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FINANCING
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THE CO-OP KING

Inside The Complex:
World Of Real Estate
Investor E.T. Williams

A Busy
Night With A
Big-City Doctor

Beat The
Mundane
Meeting Blues



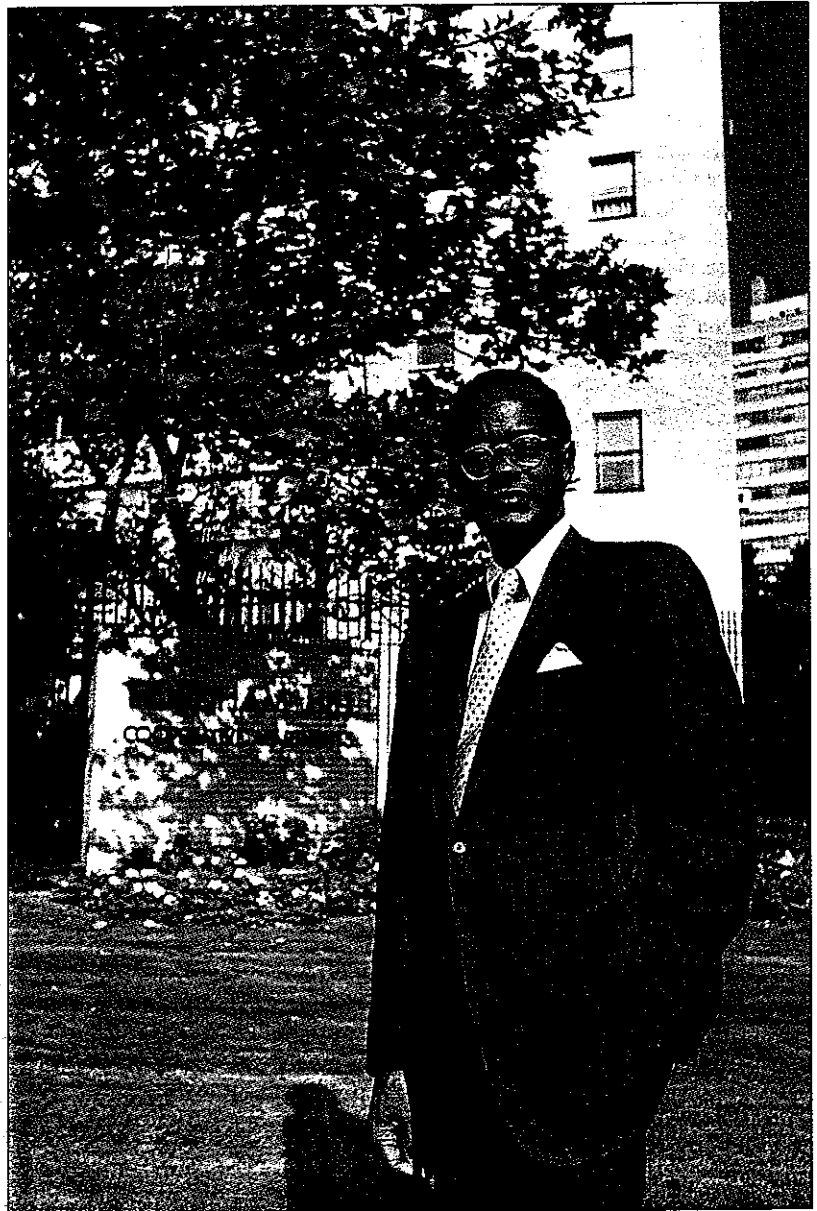
As president of Fordham Hill cooperative apartments, E. Thomas Williams is breaking ground in New York real estate.

