighborhoods of Fields Corner (Bowdoin Avenue), Four Corners (Adams Street), and Codman Square. This last was a triangular building, – with addresses on three streets (Talbot Avenue, Whitfield Street, and Aspinwall Road) – located more than two miles away from those next to Franklin Park. All but one of the structures were brick apartment buildings, with some freestanding and several others, such as the Seaver Street and Adams Street properties, attached to form apartment blocks. The exceptions to the rule of masonry construction were four three-story, six-flat buildings on Mt. Bowdoin Avenue, built of wooden frames. All the buildings were residential except for the one located near Codman Square, which had four storefronts on the ground floor.<sup>21</sup>

The apartment buildings Blackett collected had been built between 1889 and 1930, when the Roxbury and Dorchester neighborhoods in which they were located were growing and gaining population. By the early 1970s, however, the neighborhoods had gone through a number of population cycles and were in various stages of racial and economic transition, accompanied and perhaps partly caused by population decline. Already in 1960 about 90 percent of the residents of the Washington Park Urban Renewal Area were black, but in the next decade the total number of residents plunged by 23 percent. Further south in Dorchester’s Franklin Field district, between 1960 and 1970, the population and the median income fell more slowly while the share of the African American population grew from less than 10 percent to more than 80 percent.

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<sup>21</sup> The triangular building has multiple entrances and addresses on three streets: 48-52 Aspinwall Street; 42, 44, 46 Whitfield Street; and 282, 284, 286, 288, 290, 292 Talbot Avenue.

Furthermore, the drop in real estate values throughout the Boston area had dire results for poorer residential areas where values were already low.<sup>22</sup>

A BRA report on the Franklin Field district, which encompassed several of Blakett's properties, summarized the situation:

The Jewish population has recently been replaced by blacks displaced by urban renewal in the 1960s. The process of racial change and the aging housing stock had a severe effect around Franklin Field. During this transition many white owners let their homes deteriorate; houses were abandoned, mortgages were foreclosed, property was taken for back taxes. In some cases white owners who could not find buyers would move to the suburbs and operate their property (three-family, two-family, sometimes even single family houses) as absentee landlords. Real estate investors bought some buildings and "milked" them by charging as much rent as possible and providing little or no maintenance. In other cases unscrupulous real estate brokers bought houses cheaply from frightened white owners and sold them for substantially more to black buyers.<sup>23</sup>

The other neighborhoods which housed the buildings of Franklin Park Apartments experienced similar conditions. In the vicinity of Blue Hill Avenue, BRA field reports recorded that "because of excessive deterioration, mortgages are not readily available, and there has been no recent investment in new construction and very little in rehabilitation over the past decade. These physical and economic factors have had a

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<sup>22</sup> The data suggests that similar to what had occurred in Roxbury the previous decade, middle-class African Americans moved into these areas and were closely followed by lower-income households. Boston Redevelopment Authority (BRA), Roxbury Information, Planning Issues, and Preliminary Neighborhood Improvement Strategies, June 1975, 7; BRA, *Franklin Field District Profile and Proposed Neighborhood Improvement Program* (Boston: City of Boston, 1977), 2-4.

<sup>23</sup> BRA, *Franklin Field District Profile*, 1.

depressing influence on community structure, real estate values, and economic investment.”<sup>24</sup>

Although there were still occupied houses owned by both older white residents and more recent black residents, the apartment buildings that Blackett had assembled were examples of the physical degeneration that city and state officials worried about. According to Blackett, about one-third of the buildings were vacant and the rest had deteriorated badly. No doubt many of them were owned by landlords, whether white or black, who lived far away and had lost interest in these money-losing properties. Blackett had concluded that these apartment buildings were “blighting” their surroundings and therefore ripe for substantial rehabilitation. Reflecting an environmental determinism shared by BRA officials, he believed that improving the buildings would strengthen “neighborhoods that were otherwise sound.” In placing the blame for neighborhood decline on structures, Boston’s neighborhood improvers downplayed large demographic and economic shifts, which would frustrate their strategies.<sup>25</sup>

HII first obtained the blessing of the BRA for Franklin Park Associates to own, operate, and manage the properties as an urban redevelopment project, under Massachusetts general law Chapter 121A. This was crucial to the financing of the renovation because the Chapter 121A act allowed municipalities – represented in this case by the BRA – to give property tax exemptions to redevelopment projects. Blackett was held to be in good standing for a number of reasons. BRA officials approved of

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<sup>24</sup> BRA, Blue Hill Avenue Urban Renewal Area Survey and Planning Application, January 1974, 65.

<sup>25</sup> HII, “Columbia Point Peninsula: Proposal,” 36.

