

## NH&amp;RA 2013 VISION AWARD HONOREE

# Jack Manning

## Tax Credit Pioneer

By Marty Bell

In 1974, Jack Manning and Herb Collins formed a partnership then called the Greater Boston Development Corporation to provide equity investment capital for the development of apartment properties. But after just two years of financing market-rate projects in a high inflation, high interest rate (prime rate rose to 12%) environment, they concluded there had to be a less risky way to invest in real estate.

Their research led them to a government program known as Section 515 Rural Rental Housing. Sect. 515 offered 95% financing and a 50-year amortization period at 1% interest rate. Their first Sect. 515 investment was \$195,000 in equity and financed construction of the 40-unit River Crest Apartments in Lancaster, Pa. Rivercrest was the first of over 3,000 investments Manning would make over the next 28 years.

In January of 2014, the company, now run solely by Manning following Collins' retirement in 2001 and known since 1987 as Boston Capital Corporation, will celebrate its 40th anniversary and is now the largest owner/investor of apartment properties in America, according to the National Multi Housing Council, with a portfolio of over 156,000 units with original costs in excess of \$15 billion. Boston Capital employs over 200 people in offices in five states and services 88,000 investors.

On November 13 of this year, Jack Manning will be honored along with Vincent P. O'Donnell with the National Housing & Rehabilitation Association's 2013 Vision Award for career achievement in affordable housing. The gala ceremony at The Langham Hotel in Boston's financial district will coincide with NH&RA's 2013 Fall Developers Forum.

### Jack Manning's History

Manning, the son of a pediatrician from the mill town of Fall River that lies along the route between Boston and Cape Cod, graduated with a business degree from Boston College, married young, and had two children. After graduation, he spent two years commuting between Beverly Hills and Boston, putting real estate deals together along with finding investors to partner



Jack Manning (r) with then Sen. John Kerry (D-Mass.)

with the real estate division at Beverly Hills Bancorp. Though the projects were located on the West Coast, the investors he attracted were from the East, which set him up to head back home and bring value to a partnership with Herb Collins that would ultimately define both their success and a commitment to affordable housing advocacy.

The unparalleled growth of Boston Capital was ignited in the 1980s by the push for tax reform by the Reagan administration and Congress. At the time, Boston Capital had been investing five to ten million dollars annually largely on the value of depreciation deductions for investors. But with top personal income tax rates being sliced from 50% to 33%, doubt crept into the real estate investor pool, then exclusively comprised of individuals who sought tax relief via depreciation deductions.

"Herb and I realized then that we would have no business if we didn't act politically," Manning says. Working closely with the not-for-profit organizations Local Initiatives Support Corporation and Enterprise, Collins, a Republican, and Manning, a self-described liberal Democrat, began spending as much as two weeks each month in Washington on Capitol Hill. Together the three organizations and other housing advocates, realizing that the Historic Preservation Tax Credit program would not be hurt by impending tax reform, conceived and lobbied for creation of the Low Income Housing Tax Credit.

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### Creation of the Housing Tax Credit

"The polarization that exists today in Washington did not exist then," Manning says. "The White House and the Senate were then Republican and the House was Democratic. Herb and I pursued relationships on both sides of the aisle. He formed relationships with Senators Bob Dole and Finance Committee chair Bob Packwood and I pursued House Ways and Means Committee chair Dan Rostenkowski and Congressman Charles Rangel. We began to do a lot of campaign fundraising for those members who supported our idea of creating the Low Income Housing Tax Credit, which was novel at the time.

"We argued that with the value of depreciation down, the only way to attract investment capital for affordable housing was going to be through tax credits. Congress was much more receptive to not-for-profits and perceived for-profit companies as less committed to the cause. We first had to sell them on the value private for-profit companies could contribute. And then argued that with the tax credits, profitable corporations would be willing to make these social investments."

The result was that Congress passed the Low Income Housing Tax Credit as part of the Tax Reform Act of 1986, creating a new form of affordable housing real estate investment as a limited pilot program with a "sunset" or reevaluation date of 1989. In the next year Manning and Collins launched the publicly-registered flagship Boston Capital Tax Credit fund. But shortly thereafter, by the end of the decade, as the sunset period neared its end, the real estate market fueled by Limited Partnerships built on accelerated depreciation crashed. "So our long visits to Washington started all over again," Manning says. "The program had to be renewed annually from 1989 to 1993, so we needed to be there all the time." Then in 1993, under Bill Clinton's administration, the LIHTC program was made

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## Vincent P. O'Donnell

### Housing as Social Justice

By Marty Bell

One day in his home in a blue collar all-white neighborhood in Northeast Philadelphia in the mid-1950s, the pre-teen Vincent F. O'Donnell, Jr. heard his older sister Patricia say to their dad, a hard working sometime bread man, sometime milkman, sometime handyman, sometime sheet metal worker, full-time family supporter, "How can you go to church on Sundays and still say the things you do about negroes?"



