



Massachusetts  
**Housing  
Investment  
Corporation**

ANNUAL REPORT  
**2005**

## MISSION STATEMENT

Our mission at MHIC is to be an innovative private financier of affordable housing and community development throughout Massachusetts, providing financing that would not otherwise be available, and extending the impact of that financing to ensure the broadest possible benefit.

In undertaking this mission, MHIC is founded on six core values:

- Private capital from a broad base of investors can prudently finance community development initiatives on an ongoing basis as self-sustaining ventures.
- The benefits of expanding community investment should flow to the minority workers and the minority-owned businesses in those communities.



MHIC

- Special effort is required to harness private capital for geographic areas, sponsors and projects that have historically been unable to compete effectively for financing.
- The sponsors of community development projects deserve ongoing support in their efforts to build and maintain sustainable communities.
- The system of financing community development, which is overly fragmented and cumbersome, must be streamlined and improved.
- The communities we serve must see MHIC in a leadership position in advancing these values and not as merely another player.

As an institution established by private corporations in collaboration with community leaders, MHIC's mission depends on a partnership among corporate investors, housing sponsors, and public agencies. Through it all, MHIC is committed to maintaining its industry leadership, on the cutting edge, expanding the envelope, inspiring confidence in what can be done. This role places demands on MHIC, but it also forms the very foundation for the value MHIC creates.





Massachusetts  
**Housing  
Investment**  
Corporation

# 2005

## ANNUAL REPORT



### CONTENTS

From the Chairman and President	2
Summary of Achievements	3
Project Highlights	8
Projects Financed in 2005	22
Member Corporation Participation	23
Finances of the Corporation	24
MHIC Board	26
Committees and Participating Banks & Corporations	27
MHIC Staff	28

## LETTER FROM THE CHAIRMAN AND PRESIDENT



The year 2005 was a milestone year, as we celebrated our fifteenth anniversary. In Massachusetts, where many institutions have been around for hundreds of years, being in business for fifteen years may not seem like a noteworthy accomplishment. But in that time we have grown from making an initial construction loan of \$1,177,500, in Chicopee, to having more than \$514 million in real estate assets under management in more than forty cities and towns across the state. We now offer a comprehensive package of loan and equity products used to finance affordable housing and commercial economic revitalization projects from conception to completion.

We are proud of our innovative financial products, and we continue to change and adapt them to the needs of our customers. We are proud of the emphasis we place on expanding the use of minority-owned businesses in the development of the projects we finance. We are proud to be partners with the vibrant and committed nonprofit and for-profit developers, as well as other private and public lenders, that make Massachusetts an innovative leader in community revitalization.

