To make Harbor Point work, CMJ had to fill 883 units with market-rate renters. The challenge was a significant one: how do you get people who are able to pay market rents to choose an apartment at the site of one of the most notorious public housing projects in the nation? The future of Harbor Point depended on CMJ’s ability to make good on its promise that it could attract these tenants. The company developed a careful and detailed marketing strategy to make sure it was successful.

The first element of the marketing strategy, which CMJ had also used at King’s Lynne, was to physically separate the old community from the new. Harbor Point was built in phases. The first phase of construction was at the south end of the site, while the 350 Columbia Point families were living in, and in some cases relocated to, the buildings at the north end of the site. Marty Jones, CMJ vice president at the time, explains that the relocation phase went smoothly, thanks to the work of Housing Opportunities Unlimited, meeting individually with every family to explain their rights and give them the written, legally binding rehousing guarantee; and thanks to the task force, explaining to the residents how the relocation process would work:

The residents were sophisticated enough to understand—and the resident leadership was able to sell to the residents—that some of them were still going to be living in some of these God-awful buildings for years while new, high-income people moved into the new development. The reason for that was that we didn’t want to load up the first section of the site with all low-income people. It had to be a proportionate mix, and they really understood that. You needed to do it slowly and spread people out over the entire site. . . . The fact that that was fairly easily accepted by the community is very interesting. People were willing to do that because they really understood the concept.

The plan was to bring prospective renters into Harbor Point using the more scenic road around the university, rather than coming right down Mount Vernon

The mall at Harbor Point was modeled on the Commonwealth Avenue Mall, 1991. Courtesy of Corcoran, Mullins, Jennison.
Massachusetts Archives becomes another of Harbor Point’s institutional neighbors. Courtesy of Peter Vanderwarker.

“At State Archives Will Soon Have a New Harbor Home”

At a cost of $19 million, the taxpayers of Massachusetts have erected a building at the edge of Boston Harbor that will serve as the state’s attic, the government’s filing cabinet and a vast memory palace for the commonwealth.

The Massachusetts Archives, Museum and State Records Center, enclosing 102,000 square feet on a 4½-acre site at Columbia Point in Boston, is to be opened by Gov. Dukakis on Nov. 19 and be available to the public a week later.

The museum section, featuring displays on the “People, Places and Politics” of Massachusetts, will open first. The archives and records center should be ready by early December.

“I would say we have what will be the best archival facility in the nation—it’s state of the art,” Secretary of State Michael J. Connolly said last week.

For decades, the state has been storing its official papers and treasures in a crowded, musty basement section of the State House on Beacon Hill, a convenient spot for tourists but an inappropriate place to sort, preserve and display the state’s vast holdings.

The state constitution says, “The records of the commonwealth shall be kept in the office of the secretary,” and Connolly is proud of the new building, with its high-technology security, climate control and firefighting systems.

He’s also proud that the construction was completed on time—in 36 months—and on budget.

The gleaming glass and stone building will soon house and display some of the oldest and most valuable documents and artifacts in American history . . . the original versions of the Massachusetts Constitution, the 1628 Charter of Massachusetts, the diaries of Plymouth Colony Governor William Bradford, Indian treaties and the papers of such patriots as Sam Adams, John Adams and John Hancock.

The collection also includes birth and death records, lists of immigrants arriving at the Port of Boston, muster rolls from the Revolutionary and Civil wars, and the “Eastern Lands Papers,” which describe the history of Maine before it separated from Massachusetts in 1820.

—Boston Globe, November 10, 1985
Street past the still-to-be-redeveloped areas of the former housing project. Many years previously, the University of Massachusetts had put a Cyclone fence along the Mount Vernon Street side of its property to protect itself from the problems at Columbia Point. CMJ sought and received permission from the chancellor’s office to re-open the access to Mount Vernon Street. Prospective renters were then able to approach Harbor Point by driving along the water past UMass Boston, the Kennedy Library, and the new Massachusetts Archives, Museum and State Records Center, which had opened in 1985, and enter the community from the south.

“From a marketing perspective,” Joe Corcoran explains, “the approach was all-important”:

When people came to the site, the first thing they saw was this new building, the ocean, this great routing along the University of Massachusetts and the water. And they came right into the development. So at the outset they saw the full potential of the site... We did the same thing up in Lynn: we marketed the top of the site first and moved all the original folks into buildings down at the bottom of the hill, and then we finished off the top of the hill overlooking the city.