Blackett's goals in Boston's urban renewal areas and trusted him. HII's two top executives, Blakett and Partan, had worked for the BRA, and since that time HII had compiled a record of responsibility and accomplishment. In addition, HII was an African American-owned firm, no small thing at a time of heightened awareness of civil rights and for work that would take place in African American neighborhoods. On November 21, 1974, the BRA voted in favor of the project, six days later mayor Kevin White approved the decision, and on December 5, 1974 approval became official.<sup>26</sup>

The Massachusetts Housing Finance Agency had supplied the major support for Blakett's earlier projects, and for the redevelopment of Franklin Park Apartments it again provided the bulk of the financing. On December 18, 1974 MHFA issued a mortgage to the Franklin Park Associates in the amount of \$5,980,523, which in May 1975, it amended to \$6,785,513. On December 20, 1974, two days after MHFA issued the initial mortgage, Blakett's subsidiary entity, HII Realty Corporation II, sold the assembled property for \$780,000 to Franklin Park Associates, the new limited partnership entity which he also controlled. Blakett raised an additional \$665,500 through the sale of limited partnership interests. Ultimately, Blakett would peg the total cost of construction at \$7,152,653.<sup>27</sup>

Displaying a sophisticated knowledge of low-income housing policies, Blakett made use of federal and state rental subsidy programs to make the apartments affordable to low-income families. HII took advantage of a new federal housing program, Section 8,

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<sup>26</sup> BRA, Sixth Report and Decision Amendment on the Franklin Park Apartments 121A Project, March 22, 2010, 2.

<sup>27</sup> MHFA to Franklin Park Associates, mortgage, Suffolk County Registry of Deeds, 8786:1, December 18, 1974; BRA, Sixth Report and Decision Amendment, 3; HII, "Columbia Point Peninsula: Proposal," 36.

enacted in August 1974, just months before the Franklin Park Apartments deal, to supplement rents in approximately 104 units. Through Section 8, the federal government paid the difference between the economically justified rent of dwelling units and 30 percent of the tenants' income. Under a Massachusetts program, the Section 13A Interest Subsidy Program, the MHFA subsidized interest payments that allowed HII to lower the rent on about 127 units.<sup>28</sup>

As constituted under Blackett, the Franklin Park Apartments consisted of 220 dwelling units on twelve scattered sites in Roxbury and Dorchester,<sup>29</sup> including ninety-five one-bedroom, ninety-nine two-bedroom, ten three-bedroom, five four-bedroom and eleven five-bedroom apartments. All the family apartments with more than two bedrooms were located on the first floors of buildings. The architect, Donald Stull, another idealistic African American professional with whom Blackett frequently worked, supervised the improvements in the buildings, which included providing a laundry room and community room for each building; closed-circuit security televisions in the larger buildings; dishwashers in all apartments with two or more bedrooms; and garbage disposals, window air conditioners, and carpeting in all units. The renovation required moving tenants temporarily from one unit to another, but by 1977 it was complete and all 220 units were occupied. The locations, the apartment buildings, the distribution of

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<sup>28</sup> BRA, Sixth Report and Decision Amendment, 3.

<sup>29</sup> The deed and mortgage of 1974 and subsequent legal documents pertaining to the Franklin Park Apartments property show a thirteenth site, 122 Talbot Avenue. Although this address once held a brick apartment building (visible on the 1918 and 1930 atlases), at some unknown point in time it became a vacant lot. It is likely – based on the consistent count of 200 units in the documents – that it was vacant when HII acquired it, but this is unproven. Because it was a vacant lot, The Community Builders removed it from the property when it was reorganized in 2009 as the New Franklin Park Limited Partnership.

dwelling-unit sizes, and interior arrangements of the Franklin Park Apartments remain largely the same today.<sup>30</sup>

### **Reaching a Crisis Point**

At first the management of Franklin Park Apartments appears to have gone smoothly, but the 1970s were a difficult time to own residential real estate. Inflation and spikes in the cost of energy took a toll on operating budgets in both publicly and privately owned housing. Perhaps too, Blackett had not put enough aside in capital reserves. To keep his properties in good condition and make ends meet, he tried to refinance his holdings in Roxbury and Dorchester. In 1987, the year after the passage of federal low-income housing tax credits, he obtained permission from the BRA to create a new entity that could receive an infusion of capital, by re-syndicating the partnership with housing tax credits, which would pay for further rehabilitation and repairs.<sup>31</sup>