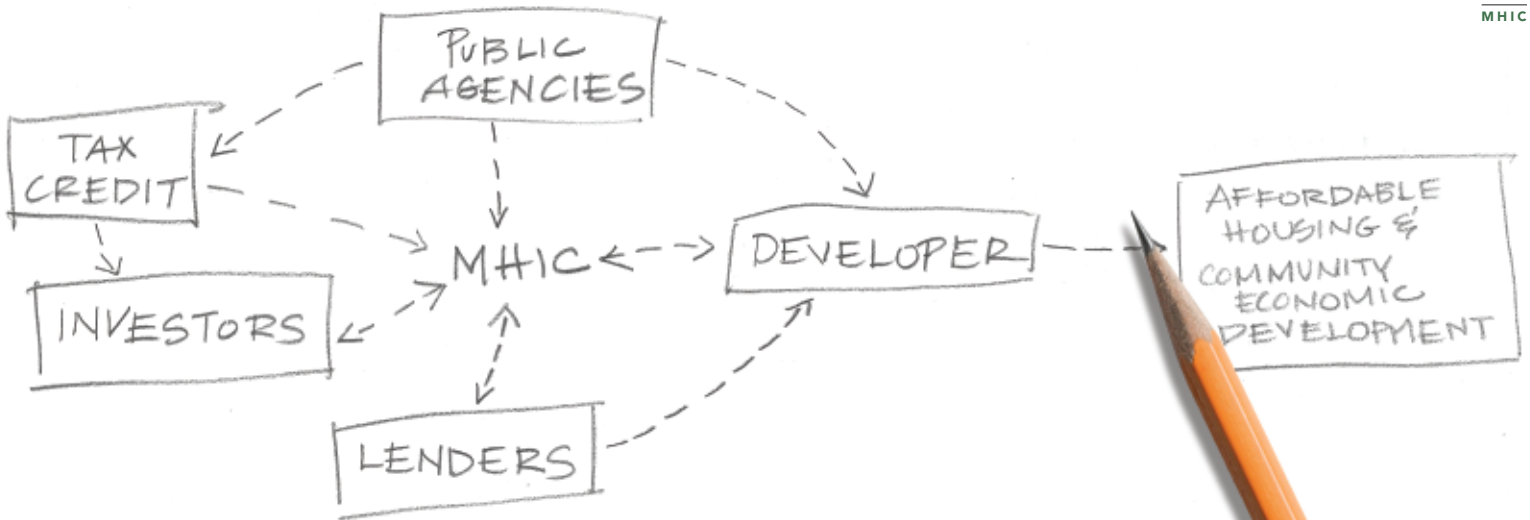
Beyond just looking at the numbers to measure what we have accomplished, we believe it is perhaps equally important to highlight in this Annual Report certain projects to which we contributed with creative financing, projects that yield many community benefits. It is the positive impact on communities that provides the “return” on our investments and that makes this an exciting and socially important business.

Our growth and development over the last fifteen years, of course, would not have occurred without the substantial financial investments of our member banks and other financial institutions. We are very fortunate to have a group of investors who not only provide financial resources but also actively participate in decision-making regarding the investments we make and the policies and programs we pursue. To highlight their role, we have chosen to feature some of our investors in this Annual Report.

We are mindful of the daunting challenges confronting us today: escalating energy, operating and construction costs, and continually shrinking public resources. And we know that in the year ahead we must draw on the most creative thinking we and our partners can summon to continue financing and developing projects that will positively impact Massachusetts communities.

Guillaem Aertsen  
*Chairman*

Joseph L. Flatley  
*President and CEO*



## Making Connections for Maximum Impact

MHIC had a strong year in terms of production in 2005, in a very challenging environment, and finished its fifteenth year with a surplus of revenue over expenses.

Overall, MHIC provided a total of \$120.9 million in financing in 2005: \$64.5 million was invested in New Markets Tax Credit (NMTC) projects, \$33.7 million was financed through loans, and \$22.7 million was invested in Low Income Housing Tax Credit (LIHTC) projects. Overall, our investments supported 401 affordable housing units and more than 300,000 sq. ft. of commercial space.

As the above numbers indicate, the New Markets program was a major focus of the year's activity, representing over half of the total. MHIC financed six inner-city economic revitalization and community-focused New Markets Tax Credit projects. Not only did this financing expand the kinds of projects we could finance, it also expanded MHIC's connections to new investors, and expanded and deepened our involvement in local public and private urban revitalization projects.

As MHIC's fifteenth anniversary year closed, an aggregate total of \$944 million of financing has been provided to 268 projects, assisting in the production of approximately 11,356 housing units. Broken down by program, \$422 million has been financed under MHIC's Loan program, \$431 million has been invested under the Low Income Housing Tax Credit program, and \$91 million has been invested through the New Markets Tax Credit program.



### NEW MARKETS TAX CREDITS

- In May 2005 MHIC received a \$54 million allocation of New Markets Tax Credit authority in the third round of awards made by the U.S. Treasury Department. MHIC has received cumulative allocations of \$169 million, and is one of only three organizations in the country to receive allocations in all three rounds.
- MHIC closed its second NMTC Fund at \$108 million, and by the end of the year had closed 11 NMTC projects, five in Fund I and six in Fund II. MHIC has worked closely with project sponsors, with investors, and with other public and private lenders to create projects structured to have a sustainable economic life and breathe new opportunities and economic vitality into communities. Complexity is inherent where so many actors and interests are involved, but it results in stronger connections among the parties involved and greater commitment and confidence in the success of the projects.
- MHIC submitted its fourth application for an allocation of New Markets Tax Credits in September 2005.