Bringing prospects to Harbor Point via the university road wasn’t misleading, Corcoran insists. “That isn’t to say that we didn’t tell them what it was all about. We just wanted to give them the impression of what it was going to be like. And we were putting our best foot forward.” Doing so, he explains, is critical to the success of any development, market-rate or mixed-income: people need to be able to picture what the site will ultimately look like. CMJ, Corcoran explains, was simply applying the same principles of marketing a market-rate development to marketing a mixed-income community.

Corcoran is a realist, a pragmatist, when it comes to the challenge of making a mixed-income development work: if you can’t attract the market-rate tenants, you can’t have a mixed-income community. “We use good marketing techniques to make mixed-income development successful,” Corcoran explains. “We make no bones about it—we bring that dimension to all of the developments we get into. We can get the market to live there so it can be a mixed-income development. Some assisted-housing developers can’t do that because they don’t have any market sense.”

Corcoran believes that developing and implementing a careful marketing strategy is rare in the world of subsidized housing. “People think, it’s going to be all subsidized and we don’t care,” he says. What about the accusation that such an approach conceals part of the real identity of the community? “True,” Corcoran says. “Because
April Mercedes Hernandez, second from left, and the Harbor Point Leasing Office staff. Courtesy of Corcoran, Mullins, jennison.

otherwise you wouldn’t be able to fill the place up with market-rate people. It’s a tough enough situation in any event, given the nature of the place. You want to really show it at its best.”

April Mercedes Hernandez was in charge of leasing the market-rate apartments at Harbor Point—“showing it at its best.” Before coming to Harbor Point, she had worked on leasing the Greenhouse, a new luxury apartment community located on Huntington Avenue near Boston’s Symphony Hall. There she faced a challenge similar to that at Harbor Point: convincing renters that the Greenhouse was part of classic Back Bay rather than the less established fringes of the South End. But the challenge at Harbor Point would be even greater. “Everyone in the industry thought I was crazy to want to do it,” Hernandez recalls:

It was an incredible challenge just based on the number of units—883 market-rate apartments—not to mention the stigma attached to the property when it was Columbia Point. Everyone said no one’s ever going to want to pay market-rate rent out there. You just can’t do that sort of thing. That made me want to do it even more. . . .

I had grown up living across the street from public housing and I was a city girl. A lot of this was about race, about mixing people together. Many people felt you just couldn’t do this in Boston. But I believed that you could do it and that’s how it should be.

When the first new buildings at Harbor Point were ready for leasing in the summer of 1988, market rents were one thousand dollars per month for a two-bedroom apartment and eight hundred dollars for a one-bedroom. Only a few buildings were completed: one building with about one hundred units, a smaller building of twenty units, and a few townhouse apartments. The rest of the site was still under construction, and most of the development’s most attractive

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amenities—the clubhouse, the fitness center, the pool, the waterfront park—existed only on paper. Hernandez, however, was undaunted. “Marketing is perception,” she says. “It’s what you create. It all depends on the way you look at things.”

Hernandez decided not to put directions to Harbor Point in the advertisements that ran in the Boston Globe. At the time leasing began, Harbor Point was receiving a lot of negative publicity in the Boston newspapers for the evictions of some of the most notorious Columbia Point tenants. “I felt that if people saw directions in the ad,” she explains, “they wouldn’t even make the phone call. We would have lost out on a lot of people we didn’t even know about.” Instead, the ad was listed alphabetically under “Boston waterfront.”

Once the calls began coming in, Hernandez and her team continued to “create the perception”:

We didn’t say, “We’re in Dorchester at the site of the old Columbia Point.” Right away we’re going to lose people. You aren’t even going to have a chance to let people know what it’s like. It doesn’t have anything to do with tricking people. It’s just being able to give people an opportunity to learn more about it. So when they ask where it is, you say, “Gee, where are you calling from?” If you have somebody calling from Boston, the way you answer is probably going to be quite a bit different than if you have somebody calling from out of town or out of the country.