Blackett, however, could not meet the requirements of the program regulations, according to Willie Jones, a community planner and housing expert who lived in the neighborhood at the time and who since 1987 has been an officer of The Community Builders (which later would purchase Franklin Park Apartments). Making matters worse, Blackett got into an acrimonious dispute with MHFA officials over finances. Blackett felt he could leverage his inner-city properties for more financing as if they were like any

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<sup>30</sup> Shepperson A. Wilbun, Jr., "The Recycling of Existing Structures for Low and Moderate Income Subsidized Housing" (master's thesis, MIT, 1980), 213-214; HII, "Columbia Point Peninsula: Proposal," 36, 204. In his 1980 description of the number of units of different sizes, Wilbun counted twenty three-bedroom apartments, which is likely a typo. In its Columbia Point proposal of 1982, HII listed 10 three-bedroom apartments.

<sup>31</sup> BRA, Sixth Report and Decision Amendment, 3.

other property, but MHFA had strict requirements for its borrowers which Blackett was unable to meet.

Meanwhile, Blackett had become something of a general real estate developer, carrying out a range of projects in Los Angeles and in cities along the eastern seaboard. To be sure, he continued to build on his low-income housing experience by converting historic buildings – such as old hotels and schools – into elderly and Section 8 housing. In New York City, he was able to acquire a large contract from his old boss, Ed Logue, now at the Urban Development Corporation, to build low- and moderate-income housing in the new community of Battery Park City. But he also won contracts for HII to build 138 luxury condominium units at Battery Park City and a hotel, office, and retail complex as part of the redevelopment of the Times Square area in Manhattan. In a 1982 company prospectus, moreover, Blackett declared that “we see growth in several non-residential areas and are actively pursuing various hotel and office building opportunities.”<sup>32</sup>

By then Blackett seemed to be drifting away from the social mission that had inspired him to start Housing Innovations, Inc. In the early 1980s, Blackett moved HII headquarters from Boston to Beverly Hills, California. This new setting in a community synonymous with elegant wealth suggests different priorities than the company had when it was founded to help the residents of Boston’s racial ghetto. Indeed, Donald Stull, whose architectural firm Stull Associates had worked on many HII projects and who had been a comrade-in-arms in the struggle to rebuild the minority neighborhoods

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<sup>32</sup> HII, “Columbia Point Peninsula: Proposal,” 63, 89, 100, quotation at 100.

of Boston, feels that over time Blackett lost his youthful idealism and became preoccupied with making money.<sup>33</sup>

By the late 1980s, observers agree, Franklin Park Apartments and Hill's other Boston properties were falling apart. Blackett no longer made repairs or reacted to problems with the buildings, and his property managers tolerated tenant negligence and worse. At the same time, gun battles involving youth gangs and cocaine dealers fueled a frightening rise in violent crime in Boston's inner-city neighborhoods. Among the soaring number of murders in Roxbury and Dorchester, one of the most heinous was that of an innocent young woman who was beaten, raped, and stabbed multiple times in the Franklin Field athletic grounds. The building conditions and the crime wave no doubt both contributed to a growing number of vacancies that plagued Franklin Park Apartments and Hill's other inner-city apartment buildings.

Blackett believed that by refusing to provide additional financing, MHFA forced him to neglect his properties. Willie Jones agrees with Blackett that MHFA officials were not as flexible about applying their rules as they were in other cases. The agency was able to work out agreements with other real estate owners such as the minority-owned Long Bay Management Company, which faced similar issues. Blackett also believed that MHFA was much more lenient with white developers in white neighborhoods. However the blame is apportioned – and there appears to be plenty to go around – Franklin Park

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<sup>33</sup> Donald Stull, telephone interview with author, Boston, Massachusetts, January 8, 2014.

Apartments were quickly degenerating into the condition they had been in before Blackett redeveloped them.<sup>34</sup>

As Franklin Park Associates fell behind in its mortgage payments, BRA and MHFA officials put pressure on Blackett to sell. In March 1990 MHFA initiated foreclosure proceedings, and in December of that year the BRA authorized replacing HII as the general partner of Franklin Park Associates. Blackett, however, did not budge. He felt he had already extracted the value from the properties, had nothing further to lose, and therefore challenged MHFA to foreclose. With many troubled inner-city properties in its portfolio, MHFA issued a Request for Proposals to find a buyer for Franklin Park Apartments and other properties and encouraged leading nonprofit groups in the Boston area to apply.<sup>35</sup>

### **The Community Builders**

As a result of the bidding, a nonprofit housing organization, The Community Builders (TCB), won the right to purchase and, with MHFA approval, rehabilitate Franklin Park Apartments. TCB chose to pursue the Franklin Park deal because it fit the company agenda of seeking out distressed multifamily properties to acquire, rehab, and preserve.