THE CO-OP KING

By investing in cooperative housing projects, E. T. Williams has laid the foundation for a real estate empire

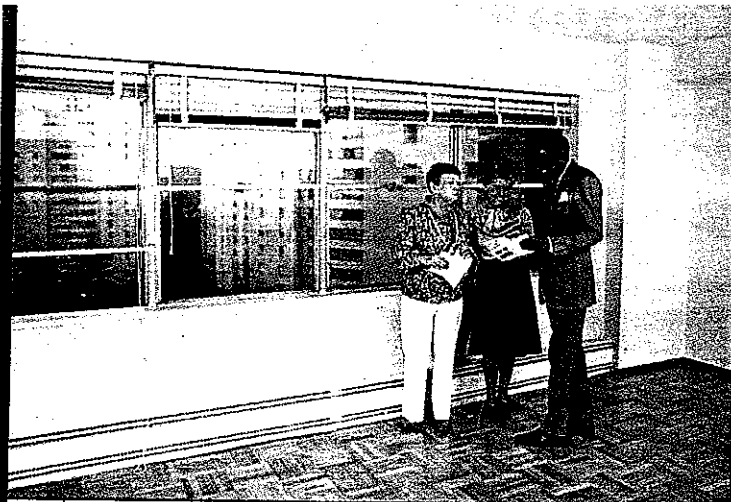
ET. Williams has no typical day. For him, there are marathon meetings to attend. There are community obligations to be addressed. And there are always real estate deals to be made. Williams' turf is New York, and to hear that city's developers tell it, it's perhaps the toughest market to crack.

Nonetheless, Williams is making his mark in an industry that has created such dynasties ruled over by the likes of Donald Trump and Harry Helmsley. Over the past three years, the tall, soft-spoken real estate investor financed the co-op conversion of the Fordham Hill Apartments, a massive 1,114-unit complex in the Bronx. And he is currently putting the finishing touches on a complex of 15 co-



E. Thomas Williams stands in front of the cornerstone of his business empire: The Fordham Hill Cooperative Apartments

BY DEREK T. DINGLE & DEWAYNE WICKHAM



(From left to right): Secretary Elinor Seery and sales staffer Catherine Mapelli discuss new projects with Williams

operative apartments and a marina in the exclusive Long Island, N.Y., community of East Hampton. Williams is also amassing huge profits from The Hawthorne, an apartment hotel that he co-owns in Cambridge, Mass., and is completing the purchase of a 12,000-square-foot office building in Jamaica, West Indies.

Operating from his elegant office at Fordham Hill, Williams, 48, is busy breaking new ground. Now he is seeking to expand his real estate holdings and business interests to Brooklyn and Manhattan, which are considered the major leagues for New York real estate investors. But Williams' mission is not merely to become richer. (He'll gross between \$8 million and \$10 million this year alone.) "I already have enough money so that I don't have to work another day in my life," Williams says matter-of-factly. Rather, his ambitions lie in promoting self-sufficiency among blacks through home ownership and the grand-scale financing of civil rights organizations.

An Entrepreneur's Story

Edgar Thomas Williams' story is not a rags to riches tale. It is, however, the story of a man who has parlayed financial savvy and the right social contacts into a business empire. And while making his fortune, he has come full circle, in the tradition of his forefathers—through entrepreneurship and real estate.

Growing up in Brooklyn during the forties and fifties, Williams was always exposed to the pleasures and pitfalls of entrepreneurship. In fact, his grandfather and uncle left Yemasee, S.C., by selling "the worst land in Yemasee" to the South Carolina Gas & Electric Co. When the two moved to Brooklyn, they purchased a 14-room boardinghouse and a building that housed their candy and stationery store. His father, Edgar Williams, was also a businessman. Working long, hard hours, he ran a real estate firm selling and managing

property in Brooklyn. Another profitable slice of business came from selling insurance and providing income tax services to local residents.

It seemed like a natural progression for Williams to go into real estate. After all, it was his father's dream that after his son finished his studies in economics at Brooklyn College he would join the family business. "I was supposed to graduate and work in my father's real estate office," reflects Williams. "But I didn't want to settle down into a nice comfortable environment in Brooklyn."

Ironically, it was the business that interrupted Williams' college education. During his sophomore year, Williams' father suffered a massive stroke. It was up to his son to fill in and support the family. "I had to leave college to protect the family business. I took a six-month crash course in real estate and received my broker's license," he recalls. "Although my father had a number of capable salesmen, there needed to be someone there to make sure that licenses and other procedures were in order."