So you say, “Are you familiar with the Boston area? We’re just a hop, skip, and a jump from downtown Boston. Very convenient. We’re a brand-new, $200-million ocean-front community right next door to the JFK Library and the Mass Archives. It’s like Cape Cod in Boston. We’re on fifty beautiful acres of waterfront property. So come out of the city a few minutes. We’re right on the Red Line. We’ll give you a whole lot more for your money than you’ll get downtown. You won’t have to deal with the absentee landlord. You won’t have to deal with the old brownstones. You won’t have to deal with not being able to find a parking space. We give you all of that here and more—for less rent.”

Hernandez and her team were successful in getting people to come out and take a look. Most people were struck by Harbor Point’s dramatic waterfront location and the many advantages of renting there. Typically, the leasing office did very well “closing” customers—getting the deposit—but problems would arise once the customers went back home. “They’d talk to their friends, family, and co-workers,” Hernandez recalls, “and they’d say, ‘What, are you crazy? You can’t rent up there.’”

If they didn’t know the area and their co-workers did, they would say, “Oh, that’s really bad out there. You really don’t want to live out there.”
Above: Joe Corcoran and the late basketball star Reggie Lewis, who lived at Harbor Point for several years with his wife, Donna. Courtesy of Corcoran, Mullins, Jennison.

Above, right: Participants in a summer basketball camp run by Reggie Lewis at the new development. Courtesy of Corcoran, Mullins, Jennison.

So we ended up with a huge cancellation rate—you'd lose six out of ten between cancels and declines, when you're used to losing one out of ten.

In the beginning, that was hard to deal with. It was kind of a shame: you could sense people wanted to rent here, but there was so much negativity. You just see if you can overcome the objections. It's not right for everyone.

As Hernandez saw it, her job was to create the perception, put the new development in its best light, help people visualize what the final product would be like, and even try to overcome the objections. Then she had to step back and let the customers make their own decisions.

Hernandez drew on the relationships that she had developed with the real estate brokers from the Newbury Street area when she was leasing apartments in the Greenhouse. Initially, the downtown brokers were reluctant to take the time to take prospective renters out to Harbor Point. To attract them, the leasing office developed a brokers' program whereby they were paid a full month's rent in commission by CMJ.

Although the leasing office anticipated that the market for Harbor Point would come from people living on the South Shore, it turned out that these prospects were more likely to be aware of Columbia Point's history and therefore less likely to want to live at Harbor Point. Instead, the people most interested in Harbor Point turned out to be the young urban professionals and graduate students who saw in the community a variety of advantages over comparable
Harbor Point Occupancy Rates

Construction of all 1,283 units at Harbor Point, including the renovation of existing buildings and completion of new ones, was finished in 1990. Residents moved in as the apartments became ready. Occupancy rates at the apartment complex increased as Boston's rental real estate market tightened.


Below: The children's pool at Harbor Point. Courtesy of Corcoran, Mullins, Jennison.
apartments in downtown Boston, Brighton, or the Back Bay—lower rents, new buildings, and on-site parking.

While Hernandez and her team were “creating the perception,” they also explained to prospective renters that Harbor Point was a mixed-income community—one-third of the apartments would be occupied by families whose rents were subsidized. “We didn’t make a big deal out of it because it shouldn’t be a big deal,” Hernandez explains. “We certainly told people that it was mixed-income. But if we make a huge topic out of it, people are going to think, ‘What are they doing this for? Is something wrong?’ [On the other hand,] we didn’t want anybody moving in there if it wasn’t for them. So part of the procedure was to bring the client into your office and have a conversation with them. Find out what was important to them in their new home and so forth. And then tell them a little bit about Harbor Point as far as it being a mixed-income community with all different kinds of people living there.”

Some people were immediately turned off. “We had people who said, ‘Oh, I don’t want to live with subsidized people,'” Hernandez recalls. “We had plenty of people like that. They didn’t want anything to do with it. Some people had a real problem with paying one thousand dollars a month next door to somebody who was only paying one hundred dollars a month.” Joe Corcoran estimates that Harbor Point lost about 20 percent of the market to people who walked away because it was a mixed-income community—an expected, and acceptable, loss. “That’s their choice,” Hernandez says. “The last thing I want is someone living at our development who doesn’t want to be there.”

