

# Epic Redevelopment Helps Revitalize Boston Neighborhood

BRAD STANHOPE, ASSIGNMENT EDITOR

NOVOGRADAC & COMPANY LLP

**B**oston's Dudley Square, the crucial center of the city's Roxbury neighborhood, is coming back—and the those involved say the biggest factor is the Bruce C. Bolling Municipal Building, a landmark \$125 million development that opened this spring, thanks to new markets tax credits (NMTCs). The building's major tenant is the 500-employee Boston Public Schools headquarters, but its biggest achievement is bringing hope to a neighborhood.

“Dudley Square is the cultural and economic center of Roxbury, which is Boston's most important and historic African-American neighborhood,” said Morgan Wilson, vice president of development operations at The

Community Builders, a community development entity (CDE) that provided \$7.5 million in NMTCs for the development. “We see this as moving 500 education jobs into closer proximity to their customers.”

Andrea Daskalakis, chief investment officer at the Massachusetts Housing Investment Corporation (MHIC), which provided \$15 million in NMTC financing and who served in an advisory capacity to the city as the lead CDE on the development, said it was the single most significant achievement in her 30-year career in commercial real estate finance. “Before the Bruce Bolling Building transaction, MHIC had financed a total of 18 projects in Dudley Square and the surrounding Roxbury neighborhood,

continued on page 60

*Image: Courtesy of Massachusetts Housing Investment Corporation*  
**The Bruce C. Bolling Municipal Building anchors Dudley Square in Boston.**