### LIHTC INVESTMENT

- The steady increase in prices being paid for low income housing tax credits did not abate in 2005, and consequently returns to investors have declined. In order to maximize the return to investors in this market, we are responding by holding Funds open for a shorter period of time, with fewer projects in a Fund, with investment aligned to the timing of credit flow. Both Funds XI and XII will be small, consisting of four to six projects.
- The projects we financed in 2005 and those in the pipeline for 2006 are important additions to the urban affordable housing stock and to the quality of life in those neighborhoods. The sponsors behind these projects have a long-term record of commitment and progress in advancing the interests of those communities. Their continued success is a key measure of MHIC's success.

### LENDING

- Our Loan Fund — MHIC, LLC — performed well: earnings increased by 48%, with no loan losses. The loan portfolio increased by more than 50% above the prior year and outstanding balances were high, averaging \$61 million for the year.
- Acquisition lending continued to be one of MHIC's most popular loan products. In 2005, acquisition loans were made in diverse communities such as Dracut, Hopkinton, Berlin, Boston and Newton.
- MHIC continued to experience good demand for acquisition and construction loans for Chapter 40B projects, in particular, in 2005. While we are carefully underwriting projects that include a market component, we continue to believe that it is important to provide affordable housing in suburban locations and that suburban rental housing is sustainable from a market perspective.
- We are exploring opportunities that may serve as a market for longer-term loans. In this way and others, MHIC continues to try to respond to the needs of our markets, which are also the markets that are important to our investors.

### ASSET MANAGEMENT

- MHIC Funds under management continued to meet target returns, with few exceptions. The Loan Fund exceeded its target return, recuperating from lower performance in 2004. Our first ten LIHTC Funds continue to deliver projected benefits. Our first New Markets Fund met its first year's objectives, and we expect the return on our second New Markets Fund will also meet or exceed its objectives.
- Our Asset Management group continues to improve the coordination of reporting of financial performance by existing sponsors. We implemented new procedures to help the sponsors of New Markets-financed projects meet federal programmatic reporting requirements.

## MINORITY PARTICIPATION

- The participation of minority-owned businesses, minority employees and minority communities in the economic benefits generated by the projects that MHIC finances is one of the core values of our mission statement, and one of the values we represent for our investors.
- During the past year, projects in the Boston area had established goals for minority employment of 42%, and exceeded those goals. The utilization of minority-owned businesses in the Boston area fell short of a goal of 26%, with actual results of 15% of total development costs.
- Outside of the Boston area results were similar in that minority employment utilization, at 25%, exceeded the goal of 9%, while minority-owned business utilization fell short of a projection of 15%. MHIC plans to evaluate the implications of these trends and identify strategies to improve results in 2006.

## CHARLES E. DAHM MEMORIAL SCHOLARSHIP FUND

- In August 2005, MHIC hosted the 4th annual reception for seven students receiving scholarships awarded under the Charles E. Dahm Memorial Scholarship Fund. Created in 2002 in the memory of MHIC founder and board member “Chuck” Dahm, this Fund has now awarded 23 scholarships. The Fund was created in collaboration with the Dahm family to give scholarships to students living in MHIC-financed housing.



## MHIC INVESTORS

MHIC was created by a group of Massachusetts banks in 1989 and 1990 that were looking for creative and sustainable ways to address the credit and investment needs and opportunities in older urban neighborhoods. MHIC was to be the connection for pooled investment into quality affordable housing.

The banking landscape has changed and the names of some of our original investor banks have changed, but the commitment of the Massachusetts banking industry to the improvement of their communities and the expansion of opportunities has not changed. With their support we continue to make new connections and expand the types of projects we finance.

With over \$630 million invested in MHIC, these banks, along with long-time national investors like Fannie Mae and Freddie Mac, and newer insurance industry investors like AEGON, have created and sustained a channel of creative and affordable community investment in Massachusetts.

