

STATE PENSION FUND SEEKS LOCAL INVESTMENTS

2007 JULY - ETI Policy Includes Real Estate - Ever since the Commonwealth's pension fund (PRIT) adopted an Economically Targeted Investment (ETI) policy in 2003, the program has steadily grown, especially in the area of real estate.

Late last year, real estate manager Canyon Johnson began work on a mixed-use Charlestown project that will include 146 condominium units, including 15 affordable and 131 market-rate units. This project has created nearly 100 jobs thus far.

The \$53.75 million Charlestown project, which also includes 190 structured parking spaces, is located on Brighton Street adjacent to the Sullivan Square MBTA station. Market rate unit prices will begin at \$330,000, with an average price of \$434,000. The affordable units will be priced at \$183,000 per unit. ETI developer, New Boston Co., will be embarking on the largest development Boston has seen in 60 years. Known as the Olmstead Green Project, it is a 42-acre mixed-use development in the former Boston State Hospital site in Mattapan. The new urban village will be built in four phases, providing 287 market rate townhouses and condominiums, 153 affordable rentals, and 83 units of affordable senior housing. There will also be a 123 bed skilled nursing facility, an urban farm, a job training center and a four season building facility. Olmstead Green is expected to create 400 construction jobs and 400 permanent jobs in the Commonwealth. Other ETI real estate managers also have projects in the pipeline. Intercontinental currently holds two Massachusetts-based properties that are expected to provide future tax revenue and generate thousands of labor hours for Massachusetts vendors, building trades, construction companies, sub-contractors and local business in general. Canyon Johnson, in partnership with the Asian Community Development Corporation, is also scheduled to construct a complex at the corner of Kneeland and Hudson Streets in Boston's Chinatown District. There will be 315 rental and condominium units with both market and affordable rates. "Our ETI program is required to seek the same rate of return as other comparable investments," says PRIT Real Estate co-chairman Ralph White. "It's a plus to be able to help the economy along with affordable and market rate housing in Massachusetts, but our annualized investment return expectation will never be compromised. Also we are not in the real estate management business." PRIT's annualized real estate investment return has been 15.5% over the last 10 years.