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<sup>34</sup> Jones, interview; Stull, interview. For evidence of ongoing maintenance and management problems with HII properties, see Ron DePasquale, "Tenants Save Their Homes: 3-Year Battle Renews Low-Income Units," *Boston Globe*, March 11, 2007.

<sup>35</sup> MHFA, Notice to Foreclose Mortgage of December 18, 1974, Notice 16164/ 010, filed at Commonwealth of Massachusetts Land Court, March 14, 1990; BRA, Sixth Report and Decision Amendment, 3; Jones, interview.

MHFA officials were happy that the Boston-based organization with a long track record of success had agreed to take over the beleaguered project.<sup>36</sup>

Like Denis Blackett, the organization that acquired Franklin Park Apartments had been helping to redevelop Boston's inner-city neighborhoods since the days of Ed Logue's neighborhood urban renewal projects. In 1964 the United South End Settlements (USES) obtained a grant from the federal government to rehabilitate deteriorated row houses in the South End for low-income families. As part of the pilot project USES founded an organization, the South End Community Development, and hired Robert Whittlesey, a World War II veteran with degrees in civil engineering and planning, to be its first executive director. As a result of the initial effort, South End Community Development renovated and rented fifty abandoned apartments. In the following years, the organization built new housing as well as remodeling old, and expanded its operations to sites across the metropolitan region. To reflect the wider scope of its activities, in 1970 the group renamed itself Greater Boston Community Development, Inc. (GBCD).<sup>37</sup>

In the following years, GBCD became adept at putting together sophisticated housing deals, often for community organizations. GBCD's principal dealmaker was Patrick E. Clancy. In the 1960s Whittlesey had hired Clancy, then a law student working for Legal Services, to research how nonprofit housing developers could use tax

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<sup>36</sup> Abt Associates, *Assessment of the Economic and Social Characteristics of LIHTC Residents and Neighborhoods*, Final Report, prepared for the Department of Housing and Urban Development, 2000, Chapter 6, p.5.

<sup>37</sup> Mel King, *Chain of Change: Struggles for Black Community Development* (Boston: South End Press, 1981); John H. Mollenkopf, *The Contested City* (Princeton: Princeton University Press, 1983); Greater Boston Community Development, Inc., *A Decade of Housing Services: 1970-1980* (Boston: GBCD, 1980).

depreciation laws to syndicate their deals like for-profit real estate firms. Clancy stayed on, helping local nonprofit groups finance housing projects by syndicating mortgage pools at a time when few in the field understood the methods. In 1971, under Clancy, GBCD syndicated what is thought to be the first nonprofit-controlled affordable housing tax shelter investment in the United States. At GBCD, he helped Inquilinos Boricuas en Acción, a Puerto Rican community organization, to develop Villa Victoria, a landmark 680-unit, \$28 million mixed-use neighborhood in the South End.

In 1977 Clancy succeeded Whittlesey at the helm of GBCD and led the organization's participation in several pioneering housing programs. From 1969 to 1982, GBCD helped South End and northern Roxbury community organizations develop over twelve hundred units of low-income housing. In 1983 William Edgerly, a Boston banker, was planning a major collaborative effort of city government and leading downtown business leaders known as the Boston Housing Partnership when Clancy persuaded him that nonprofit community development corporations (CDCs) should develop the low-income housing Boston so badly needed. Edgerly hired Whittlesey to direct the Boston Housing Partnership, and Whittlesey in turn brought Clancy on board to put together the housing deals with the CDCs. As a result, GBCD helped the nonprofits connected to the partnership redevelop approximately 1,600 dilapidated inner-city apartments.<sup>38</sup>

In 1988 the Tent City Corporation, which was named after the 1968 protest against the BRA plans for the South End, hired GBCD to develop Tent City, a 269-unit mixed-income apartment complex. That same year the organization purchased a 430-unit

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<sup>38</sup> Alexander von Hoffman, *House by House, Block by Block: The Rebirth of America's Urban Neighborhoods* (New York: Oxford University Press, 2003), 83-84, 88-89, 113.

family complex in Worcester, Massachusetts, and set up a broad range of human services. Also in 1988, GBCD, which had begun to work on sites across the country, redefined its mission and renamed itself The Community Builders, Inc. (TCB).<sup>39</sup>

### **The Second Preservation of Franklin Park Apartments**

Once it was settled in principle that TCB would take over Franklin Park Apartments, there remained a knotty problem to be solved. For a sale to be palatable to the many investor-partners of Franklin Park Associates, they would have to be protected from the loss of their depreciation tax benefits and also a hefty capital gains tax. With a great deal of effort, TCB came up with a legal mechanism that would address these issues, while continuing to comply with the requirements of a subsidized low-income development. The solution involved creating a new project with the same property parcels as the old but leaving the investors in place and taking out a wraparound mortgage to pay off the old MHFA mortgage.<sup>40</sup>