We wish to thank all of our investors, and are highlighting some of them in this Annual Report.







## Atlantic Works East Boston

MHIC's \$3.4 million New Markets investment allowed East Boston Community Development Corporation to rehabilitate this four-story building to create approximately 7,000 more sq. ft. of affordable work space for artists in East Boston. The rehabilitated building includes a ground floor day care facility used primarily by children who are residents of a nearby HOPE VI affordable housing development, artists' work spaces, and related uses such as a sculpture garden and gallery. This project is an important contributor to the City of Boston's efforts to use the economics of cultural organizations and activities to expand employment and entrepreneurial opportunities in the neighborhoods.



## Brewery Main Block Jamaica Plain

MHIC provided \$9.5 million in New Markets Tax Credit financing for the fifth and final phase of the reinvention of the old Haffenreffer Brewery as a small business center and incubator. The brewery operated for over a century until Haffenreffer closed its doors and abandoned the complex in 1965. Determined to redevelop the property and replace lost jobs, the Jamaica Plain Neighborhood Development Corporation (JPNDC) acquired the site after years of negotiations and began the redevelopment in 1983. The business center today houses more than 40 businesses and approximately 200 employees. With NMTC financing, JPNDC is finally able to renovate the remaining, unused space, called Brewery Main Block, creating space for 8-12 new tenants, many of which will be start-up businesses, and creating 75-100 local jobs, while providing new goods and services to the neighborhood.



## MHIC INVESTORS



### Beaver Brook Dracut

MHIC provided a \$950,000 acquisition loan and a \$4.8 million construction loan to enable Frank Gorman, the project's developer, to rehabilitate a vacant mill building to create 47 rental apartments, 12 of which will be affordable.



### Stony Brook Westford

MHIC was pleased to provide construction financing for 15 units of affordable rental housing in this suburb northwest of Boston. This is the first loan MHIC has done with Community Teamwork, Inc. (CTI), a 40-year-old Lowell, Massachusetts-based nonprofit agency providing economic assistance through Community Action Programs in Greater Lowell. CTI also serves Northern Middlesex County and Essex County as a regional housing agency, and its Child Care Program serves a region extending from Metro-West to Worcester. MHIC provided a \$1.7 million construction loan for the project, built under the State's Suburban Rental Pilot Program Initiative on an 18,000 sq. ft. site within walking distance of an elementary school. In addition to streamlining the process for development of the project, the Town of Westford provided \$250,000 of CPA funds to help prepare the site to accommodate the project.



### Elizabeth Gruber

*Senior Vice President/Client Manager,  
Community Development Banking–  
Northeast Region*

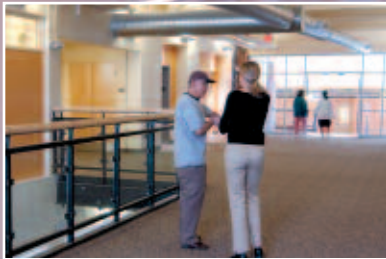
### Michael Hatfield

*Senior Vice President,  
Community Development Bank*

## BANK OF AMERICA

*“Bank of America is committed to being a leader in community investment nationwide, and MHIC is an important partner for us in Massachusetts.”*

— LIZ GRUBER







## Holyoke Health Center

### Holyoke

Holyoke Health Center recently completed the final phase of its creation of a full-service medical care complex in downtown Holyoke with the historic renovation of three connected commercial buildings. MHIC's \$18.9 million New Markets investment represents the largest investment ever made in downtown Holyoke. Holyoke Health Center is a federally qualified health center providing primary care services to uninsured and low-income families. This new state-of-the-art facility houses primary care and laboratory services, an on-site pharmacy and a dental clinic. In addition to providing neighborhood-based health care, the Center is also creating new, well-paying jobs in downtown Holyoke. The Center is also expected to be an anchor for future commercial development and job growth in this western Massachusetts city.