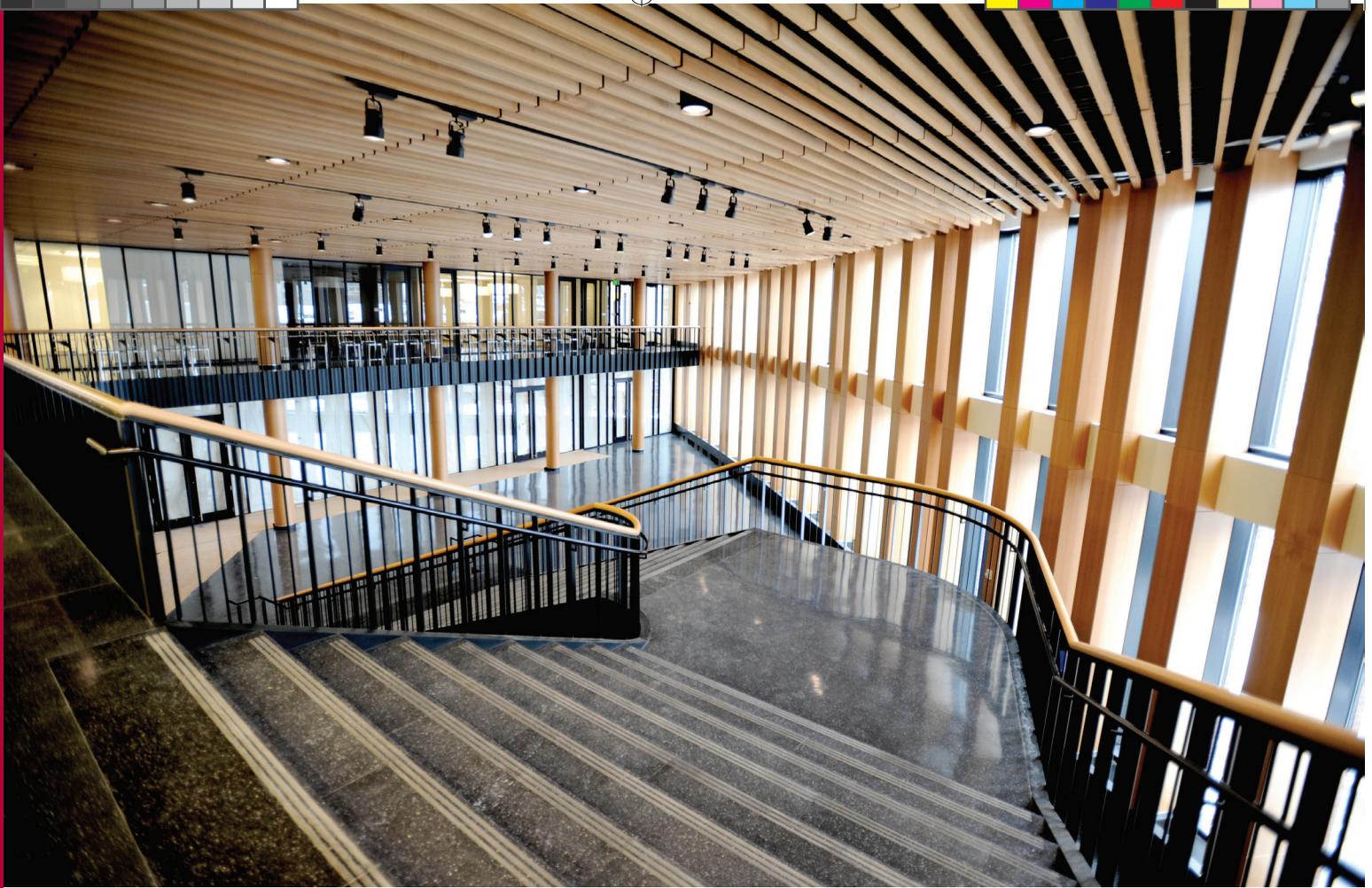


Image: Courtesy of Courtesy of city of Boston  
**About 500 Boston Public Schools employees have a new home in the Bruce C. Bolling Building in Dudley Square.**

continued from page 59

both multifamily affordable housing developments through the low-income housing tax credit [LIHTC] program and other commercial projects through our new NMTC program,” she said. “They represented more than \$220 million in financing and more than \$460 million in total development costs, but neither individually nor collectively did they create sufficient scale of economic activity to rejuvenate this former vibrant central business district. I believe the Bruce Bolling Municipal Building will create the tipping point. This is the capstone of my career. If there was one project that I wanted to touch during my career, it’s this one. It’s the most significant community development project in the city and state.”

She wasn’t alone among those involved. For the Roxbury neighborhood, the Bruce C. Bolling Municipal Building is good news after decades of struggles.

“There have been many proposals to develop Dudley Square. If you go back to the 1920s, it was the second downtown,” said Jim Kennedy, an executive in the city’s budget office. “However, it slid into blight, which was

accelerated when the Orange Line of the Massachusetts Bay Transportation Authority moved a mile away in the 1980s. There was a grand plan (to develop Dudley Square) in the 1980s, but it was a little too grand and it got leaked to the press. In the late 1990s, there was discussion about relocating the state agencies there [but those plans were derailed by recessions in 2001 and 2008].”

Finally came this: a comprehensive plan to combine three original buildings into a single structure—with significant involvement by the Dudley Vision Advisory Task Force, a mix of public officials and citizen leaders. The Bruce C. Bolling Building, named after the first African-American president of the Boston City Council, opened in February to BPS employees. Construction of tenant improvements on leased first-floor retail space continues.

### Three Buildings in One

The most notable part of the property is the iconic Ferdinand Furniture Building, but the new development also included the Curtis Block and the Waterman & Sons building. The six-story building is 215,000 square feet and

continued on page 61

continued from page 60

allowed the school district to centralize the administrative staff in one location. There will be common areas on the second and sixth floors for student work, school events and community gatherings, as well as a community roof deck on the top floor with views of downtown Boston.

The second floor features the Roxbury Innovation Center, a startup incubator to connect Roxbury with the innovation economy. There are 18,000 square feet of ground-floor retail and a common community area.

### Landmark Investment

This was the largest capital building project the city of Boston managed since construction of City Hall in 1967 and the first time the city acted as a private developer. It was overseen by the city's Property and Construction Management Department in collaboration with the Boston Redevelopment Authority and PMA Consultants. "It was an unusual project for the city to do from its capital fund," said Kennedy. "A lot of it is driving economic development in Roxbury. The city usually deals with schools, streets, parks and things like that."

"And the timing [of the development] was good," Kennedy said. "By the time the last third went out to bid, the construction market had heated up in Boston and Massachusetts. Our last bids came in high and typically you have to cut back on materials or square footage, but the new markets tax credit provided the room so that could be funded."