With this issue resolved, a sale was negotiated. On December 16, 1991, Franklin Park Associates sold the assembled property known as Franklin Park Apartments for \$6,600,100 to a new entity created by TCB, TCB Franklin Park Limited Partnership. On the same day, TCB Franklin Park Limited Partnership entered into a wraparound mortgage agreement, in which it took over the existing MHFA mortgage, and agreements with MHFA to continue to use the property to house low-income people

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<sup>39</sup> The Community Builders (TCB), History, [http://www.tcbinc.org/who\\_we\\_are/history/](http://www.tcbinc.org/who_we_are/history/).

<sup>40</sup> Jones, interview; Mark P. Gergen, "Reforming Subchapter K: Contributions and Distributions," *New York University Tax Law Review* 47 (1991), 173-237.

and maintain adequate replacement reserves.<sup>41</sup> Soon thereafter the BRA approved both the transfer of the project to the new partnership and the rehabilitation program and, a few months later, entered into a regulatory agreement so as to comply with and extend the tax benefits of Chapter 121A.<sup>42</sup>

In 1992 and 1993, TCB conducted what it called a moderate rehabilitation of Franklin Park Apartments. The housing company made long needed repairs – fixing broken windows and where needed the boilers – and placed the properties under sound management. Perhaps most noticeably to the tenants, TCB replaced kitchen cabinets and appliances, painted the apartments, and redid the lighting fixtures in the hallways. The staff considered it more of a touch-up rehabilitation than a top-to-bottom renovation and felt that many components of the physical structures were ignored.<sup>43</sup>

To finance the project, TCB used low-income housing tax credits (a program of the Treasury Department authorized in 1986 as part of the tax reform of that year) to attract equity investments. TCB used a nonprofit management and finance company, New Hope Housing, to find the equity investors. TCB's ownership carried over the arrangements from the previous ownership of Franklin Park Associates. TCB also

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<sup>41</sup> Replacement reserves, in real estate parlance, refers to a sum of money set aside for payment of the costs of replacing building materials, equipment, or systems when they break or wear out.

<sup>42</sup> The Community Builders provided financing to the TCB Franklin Park Limited Partnership. Franklin Park Associates, Ltd., to TCB Franklin Park Limited Partnership, Quitclaim deed, 17222/11, Suffolk County Registry of Deeds, Boston, Massachusetts, December 16, 1991; BRA, Sixth Report and Decision Amendment; TCB Franklin Park Ltd. Partnership to Franklin Park Associates Ltd, Wraparound Mortgage and Security Agreement, December 16, 1991, 17222/24; MHFA and TCB Franklin Park, Disposition Agreement, December 16, 1991, 17222/58; ; MHFA and TCB Franklin Park, Regulatory Agreement, 17222/71.

<sup>43</sup> Mecky Adnani to Nancy Andersen, Manager of Rental Programs and Development, MassHousing, July 21, 2009, 2, and (attached) TCB, Significant Project Characteristics Narrative for One Stop Application for Taxable Debt Financing for Transfer, Redevelopment and Recapitalization of Franklin Park Apartments, 2009, 1.

inherited project-based Section 8 subsidies, although the number had grown to 156 (or 70 percent) of the Franklin Park units. In addition, all 220 units were regulated as low-income by the MHFA under the Massachusetts Section 13A mortgage subsidy, which would run until the mortgage expired in 2016.<sup>44</sup>

Although most residents continued to have very low incomes, the ethnic mix of the tenants of Franklin Park Apartments had changed since its redevelopment in 1974. During the 1970s, Spanish-speaking people – at first primarily Puerto Ricans and Cubans and later Dominicans and other Latin Americans – along with Haitians and Cape Verdeans had migrated to Roxbury and Dorchester. The mix of tenants at the time TCB took over the apartment buildings closely reflected the composition of the overall population in these neighborhoods: about 70 percent of the residents were African American, 20 percent were of various Hispanic backgrounds, and 10 percent were Haitian immigrants.