## MHIC INVESTORS



Christopher Bramley  
*President, Massachusetts*

Richard Blake  
*Senior Vice President*

## TD BANKNORTH

*“As TD Banknorth has grown, our investments in MHIC have enabled us to expand and diversify our community housing and economic development efforts throughout Massachusetts.”*

— CHRIS BRAMLEY





## Brunswick-Holborn Apartments Columbia-Wood Apartments Dorchester

Dorchester Bay Economic Development Corporation (DBEDC) and the Quincy Geneva Housing Corporation are currently rehabilitating ten properties containing 98 units of affordable housing in two phases. For these projects MHIC provided \$1,375,000 in predevelopment financing and \$12.5 million in LIHTC equity investment. The buildings will include space for a property management company and for DBEDC's technology program.



## Colonial Theatre Pittsfield

The Colonial Theatre is located in downtown Pittsfield, the largest city in Berkshire County. Closed for more than 70 years, this historic theater is undergoing a complete rehabilitation as a 950-seat theater and performing arts center, with an infusion of \$16.7 million in NMTC financing. The project has very strong financial backing from the local business and philanthropic community. The project's sponsor, the Colonial Theatre Association, expects to complete construction and open the theater in the summer of 2006. A restored and active Colonial Theatre will be an anchor in the effort to revitalize Pittsfield as a cultural and economic engine in the region.

## MHIC INVESTORS



### Bliss School Apartments Attleboro

Built in 1909 and vacant for many years, the Bliss School is being rehabilitated and expanded to create 38 rental apartments affordable to families earning 60% or less of area median incomes. The project developer is Great Bridge Properties, based in New Hampshire. MHIC made a \$2.7 million construction loan for the development. Construction is expected to be completed in late 2006.



### Trolley Square Cambridge

This project, for which MHIC provided a \$4.4 million equity investment, involves new construction of 32 tax-credit eligible rental apartments in three buildings constructed around a courtyard. The first floor of one building will contain retail space, with community space and management offices on the second floor. Planned as a "Transit Oriented Development," consistent with smart growth principles, this project includes 8 affordable condominiums and open space adjacent to a bike path that runs along the MBTA Red Line. Homeowner's Rehab, Inc. is developing this project with substantial support from the City of Cambridge.



William C. Davis  
*Vice President, Commercial Banking*

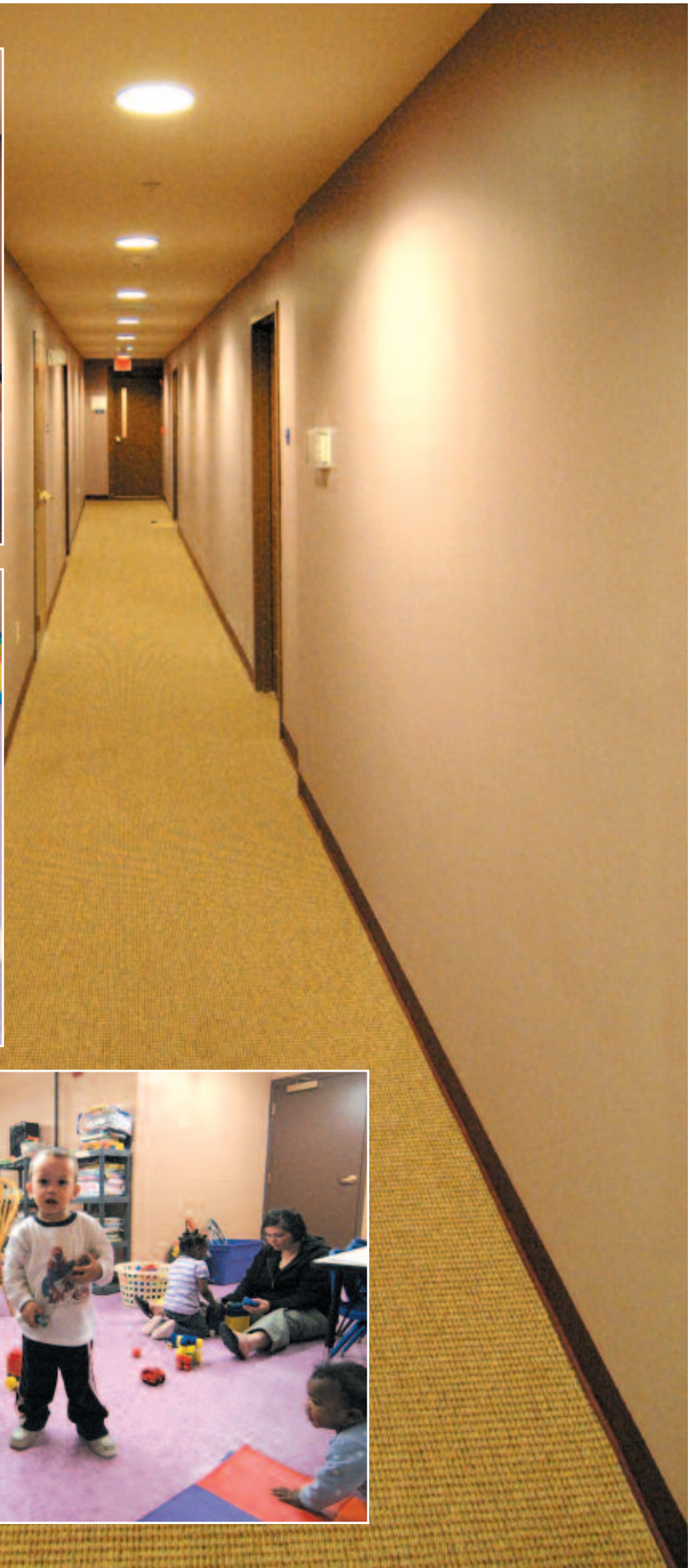
Michael P. Daly  
*President and Chief Executive Officer*

