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MHIC News

MHIC closes \$81.1 million in financing for housing and community development projects

Busy summer results in closing 11 projects with 543 housing units and 104,300 square feet of commercial space

MHIC today reported having one of the busiest summers ever. Citing strong demand for all its financing products and eagerness on the part of developers to move forward, MHIC closed financing on eight housing projects in Massachusetts and three community development projects, one each in Massachusetts, Vermont, and Connecticut.

According to Peter Sargent, MHIC Director of Capital Development, MHIC's investments were made for new housing construction as well as for rehabilitation and preservation of existing housing in Cambridge, Springfield, Lawrence, Stowe, Framingham, and Watertown. Acquisition and construction loans and low-income housing tax credit investments were used to finance 543 units of housing in those communities.

New Markets Tax Credit financing – financing used for community development and commercial projects – was used to finance the adaptive reuse of a historic building in Springfield to create a new headquarters for New England Public Radio; the rehabilitation of a former hotel in downtown Brattleboro, Vermont to create office and commercial space; and for new construction of a health care facility serving low-income residents in rural Torrington, Connecticut.

"All our investments are made very strategically to insure the broadest possible impact," said Mr. Sargent. "The projects we financed over the past two months demonstrate the broad range of the developments we invest in, and the impact those projects have in their communities. In the end, for MHIC and for our investors, it's all about creating and preserving affordable housing, building strong and sustainable communities and creating jobs."

Following are projects financed by MHIC since July 1, 2013:

108 Newbury Street

Lawrence

This project celebrated a groundbreaking on Friday, September 13. **Lawrence CommunityWorks** is using MHIC's \$3.3 million low-income housing tax credit financing to build 18 new units of affordable family rental housing on a vacant lot in the Lawrence's North Common Neighborhood. The new four-story building will include community space on the ground floor. Financing partners also include the MHP Fund, TD Bank, MassDevelopment's Brownfields Redevelopment Fund, Neighborworks America, the City of Lawrence and the Massachusetts Department of Housing and Community Development.

Chapman Arms

Cambridge

Chapman Arms is one of only two affordable housing projects in Harvard Square. It is a mixed-use building with 50 residential units (25 of which are affordable) and ground-floor commercial space. Originally constructed in 1897, the building contains 25 units of Section 8-subsized housing with the remainder of the units rented at market rates. In 2011, MHIC provided an acquisition loan and this summer MHIC provided \$2.4 million in low-income housing tax credit financing, with Cambridge Savings Bank as the investor, to Cambridge-based **Homeowner's Rehab, Inc.** for substantial renovation of the property. Financing for this project also is being provided by MassDevelopment, the MHP Fund, the Massachusetts Department of Housing and Community Development and the Cambridge Affordable Housing Trust Fund.

Olympia Oaks

Amherst

Forty-two new units of energy-efficient affordable rental housing will be built by **HAP, Inc.** in 11 buildings in the western Massachusetts town of Amherst with MHIC's \$8.4 million low-income housing tax credit investment. A community building is included in the development plan. The Life Initiative and the MHP Fund also are providing financing.

St. Joseph Hall

Watertown

MHIC provided a \$1.44 million low-income housing tax credit investment, with Cambridge Savings Bank as the investor, to finance acquisition, renovation and preservation of 25 units of senior housing in Watertown. **Metro West Collaborative Development** (MWCD), the project developer, purchased the property in March 2012 from the Dominican Sisters of Peace who were interested in keeping the property affordable. In buying the property, MWCD will insure that the units stay affordable and undergo much needed capital improvements. Financing also is being provided by MassDevelopment, Watertown Savings Bank, the Town of Watertown, the Federal Home Loan Bank of Boston and the Massachusetts Department of Housing and Community Development.

Edmands House

Framingham

In participation with the Property and Casualty Initiative (PCI), MHIC provided \$10.18 million of a \$20.2 million acquisition loan to enable **Beacon Communities Development** to acquire a 190-unit rental complex and preserve the affordability of 171 of its units. MHIC also provided a \$7.5 million low-income housing tax credit investment that will be used for moderate rehabilitation of this housing complex. Edmands House originally was built in 1972 with HUD Chapter 236 financing and was at risk of reverting to market rate when that financing expires in early 2014. The project consists of two, 6-story buildings. Financing also is being provided by MassDevelopment, Citibank, the Massachusetts Department of Housing and Community Development and the Town of Framingham.