The city needed assistance with the NMTC portion of the development and brought in Daskalakis and MHIC. "New markets is a cottage industry," she said. "From day one, the project was a challenge. It was the first time the city had worked as a private developer, not as a public instrument. It was really complicated." But the result was positive.

### Financing

The city's role as private developer—creating Dudley Square Realty Corporation as owner and Ferdinand Building Development Corporation as leverage lender and master tenant—combined with the presence of NMTCs to make the financing complicated.

The city was the primary funding source, kicking in \$93.5 million in grants over the course of three years, but

the financing included \$40.8 million of NMTC allocation, which was received from four community development entities (CDEs): Massachusetts Housing Investment Corporation, Building America, The Community Builders and Bank of America Community Development Corporation. Bank of America Merrill Lynch was the investor for all of them.

Financing involved a series of two loans each from four investors, the first from a city-funded leveraged loan, the second sourced from the equity investment.

Kennedy said the city looked into different ways to develop the property, including the historic tax credit (HTC). But the NMTC was the most efficient way to do it.

Mary Thompson, senior vice president of community banking at Bank of America Merrill Lynch, said her company's investment was exciting. "We were thrilled to partner with the city of Boston in this public-private partnership. The project is in line with the bank's goal of supporting education and job creating on the communities in which we do business," she said.

Kennedy said the presence of NMTCs helped the development finish strong. "The new markets tax credit created flexibility in the project, so that if something came up and had to be addressed, we could do it," Kennedy said. "Often in civic projects, you have to cut."

### Benefiting Boston

Most of those involved with the development expressed civic pride when discussing it. The Community Builders' Wilson, working with a community development entity that provided \$7.5 million, said it fit well with his firm's philosophy. While TCB primarily focuses on housing, it invests in NMTC developments to address other neighborhood needs around its housing—in this case, 1,200 apartments within 3.5 miles of the Bruce C. Bolling Building. Wilson said some of the areas addressed by this development aren't the type measured by the CDFI Fund when it addresses NMTC funding. "This brings 500-plus people to Dudley Square and those customers will have an enormous ripple effect," he said.

Rhianna Trefry, a program manager at The Community Builders, said 1,200 construction jobs were created by the construction, well above the forecast of 780.