BERKSHIRE BANK

*"As a regional bank, we take pride in our investment in MHIC, which leverages the greatest investment into the communities we serve."*

— MIKE DALY







## MHIC INVESTORS



## YWCA Fina House

### Lawrence

The 114-year-old YWCA of Greater Lawrence had long operated service-supported transitional housing for women and teen mothers. In September 2005 the Y completed construction of Fina House to consolidate their facilities under one roof and to expand and enrich their housing programs for teen mothers, families in transition and for families in need of affordable housing. Located in Lawrence's central business district, the YWCA-managed property provides transitional housing for female-headed households including teen mothers, and permanent affordable housing for 17 low and very low income families. MHIC made a \$2.4 million equity investment in the project.



Esther Schlorholtz  
Senior Vice President & CRA Officer

Mark Thompson  
President

BOSTON PRIVATE  
BANK & TRUST COMPANY

*"Boston Private Bank considers MHIC to be a strategic partner in our community investment program. As we have grown over the years, our relationship with MHIC has grown too and MHIC has offered us the opportunity to be involved in many significant community development initiatives."*

— MARK THOMPSON



## Pond View Village Apartments Pond View Village Gloucester

These projects are the outcome of the vision and determination of Cape Ann Housing Opportunity, Inc. Developed on the site of the former LePage Glue Factory, the 20-acre site is next to the Annisquam River and includes a 7-acre pond. The project includes 43 units of affordable rental housing and 41 homeownership condominiums, 15 of which will be affordable to first-time homebuyers, with the remaining units sold at market rate. The Pond View Village projects have received wide public and community support. MHIC provided a \$1.5 million acquisition loan, a \$5.8 million LIHTC equity investment and a \$9.2 million construction loan for the projects.



## Mahaiwe Theater Great Barrington

The historic renovation of the Mahaiwe Performing Arts Center, originally opened as the Mahaiwe Theater in 1905, was started in 2004 and will be completed in the summer of 2006. MHIC's investment in the restoration of this 700-seat historic property is expected to exceed \$1.6 million. The property was recently designated as an official project of "Save America's Treasures," a Millennium project of Senator Hillary Clinton and the National Trust for Historic Preservation. Pictured here are photographs of opening night in 1905 and in 2005.