### **TCB and the Third Preservation of Franklin Park Apartments**

Even after the renovation of Franklin Park Apartments, some previous problems persisted. In particular, the legacy of irresponsible tenants in some buildings contributed to safety concerns and a general sense of disorder. Some young people would hang around the halls, drinking and sometimes breaking the front doors. The neighborhoods themselves suffered badly from youth violence in the 1990s, which perhaps contributed to the unruliness. Less serious but detrimental to morale was the

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<sup>44</sup> Adnani to Andersen, 1; TCB, Significant Project Characteristics Narrative, 1.

prevalence of graffiti. In addition, a high number of emergency calls made the job of property management difficult. Gradually TCB was able to alleviate these management issues and bring in more responsible tenants, but the buildings experienced their fair share of wear and tear.<sup>45</sup>

Sometime in 2008 or early 2009, TCB staff members assessed the needs of the Franklin Park Apartments property and found that significant deterioration had occurred over the last sixteen years. The mortar on the walls of many of the brick buildings was crumbling. At 132-140 Seaver Street, the site of the property's management office, a porch had collapsed and more were in danger of falling off if the masonry columns and lintels were not repaired. The roofs had aged and were due to be replaced. The buildings on Adams, Crawford, and Bowdoin streets had their original wooden windows, which were by now quite drafty. Over the years heavy use, including from children's bicycles and roller skates, had taken a severe toll on the walls and floors of the buildings' halls and stairways. The hallways looked even worse because of the poor lighting fixtures.

The utility systems of Franklin Park Apartments were also outmoded and inefficient. The buildings relied on old gas-fired boilers for heat and hot water, but half of the boilers were more than thirty years old. Most of the hot water storage tanks were ancient, and most of the plumbing pipes dated from the original construction of the

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<sup>45</sup> José Cruz, interview with author, Boston, March 25, 2014.

buildings and were in constant need of repair. The electrical systems, too, were aged, with the electric service equipment in particular need of replacement.<sup>46</sup>

It was obvious to TCB personnel that the income stream from Franklin Park Apartments could not come close to covering the capital costs for needed repairs. Contemplating the additional burden of the obsolete building systems, which were driving up utility costs, TCB staff members concluded that solving the long-term needs of the buildings and their residents would require a complete rehabilitation and refinancing. They felt a thoroughgoing rehabilitation would allow them to improve the buildings more than they had been able to in the rush of the earlier renovation. Over the long term, it would lower the energy costs of the project by installing new efficient windows and heating systems and increase safety by putting in sprinklers and intercoms in the apartments and upgrading the fire alarms.

Given the condition of the buildings and the need to keep them as productive and stable residences for the long term, TCB proposed a redevelopment of Franklin Park Apartments. A comprehensive rehabilitation would, of course, require recapitalization of the project to pay for it, and that in turn spurred another reorganization of ownership. Much like when TCB acquired the property from HII's Franklin Park Associates, TCB essentially transferred the privileges and requirements of the old entity to a new one. As before, TCB petitioned for and the BRA granted permission to transfer ownership and conduct a renovation program, but in this case also to drop one site that

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<sup>46</sup> TCB, Significant Project Characteristics Narrative, 3.

had been vacant from the project and, most importantly, to refinance the entire property.

In 2009 TCB formed a new entity, New Franklin Park Limited Partnership, which took over the Franklin Park Apartments. As before, MHFA worked closely with TCB. The agency, now calling itself MassHousing, allowed TCB to prepay the previous mortgage on the property and then provided crucial financing, in this case a bridge loan of \$14,190,000 and a construction loan of \$11,900,000. The largest permanent financing came, courtesy of the state's Department of Housing and Community Development (DHCD) allocations, through the sale of 9-percent low-income housing tax credits. The Aegon USA Realty Advisors, an American division of an asset management company based in the Netherlands, bought the credits in exchange for \$18 million in equity in Franklin Park Apartments. In addition, the project received \$1,280,000 from Massachusetts's weatherization fund.

The total development cost would be \$38,448,932, or \$174,768 per unit. This was somewhat higher than projected, as the project incurred unforeseen expenses for such things as building a fire escape deemed necessary by the Boston inspectional services. In addition, since the AFL-CIO pension investment trust fund committed to buy the MHFA bonds supporting the deal, TCB used union labor for the renovation work.<sup>47</sup>

As before, Franklin Park Apartments were dedicated to low-income tenants, who in some cases earned even lower incomes than those who had lived there before. With the

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<sup>47</sup> TCB, Sources, Uses, and Development Budget in FP-AB Combined-Final-Summary, January 2014, <http://www.aegonrealty.com/What-We-Offer/Tax-Credit-Investing/index.html>; James Perrine, interview with author, January 17, 2014.