Vincent P. O'Donnell

The remark lingered in younger Vince's mind and stuck in his craw. Just a few years later in his teens, as the Civil Rights movement gained steam, Vince, a talented musician, shifted his enthusiasm from classical violin to jazz guitar and thus found himself drifting from the all-white environment of his upbringing to a diverse racial world of musicians. "Civil Rights started to grab me," O'Donnell says. "My simple assumptions were challenged. What was once just a concern affecting others suddenly became part of my world."

Vince attended the University of Pennsylvania where he was "deeply impressed with my teachers' non-dogmatic approach to fairness." While in graduate school at Harvard, he tried to make a social contribution by tutoring in Boston's South End, only to be left feeling the problems were huger than his effort. When working on his thesis, he felt as if he wasn't doing enough about the social tumult he was living through.

This urge to contribute began a circuitous journey towards personal fulfillment for Vince O'Donnell that eventually landed him at the Community Economic Development Assistance Corporation in Boston and then on to the Local Initiatives Support Corporation, where as Vice President of Preservation his specialty was leading efforts to save at-risk assisted multifamily housing via the formation of creative partnerships. During his tenure, which ended last July, LISC invested more than \$100 million to preserve more than 20,000 units.

Now at 72 and affiliated with Preservation of Affordable Housing, Inc. (POAH), Vince O'Donnell, who devoted his career to pursuing social justice through housing, will be honored along with Jack Manning on November 13 by the National Housing & Rehabilitation Association with its 2013 Vision Award for career

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a permanent preference in the tax code.

“Those were critical moments in the history of affordable housing,” Manning says. “The tax credit program became the generator of a whole variety of different financing methods and properties targeted at specific markets...It was a whole new vista. Government was no longer the primary funder of affordable housing and a great deal of equity became available. Corporate America liked what they saw and more and more invested. What was almost exclusively a market for individual investors was now moving toward a market focused on institutional investment. It was like adding horsepower to an engine. We went from building 40-unit properties to multi-100 unit properties. As we grew, we had to build infrastructure. We added sophisticated asset management services and information services. This new level of sophistication was overwhelming and exciting. Our investments and relationships were becoming long term and we had the capital to support our growth and operations.”

### **Busy in Industry Advocacy**

Manning’s political activism has continued with his involvement in the founding of the Affordable Housing Tax Credit Coalition and the Housing Advisory Group and his participation in the National Multi Housing Council, the National Council of State Housing Agencies, the National Association of Home Builders’ Housing Credit Group, and NH&RA, all intended to bring the industry together and have an ongoing presence on Capitol Hill and in state capitals as well as to encourage private/public partnerships.

Manning has always kept his fingers on the pulse of government and is very concerned about the future of both the LIHTC and HUD programs on Capitol Hill. “Now we find ourselves trying to protect the program once again. The industry has come a long way since our past tax reform battles but the ideology in our nation’s capital makes this foray as challenging if not more so...The LIHTC program is the perfect example of how the public/private partnership can solve social issues in America.”

“Irrespective of your business, no CEO cannot ignore the effect of politics on your business,” Manning says. “We have to be aware of what policy makers are

proposing as that affects their actions, which, whether intentional or not, can put our business at risk. This is why it is so important that our industry continues to engage and educate Congress on the value of the LIHTC and our housing programs.”

“I like to view myself as a social entrepreneur, and part of being an entrepreneur is being aware of and working to secure an environment favorable to your business. At Boston Capital, we never take this guideline for granted.” **TCA**

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achievement in affordable housing. The gala evening ceremony at Boston’s Langham Hotel will coincide with NH&RA’s 2013 Fall Developers Forum.

### **Vincent O’Donnell’s History**

Living in Roxbury while attending Harvard, O’Donnell found his head spinning observing the formation of Mothers for Adequate Welfare Services, free schools, and the work of community organizer Lew Finfer. “The organizer’s organizer,” says O’Donnell. “I realized some people do this work for the right reasons. I wanted to get involved in decisions that affect a whole community.”

So O’Donnell took a break from his thesis, volunteered to do code enforcement work and was then offered a job working for Mayor Kevin White analyzing the inadequacy of the city’s Housing Inspection Department. It turned out to be a heady time. Barney Frank was White’s Chief of Staff. Fred Salvucci, later a Dukakis transportation secretary, was in the office. And then O’Donnell was put onto a three-year study of the subsidized housing inventory in Boston. “In my study, I saw that the Boston assisted housing inventory was in real trouble,” he says. “And I saw a looming need for rental assistance to ward off foreclosure and physical decline. I also learned that you can do rehabilitation in a cost effective way despite the FHA bureaucracy.”

Along with Emily Achtenberg, O’Donnell put together a demonstration program at Citizen’s Housing and Planning Association (CHAPA) with a mission to redevelop Boston’s foreclosed subsidized housing properties. “We had a willing HUD office and the right legislative tools and I got a good grasp on how to make bureaucracy

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