It was a heady task for the young college student, feeling the pressures to make a profit while learning the intricacies of real estate. But the experience planted the seed for his future involvement in buying and selling properties. That seed, however, didn't sprout for another 20 years.

Williams eventually graduated from Brooklyn College and went on to the Johns Hopkins School of International Studies in Baltimore and the American Institute of Banking in Baltimore. While still uncertain about what career to pursue, he decided to go abroad, visiting such exciting locales as Europe, India and Egypt. His travels inspired him to join the Peace Corps, teaching geography and economics in Ethiopia.

After his stint as a volunteer, he decided that corporate America would provide the challenge that he so desperately sought. Choosing to make his mark in the banking arena, he joined the staff of the Maryland

National Bank in Baltimore in 1967. There he became the first black to complete the institution's management training program, and two years later, became its first black officer.

While Williams was making strides in banking he was also developing a network of valuable contacts. The young banker and his socialite wife, Auldlyn—the first black member of Baltimore's Junior League, an exclusive women's society—became involved in numerous nonprofit activities, including raising funds for the Baltimore Museum of Art. "It was my intention to integrate the upper class of Baltimore," Williams quips.

He came in close contact with the rich and powerful when he made his move to New York, specifically to Chase Manhattan Bank. As second vice president in the institutional banking department—controlling operations in California, Oregon and Washington—he maintained close ties with the bank's chairman, David Rockefeller. "Whenever Rockefeller wanted to check out what was going on in those three states, naturally I would go along. I got to know him well. We would talk about a number of topics as we traveled in his private gulf-stream jet, or at the hotel where we both stayed. One of his interests was the Harlem School of the Arts, of which I was a board member."

Ten years later, Williams became the head of Chase Private Banking International, which services wealthy Americans who live abroad. He was responsible for issuing lines of credit to individuals in excess of \$50,000. "Rockefeller would bring his friend or a client to see me and ask me to take care of them. Sometimes, the clients were a little stunned to see a black face."

Understated Style

Williams gives the appearance of being at ease in any environment. The people he deals with in boardrooms are the same people he plays squash with at Manhattan's posh University Club. It has been this ability to interact so well with people on both a professional and social level that has provided him with several major business opportunities. "You have to be involved in interracial interaction. You have to be social, because so much of the action happens on the sidelines of life," he asserts. "I feel

Williams meets with (clockwise) board members Delores Hayes, Ruth Frazier, Owen Walker and Albert Harris

comfortable around David Rockefeller, dancing with Brooke Astor or riding in a subway seated next to the average New Yorker."

His style is definitely understated. Shutting from meeting to meeting, Williams, who wears Brooks Brothers suits and wire-rimmed glasses, is chauffeur-driven in a Ford station wagon. Those who know him best say that he is methodically calculating, one who will make a move after covering all his bases. It was his style that turned Fordham Hill into a success.

Hot Property

Williams learned of Fordham Hill in 1980 while spending the weekend with banking clients in Great Barrington, Mass. Another houseguest involved in real estate told him that the Canal-Randolph Corp., owner of the financially troubled apartment complex in the west Bronx, was looking for a buyer.

Within a few days he was visiting the extensive property on ten acres. By December of 1980 Williams was meeting with the complex's tenants and outlining a plan to convert their apartments to co-op dwellings. If successful, the conversion would be

the largest tenant-sponsored co-op conversion in New York history.

Williams had already adroitly completed two other deals. He bought a brownstone with a partner for \$90,000, using \$15,000 from his trust fund and money from his father's estate, and subsequently sold it to his partner for \$200,000 to finance his first co-op conversion in Manhattan. That, too, was sponsored by the tenants. (What makes the arrangement advantageous is that the co-op is then managed by a tenant board. Therefore, Williams avoided the usual landlord-tenant feuds.)

Fordham Hill had a much bigger price tag than his earlier deals. Canal-Randolph wanted \$16 million for the nine 17-story buildings. To meet the purchase price, Williams turned first to his family. "I used my own money and got my two sisters and mother to help out. In this way I came up with \$500,000," he explains.