low-income housing tax credit financing, all 220 units in the Franklin Park Apartments were covered by the federal and state requirements: tenants must earn 60 percent or less than the area median income (AMI) and the buildings must be rented to low-income persons for fifteen years according to the federal statute and an additional sixty-seven years as mandated by the state. The property retained project-based Section 8 rent subsidies for the 156 units that had received them previously. As of December 2010, 50 percent of the Franklin Park Apartment tenants earned less than 20 percent of AMI; 34 percent earned between 20 and 40 percent of AMI; and 18 percent earned between 40 and 60 percent.<sup>48</sup>

One reason for the high percentage of extremely low-income resident was TCB's response to DHCD's new homeless policy. As part of its effort to increase the shelter of people without a home, DHCD requested that low-income housing developers set aside 10 percent of the units for the previously homeless. TCB staff members enthusiastically agreed with the goal and decided to surpass that commitment by reserving 25 percent of the units (or 55 apartments) at Franklin Park Apartments for homeless households. To cover the rent for the homeless residents, TCB received temporary rental vouchers from the state and used project-based and mobile voucher Section 8 subsidies for the rest.<sup>49</sup>

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<sup>48</sup> Tax credit regulatory agreements, Massachusetts Department of Housing and Community Development and New Franklin Park Limited Partnership, Suffolk Registry of Deeds, April 16, 2010, 46295/148 and April 16, 2010, 46295/122; TCB, Income Budget in FP-AB Combined-Final-Summary, January 2014; TCB, Household Demographics Report for New Franklin Park Apartments, December 9, 2010.

<sup>49</sup> TCB, Significant Project Characteristics Narrative; Perrine, interview; Scott Ployer, telephone interview with author, Boston, Massachusetts, April 1, 2014.

The tenants of New Franklin Park Apartments continued to belong overwhelmingly to racial and ethnic minorities, but not necessarily in proportion to the ethnic composition of the neighborhoods in which they lived. By 2010, African Americans still made up a majority of the Roxbury and western Dorchester neighborhoods in which the Franklin Park Apartments were located. In the previous two decades, the number of Hispanic people in Boston had risen dramatically. In 2010 they accounted for more than a quarter of Roxbury's population and less than a fifth of Dorchester's population. At Franklin Park Apartments, however, Hispanics made up half the households and African Americans two-fifths. It is possible that the large share of Hispanics in the property reflected a shift in the ethnic composition of Boston's low-income population toward Puerto Ricans and Latin American immigrants.<sup>50</sup>

Although the actual rehab work was fairly uneventful, it was no easy task since the buildings were fully occupied and widely dispersed. TCB worked with its contractors to discomfort tenants as little as possible. To avoid displacing residents, the contractors as much as possible arranged to work in units during the day while the residents were away. This called for extensive coordination of the movements of those, such as frail elderly and handicapped people, who tended to stay home during the day. Fortunately, TCB staff had the foresight to hire three residents to help communicate with and coordinate movement of the tenants. These resident coordinators, who spoke Spanish, were part of the construction team and met regularly with the contractors and property

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<sup>50</sup> TCB, Household Demographics Report for New Franklin Park Apartments, December 9, 2010; BRA, 2010 Census Population, Roxbury Planning District, North Dorchester Planning District, and South Dorchester Planning District, March 2011.

managers to plan the construction work and how best to locate the residents – by taking them to a community center, for example. In the end, only about a dozen households had to be removed from their apartments and put up in a hotel.<sup>51</sup>

### **Impact of the Preservation Project**

In the end, residents were happy with their new cabinets and appliances. A few units were reconfigured to make them convenient for physically handicapped individuals, which pleased those residents. Other improvements such as replacing the windows, boilers, and roofs were less obvious to the tenants but a great boon to the efficient management of the properties.<sup>52</sup>

José Cruz, a maintenance supervisor at Franklin Park Apartments since 1995, observed that since the renovation tenant behavior and morale has noticeably improved. He feels a number of factors are responsible. In part, the cumulative effect of TCB's screening of tenants has improved the overall quality of the tenants. He attributes improved safety and order to the work of the security agency TCB hires to monitor the buildings. But he also notes, as does property manager Luz Vazquez, that the tenants appreciate the high quality of their renovated apartments at rents that are dramatically lower than those available on the expensive Boston real estate market. The low vacancy rate in 2010 during the upheaval of the renovation and the exceptionally low turnover rate since then support this notion. Even the young people,

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<sup>51</sup> Ployer, interview; Cruz, interview.

<sup>52</sup> The author spoke with residents Wilton Pena, Joanne Bartie, and Louise McBride and observed the property manager's interactions with tenants, March 25, 2014.