According to reports in the media, some market-rate tenants claimed that they were not told in advance that one-third of the apartments at Harbor Point were subsidized. An article entitled “Harboring No Illusions,” by Debra Rosenberg in the August 25, 1989, edition of the Boston Phoenix, while generally optimistic about the “housing experiment” at Harbor Point, reports that one year after leasing began, some market-rate tenants didn’t know that theirs was a mixed-income community until they read about it in the paper. Others were reportedly confused about the mechanism for subsidizing low-income families, assuming that their higher rents were directly paying for their neighbors’ lower rents. At the same time, the article reports, the Massachusetts Tenants Organization was claiming that the developers’ ultimate objective was to kick out the four hundred low-income families and turn the development into an all-market-rate, luxury waterfront development. Harbor Point, like Columbia Point before it, was never at a loss for rumors.
In 1989, just one year after leasing began at Harbor Point, the real estate market in Boston began to crash. Soon, the major recession that was hitting the entire New England market began to take its toll on Harbor Point. After an exceptionally strong start, with some ninety apartments rented in the first month, new rentals fell to only a few each month. As vacancy rates began rising all over the city, landlords began lowering their rents. In order to continue to present Harbor Point as being a good deal compared to Boston rents, the leasing office had to lower rents even further.

In order to attract the market, many landlords began paying the brokers' fees; Harbor Point's program of paying brokers a full month's commission was no longer exceptional. Moreover, when existing leases came up for renewal, instead of increasing rents or keeping them the same, they had to drop them—otherwise, people who had been living at Harbor Point would be paying more than people just walking in the door. In 1990 Harbor Point began offering a free month's rent as an incentive to attract new tenants.

Between 1988 and 1992 rents throughout the city dropped by 20 percent. Harbor Point's financial plan, based on full occupancy and steadily increasing rents, was in trouble.

The recession caused even more serious problems for Harbor Point's investors—yet another threat to the financial stability of the development. Harbor Point had received its first, and worst, financial blow in 1986, when federal tax reform threatened to scuttle the entire project. At Harbor Point this meant a major change in the investment strategy. Even though Senator Ted Kennedy's efforts to qualify Harbor Point for "transition rules" in the 1986 tax reform legislation were successful, the tax incentives now took the form of tax credits that were attractive to corporate, not individual, investors.

Among Harbor Point's major new corporate investors were Massachusetts savings banks. Thriving in the late 1980s, they were flush with cash to invest and eager to take advantage of the tax credits to offset their earnings. They began investing in Harbor Point in 1986, signing agreements committing them to invest a certain amount each year for several years, and receive tax credits in return.

Then in 1990 the recession hit. As borrowers defaulted on their loans and federal regulators were requiring increased reserves, savings banks were suddenly in deep trouble, starting to go bankrupt and in turn defaulting on their payments. Moreover, because the savings banks were no longer making a profit, they had no use for the tax credits that only a few years earlier had been so attractive.

A year after opening, Harbor Point was caught in the financial crisis that was sweeping the real estate industry. The new community's
savings bank investors were defaulting on their payments, and in the meantime, the economic recession in Boston and across the country was depressing rents. Fully 70 percent of the revenues at Harbor Point were projected to come from market rents. Not only were those rents now below what had been projected, but as many as half of the market-rate units were standing empty.

In 1991, caught in the double bind of defaulting investors and a revenue shortfall, CMJ undertook a major restructuring of the financing of Harbor Point. Many of the original investors, no longer in a position to take advantage of the tax credit and unable to continue to invest on schedule, simply wanted to get out of the deal. Some had already defaulted on their investment obligations. In place of the struggling savings banks, CMJ sought an investor with the capital to invest in Harbor Point who could benefit from the tax credits.

They found their investor in the Chevron Corporation. Chevron purchased the interests of the defaulting partners and made a total investment of $34 million, creating a cash reserve large enough to tide Harbor Point over until the recession ended and rents rebounded. In fact, CMJ, by selling the tax credits to Chevron for a higher price than the original investors had paid, ended up with capital reserves of $50 million.

While CMJ was arranging for the financial security of Harbor Point, the leasing office responded to the recession by becoming more creative—visiting corporations, schools, and hospitals, offering housing to employees, running open houses—not only beating the bushes but continually finding new ways to beat them. Although the recession was a serious setback, the worst real estate recession since the 1930s, the infusion of capital from Chevron meant that Harbor Point was now set to weather the storm.