Pilot Grove

Stowe

Thirty new units of affordable rental family housing in five buildings are being built in the Town of Stowe, a semi-rural community in eastern/central Massachusetts. The development is adjacent to a mixed-income housing project operated by the sponsor,

Stowe Community Housing Corporation. MHIC provided \$6.1 million in low-income housing tax credit financing with TD Bank as the investor. Additional financing came from TD Bank, the MHP Fund, the Town of Stowe, the Massachusetts Department of Housing and Community Development and the Affordable Housing Trust Fund.

Outing Park I

Springfield

Outing Park I is a group of nine buildings containing 94 units of affordable rental housing in southwest Springfield that are being redeveloped by the **First Resource Development Company**. The buildings were built between 1914 and 1926 and are in need of rehabilitation. This project is part of a portfolio of buildings with a total of 192 units being acquired with MHIC financing for redevelopment. All buildings are located in a distressed neighborhood that has been designated a historic district named "Outing Park Historic District." In 2011 MHIC provided a \$3.8 million acquisition loan for this project. In July MHIC provided a \$12.1 million construction loan for the project's rehabilitation. Other sources of financing include the City of Springfield, the state Department of Housing and Community Development, MHP and WNC & Associates.

Putnam Square Apartments

Cambridge

MHIC's \$2 million acquisition loan, a 33% participation in a \$6 million loan led by CEDAC (Community Economic Development Assistance Corp.), was used by **Homeowner's Rehab, Inc.** to purchase an 11-story, 94-unit affordable rental apartment building for the elderly and disabled. The building, located on Auburn St. near Harvard Square, was built in 1974 and is in good condition but will undergo some moderate renovations. In addition to MHIC and CEDAC, financing is being provided by the Cambridge Affordable Housing Trust.

New England Public Radio

Springfield

New England Public Radio (NEPR) was established in 1953 and since 1967 has been operating out of a cramped converted dormitory on the campus of UMass Amherst. Since the station has grown, its space has become increasingly crowded, inadequate and in poor condition. In spite of these constraints, NEPR has consistently produced and delivered outstanding award-winning program content to an estimated audience of 180,000 - 200,000 throughout mid-western New England. MHIC's \$6.2 million New Markets Tax Credit investment, with Peoples Bank and United Bank as investors, along with an ambitious capital campaign undertaken by the station, which was partially bridged by a loan from Peoples Bank, will help finance a new home for the station on Main Street in downtown Springfield. The station has purchased and will totally renovate its new space at the historic Fuller Block, tripling the amount of space (17,200 square feet) to be used. This new headquarters will be transformational for the station in terms of programming and efficiencies, and it will inject vibrancy into the downtown area with increased public event programming and pedestrian traffic. The station intends to increase its staff of 34 by at least 4.5 new positions.

Brooks House

Brattleboro, VT

Brooks House was originally constructed as a luxury hotel in 1871 and in its day it was a popular summer resort, well-known in Boston and New York. After the hotel

closed, the building – which remains the largest commercial structure in downtown Brattleboro – was turned into apartments and storefronts. In 2011, a fire ravaged the building, after which the building was sold to a team of civic leaders who comprise **Mesabi, LLC** and are redeveloping the building into retail and office space and rental apartments. It will host campuses from the Community College of Vermont and Vermont Technical College, in addition to other businesses, including retail establishments and an anchor restaurant on the first floor. The third, fourth and fifth floors will feature 22 mixed income rental apartments.

For this project, MHIC provided \$10.9 million in New Markets Tax Credit financing with US Bank CDC as the investor. MHIC also partnered with Vermont Rural Ventures, Inc., which provided an equal amount of New Markets Tax Credit authority. Additional financing comes from Mascoma Savings Bank, the Vermont Economic Development Authority, Brattleboro Development Credit Corporation, the Town of Brattleboro, state historic tax credits, Community Development Block Grants, as well as private capital.

Community Health and Wellness Center

Torrington, CT

This is a federally-qualified health center providing comprehensive primary medical, dental and behavioral health services to a rural, medically-underserved part of northwestern Connecticut. Since 2009 patient visits have increased by 160%, outstripping the facility's capacity to provide the quality of care it strives to deliver. MHIC is providing a \$10.6 million New Markets Tax Credits investment, with Wells Fargo Bank as the investor, so that **Community Health and Wellness Center (CHWC)** will be able to build a 27,700 square-foot addition to its existing facility, renovate its existing building, and purchase medical, dental, office and computer equipment. The expansion and upgrade of its facilities will enable CHWC to expand its capacity by 80%, obtain credentials to operate a diabetes center, operate a pharmacy, and add 36 new full-time employees.

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