Cruz feels, now take pride in living in the nicely appointed and maintained apartments, with the result that vandalism and graffiti are no longer a large problem. It is perhaps worth noting that locations of Franklin Park Apartments, especially Seaver Street which earlier had been the scene of extreme violence, have recently experienced a drop in serious crime.<sup>53</sup>

More than ever, it was important to TCB to provide access to social services for the tenants of Franklin Park Apartments. The formerly homeless receive supportive services through area social service agencies under an arrangement with the state government. Many of other the tenants, too, could potentially benefit from the services of an available social worker and/or community organizer. Although some residents work and are self-sufficient, others appreciate help in looking for a job, finding child care, or applying for food stamps. Latisha Boykin, the current resident services coordinator, explains that it can be a challenge to reach the tenants who live in various buildings scattered about a two-mile radius. Ideally residents would drop by the service office, which is located on a second floor above the management office at 132 Seaver Street, but it takes a strong attraction to lure the more distant residents to take the time-consuming bus trip to get there. Recently many turned out for a free back-to-school barbecue the management team held across the street in the picnic area and playground of Franklin Park. Other community building and service activities include holiday events, workshops, and coffee hours. A newly opened computer center at one of the store fronts on Talbot Avenue gives the property another focus of activity.

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<sup>53</sup> Cruz, interview; James Perrine, e-mail communication with author, April 11, 2014.

Otherwise, the service coordinators communicate with newsletters and door-to-door canvassing.<sup>54</sup>

### **Conclusion: A Thrice-Preserved Property in the Inner City**

The history of the Franklin Park Apartments is bound up with the evolution of the neighborhoods in which they are located. Denis Blackett, with the support of city and state officials, undertook the initial redevelopment of the buildings to help stem the physical decline of the neighborhoods that arose from shifts in populations. However, the low-income nature of the tenantry – which limited the revenue that the buildings might produce – along with the economic turbulence of the 1970s and insufficient capital reserves made Franklin Park Apartments financially precarious. When the original owner and state financier were unable to agree on how best to maintain adequate funding for the property, the physical and living conditions of buildings declined precipitously. The neighborhoods of Roxbury and Dorchester where the buildings were located continued to be low-income and working class areas, even as the arrival of Puerto Ricans, Dominicans, and other Spanish-speakers changed the ethnic composition of the population. Hence, it made sense both in 1991 and 2009 to preserve the projects.

TCB's acquisition and management of the Franklin Park Apartments did not take place in a vacuum, however. Thanks to other preservation efforts – for example those of the Boston Housing Partnership – nonprofit housing organizations own and run most

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<sup>54</sup> Latisha Boykin, interview with author, March 25, 2014.

of the large apartment blocks in Dorchester and Roxbury. Many of the buildings of Franklin Park Apartments are near or next to other subsidized housing for low-income people. As a result, many Boston residents occupy inexpensive but well-maintained apartments that otherwise would have been either expensive, like other housing in Boston's high-priced market, or run-down, as Franklin Park Apartments quickly became when the project became under-financed. The subsidizing of such a large portion of the housing in these neighborhoods tends to keep residents or at least people of a particular income in certain areas of the city. It also prevents the neighborhoods from evolving in whatever economic or demographic direction they might otherwise. To what degree permanently dedicating large sections of the city to subsidized housing helps or hinders the progress of low-income individuals and the development of local communities are complicated questions, but worth considering.

The case also suggests a tension between economies of scale and efficiency of concentration. The dispersed geography of Franklin Park Apartments was the result of a particular historic moment when various dilapidated and vacant buildings became available for redevelopment. Collecting so many buildings into a single property offered the advantage that hundreds of units could be financed, serviced, and managed at a single time. Professionals in the nonprofit housing field feel that it is preferable to fill their portfolios with properties holding a large number of units in order reach an economy of scale. Yet the scattered location of an arbitrarily defined property hinders the provision of social services and makes it difficult to build a sense of community among the residents.

Finally, the case of Franklin Park Apartments highlights once again the critical role of state and local officials in developing and preserving affordable housing. In the 1970s, the state housing finance agency, now called MassHousing, provided the financing that made it possible for Blackett to put together and redevelop the many buildings of Franklin Park Apartments. The City of Boston, specifically the Boston Redevelopment Agency, also contributed to the redevelopment and served to regulate the actions of the developer. The MHFA engineered and the BRA facilitated the transfer of the property into the hands of a reliable nonprofit, TCB. When TCB sought to refinance the Franklin Park Apartments under a new entity, the MHFA provided the key interim and construction loans that allowed the project to go forward and also supported TCB's application to its sister agency, the Department of Housing and Community Development, to allocate the tax credits that comprised the bulk of the permanent financing. In the light of the history of Franklin Park Apartments, government officials, especially the state housing finance agency officials, appear not as mere facilitators but as partners in affordable housing endeavors.