The most difficult part was gaining financing from the banks. "As a vice president at Chase, I couldn't get a loan there. I went to every bank in the city, and they all turned me down. They didn't want to take a chance on the Bronx," he says. "Finally, I convinced Citibank that Fordham Hill was

a viable project. It was the only bank that considered lending me the money."

He borrowed \$7.2 million from Citibank and managed to raise the remainder of the \$16 million through the advance sale of apartment units. Approximately 35% of the Fordham Hill tenants bought their apartments, paying between \$7,000 and \$15,000 for one-, two- or three-bedroom units.

Managing a project the size of Fordham Hill proved to require all of Williams' time and efforts. And to be a member of the original tenant co-op committee, he had to move his family into the Fordham Hill complex. "I was really in favor of the whole project from the start," Auldlyn says. "I never really had any apprehension about it working. I picked up his confidence in the project."

But while his wife was confident, he was more cautious. "I didn't want to resign from the bank, because I didn't know where this project was going," Williams recalls. "But I knew that I was going to have to cut through a lot of nonsense to get a leave of absence."

To request his leave from Chase Manhattan Bank, Williams went straight to the



top. "I called [David Rockefeller's] secretary and said I would like to see the chairman." A 30-minute meeting with Rockefeller was granted on Christmas Eve of 1980.

"We spent about twenty minutes talking about the Bronx and the need for some changes up there. He believed that the Fordham Road area was the key to the redevelopment of the Bronx," Williams says. "We talked about the Harlem School of the Arts and some other interests we shared, and then I asked him for a one-year leave of absence."

left unsold."

But to make Fordham Hill work, the trust of the tenants had to be gained. He kept his door open to neighbors and had no problem with rolling up his sleeves to do handiwork around the complex.

Satisfied Customers

The majority of owners are pleased with the results. "I had never considered the possibility of Fordham Hill going co-op before I met Tom Williams," Catherine S. Mapelli says. Mapelli, 63, and her husband

Hill, totaling more than \$4 million. "We have also installed new elevators and new roofs for the buildings and renovated the lobbies. We installed a video security system, whereby tenants can view the lobby on their television sets to see who is calling them on the intercom. And we now have twenty-four hour security for the complex."

With the co-op conversion nearly complete, Williams is taking measure of his financial success. "I have a tremendous sense of accomplishment. I'm still paying



Williams and I.D. Robbins, founder of the Nehemiah Trust, survey the construction of low-income housing

Rockefeller approved Williams' request, which subsequently was extended into a second year, after which he resigned his position with the bank.

Because of his personal investment and the Citibank loan, Williams gained ownership of 65% of the apartment complex after the co-op plan was put into effect.

When the units were initially put on the market for purchase by nontenants, they sold for \$25,000 for a one-bedroom, \$45,000 for a two-bedroom and \$55,000 for a three-bedroom apartment. By December 1985 the selling prices had jumped dramatically, to \$55,000, \$75,000 and \$105,000, respectively. "We are now selling the units for between five and seven times the original purchase price," Williams says. "There are only about two hundred and forty units

were residents of Fordham Hill before the conversion. She became a member of the original co-op committee and now works on the complex's sales staff. "He didn't deny that he was in it for the money, but he also sold us on the benefits of the conversion to the tenants."

A major benefit that tenants would derive from buying their apartments was an opportunity to accrue some equity on their property after years of paying rent. "We quadrupled our original investment," Mapelli says. "We paid \$12,800 for our two-bedroom apartment. It's now worth more than \$80,000."

The revenue generated by the sale of the co-op units and the early financing Williams received has allowed him to make some major improvements on Fordham

off bank debts, but there will be a heck of a lot of money made on this project," he says.

Williams is especially proud that 30% of the residents of Fordham Hill are black. "Most blacks don't have the opportunity to [buy] a co-op as an insider. Most don't get a chance to own any major real estate [in New York]," he says. "Through tenant-sponsored co-ops, you create home ownership and you create a community."

New Deals

Now Williams has structured other real estate deals through the co-op conversion process. For example, he purchased a 65% interest in 15 motel units and a 30% interest in a boatyard in East Hampton, L.I., for a total of \$2.2 million. He is turning the units into cooperative apartments, which