

HDR Current Developments
August 22, 2011

TAX CREDIT MATTERS
PROJECT MANAGEMENT

Boston Capital Develops Program to Improve Asset Management Efficiency

Boston Capital, a national low-income housing tax credit syndicator, has improved its asset management efficiency and ability to deal with troubled projects by developing an in-house computer program instead of using off-the-shelf software.

When Boston Capital began development of its asset management program, called Fusion, in 2005, it was using another application to manage its 2,000-plus property portfolio, according to Brian Madden, vice president and director of information technology and chief operating officer for Lexington Solutions, a Boston Capital technology subsidiary.

Emily DiCenso, assistant vice president and senior asset manager for Boston Capital, said the old software wouldn't allow asset managers to access underlying project information and to generate reports tailored to different investor needs. In addition, Boston Capital had to manually check data generated by the application before issuing reports, she said.

"We had a lot of issues with it," Madden said. "We looked for alternatives in the marketplace, but there wasn't much to choose from so we decided to embark on developing our own."

The Fusion program is now fully operational, he noted.

Program Features

Fusion can analyze financial statements, track invoices and receipts, monitor construction progress and lease-up, perform tax credit calculations, and manage general property information. Additionally, the program generates internal and investor-tailored reports, DiCenso said.

More importantly, the program has enabled Boston Capital to "stay on top of emerging trends" and "to become far more proactive in identifying risks much sooner," she added.

In particular, the system has a built-in risk ranking system which assigns scores on a scale of zero to 100 to quarterly project and site visit reports. Any project with a score below 60 gets placed on Boston Capital's watch list of troubled properties.

Identifying Risk

"We can look at a partnership at any given time and associate a certain amount of risk to those scores," DiCenso explained. As a result, Boston Capital can meet with general partners of troubled or borderline projects early on to address problems, she said.

"With the old system, we had to manually perform calculations and identify issues. Now we can spend more time resolving issues," DiCenso said. "As asset managers, that's what we really need to focus on, and Fusion has allowed us to do that."

Dicenso estimated that Fusion has cut in half the time asset managers at Boston Capital spend on identifying and resolving issues.

Boston Capital has reduced the number of projects on its watch list, and it can prevent others from getting on the list because asset managers can use Fusion reports to deal with emerging issues before they become larger problem, she noted.

Because it is easier to use, the development of the Fusion system also has reduced staff turnover, according to Madden.

The new program is intuitive so that “people can start working on day one and immediately begin to dig through the portfolio,” Madden said. “They can focus on asset management instead of learning how to use the system.”

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