continued on page 62

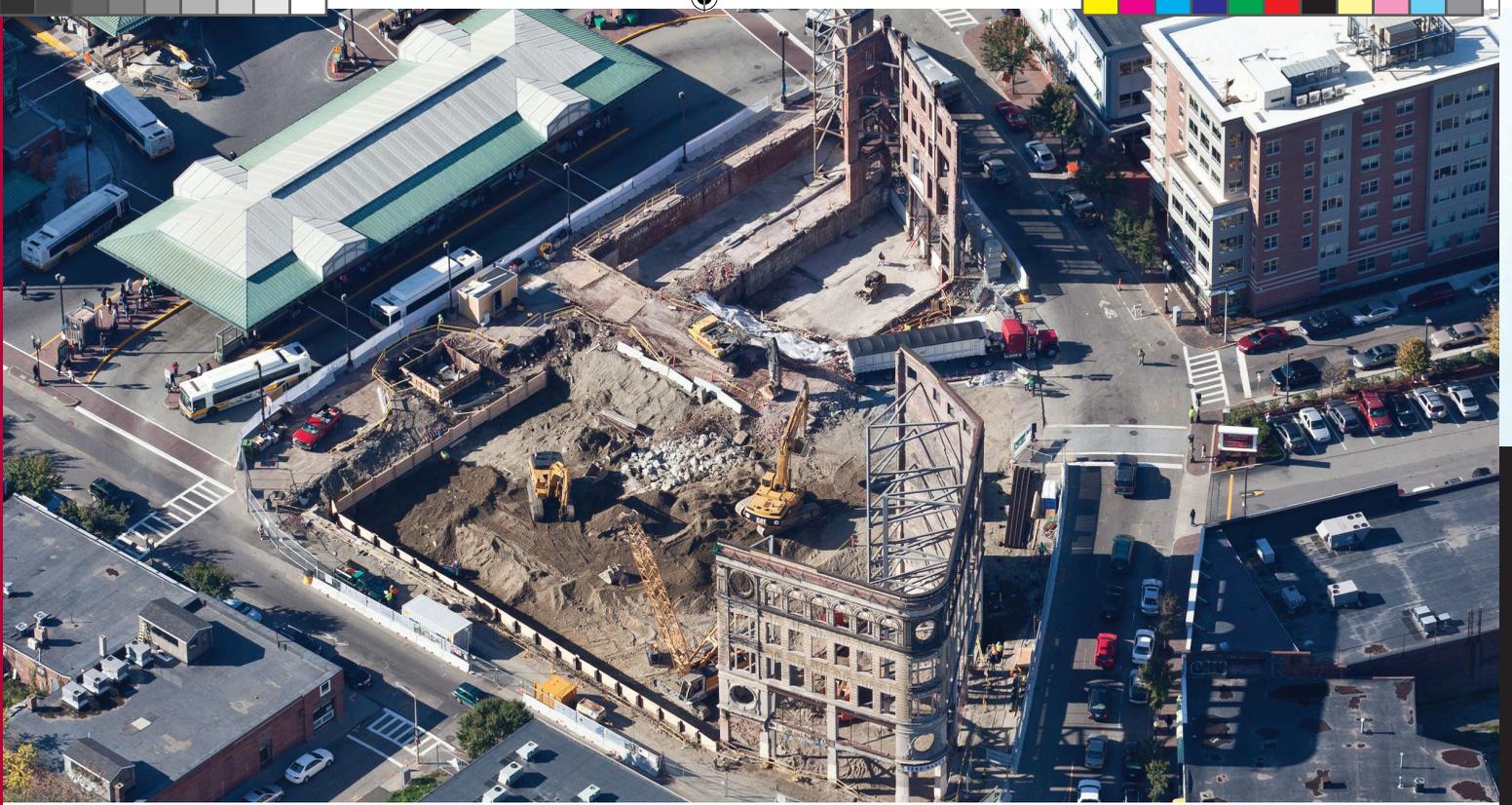


Image: Courtesy of Courtesy of city of Boston

The Bruce C. Bolling Building development featured the city of Boston in the role of developer, with a complicated financial structure.

continued from page 61

Stephanie Anderson Garrett, the vice president of communications for TCB, said that while her firm has worked on bigger developments, this was significant, since it was within a few miles of where TCB launched a half-century ago. “Boston is our home,” she said. “There has been real excitement and optimism in Roxbury and Dudley Square. Just as much as the new [development] is prominent, the old, boarded-up Ferdinand was a prominent eyesore. For the small nearby businesses that hung in there for decades, this is very exciting.”

### New Building, New Energy

While the BPS employees make up the vast majority of the building’s tenants, the commercial portion is significant. There are six restaurants slated for the first floor—five smaller eateries and one larger one. The Roxbury Innovation Center will hopefully encourage more interaction between youths in the neighborhood and innovators—leading to more businesses in Roxbury.

“It takes time for private development to follow and for jobs to follow,” Kennedy said. “It’s a large building and we’re fairly confident. We had the policy of locating local businesses and smaller businesses. Rather than bidding for the universe and bringing in a deep-pockets company, we focused on local businesses.”

### Gratitude

Kennedy said that at the ribbon-cutting in late April, a local resident approached him and thanked him for what the resident called “the most exciting thing in Dudley Square in decades.”

“This was an extraordinary team effort by the city and its financing partners,” said Daskalakis. “Those of us who were fortunate enough to work on the city’s team feel a great sense of pride in helping to make possible this architectural gem that will become one of the new focal points of the community.” ❖

### BRUCE C. BOLLING MUNICIPAL BUILDING FINANCING

- \$93.5 million from three city of Boston grants
- \$15 million NMTC allocation from Massachusetts Housing Investment Corp. CDE
- \$10.8 million NMTC allocation from Bank of America CDE
- \$12.5 million in Bank of America NMTC equity investment in NMTCs
- \$7.5 million in NMTC allocation as loans from Building America
- \$7.5 million NMTC allocation as loans from The Community Builders CDE