## MHIC INVESTORS



### One Lenox Roxbury

Twenty-five new SRO units and ground floor commercial space will be housed in this four-story building, being constructed by Caritas Communities, Inc., on a vacant lot in Roxbury. Caritas Communities is one of the leading providers and managers of SRO housing for the working poor in Massachusetts. The first floor office is now the home of YouthBuild Boston, a nonprofit youth training organization. MHIC provided a \$1.5 million construction loan for this project.



### Warren Palmer Roxbury

This project represents the first new construction of a commercial building in Dudley Square in 40 years. With MHIC's \$7.4 million in New Markets Tax Credit financing, the Jubilee Christian Church International has constructed a three-story office/retail complex on a long-vacant site. The City of Boston tried to develop this site for over a decade, but even with substantial city funding and an equity infusion by the sponsor, the project still had a substantial equity gap until MHIC provided the New Markets financing.



Kevin Boyle  
*Senior Vice President*

Robert E. Smyth  
*Chairman, President and CEO*

## CITIZENS BANK

*"MHIC is an important element of  
Citizens Bank's commitment to  
strengthening communities in  
Massachusetts."*

— BOB SMYTH







# Hibernian Hall

## Roxbury

This historic restoration, in the heart of Roxbury's Dudley Square, serves as a prime example of what can be done with New Markets Tax Credit financing. Hibernian Hall served Boston's Irish community as a social club for the first half of the twentieth century but languished for decades until Madison Park Development Corporation acquired the building in 2000 with acquisition financing from MHIC. The sponsor then began a long search for sufficient capital to finance a strictly commercial development in an inner-city commercial district. The infusion of \$6.2 million in New Markets financing from MHIC filled the substantial gap in financing, allowing the project to go ahead. The Hall is now the home of Arts, Culture and Trade Roxbury (ACT Roxbury), and is used for social and cultural events, youth activities and job training. This project has added significantly to the value of other investments and renewal efforts and is an important contributor to the transformation of Dudley Square.

## MHIC INVESTORS



**Robert E. Griffin**  
*Executive Vice President,  
Commercial Banking*

**Richard C. Muraida**  
*Senior Vice President,  
Commercial Real Estate*

## EASTERN BANK

*"Investing with MHIC enables Eastern Bank to take part in a wide variety of innovative housing and community development projects across the state."*

— **BOB GRIFFIN**





## Project Hope Boston

Project Hope, one of Boston's oldest organizations dedicated to ending family homelessness, has moved forward with construction of this new four-story building in Dudley Square. In 2000, Project Hope's board of directors embarked on a capital campaign to finance a new building to house its programs and expand its services. More than \$3 million was raised from private foundations and a parcel of land was contributed by the City of Boston. MHIC's \$4.8 million New Markets financing closed the feasibility gap in financing the project.



## Capitol Square Pittsfield

The Berkshire Housing Development Corporation has reconfigured and renovated a financially distressed HUD 236 property into a modern, 68-unit apartment complex for seniors. The property also contains ground-floor commercial space. MHIC provided a \$6.8 million construction loan and a \$6.2 million equity investment.



## Post Road Green Weston

This Chapter 40B project involved the restoration of a Federal-period house, adaptive reuse of a barn, and construction of two new buildings to create eight condominiums. MHIC provided a \$3.8 million construction loan for the project, developed by Carol Seto.



## Meadow Road Provincetown

Provincetown developer Ted Malone recently completed this Chapter 40B project at the west end of town. MHIC provided a \$1.6 million acquisition loan and a \$7.1 million construction loan for this project, which includes 36 new condominiums and five artist workspaces. Fifty percent of the units will be offered as affordable; the remaining units and artist spaces are being offered at market rate.



## Project Place Gatehouse Boston

A long-vacant site in Boston's South End is under construction and will be improved by an attractive six-story building that will serve as a "gateway" to this neighborhood. The building, for which MHIC provided \$11.1 million in NMTTC financing, will provide a new home for Interseminarian—Project Place, Inc., a nonprofit agency supporting homeless men and women with their transition to permanent housing and employment through job training, transitional housing, case management, career counseling and educational services. The building will also include 14 SRO units for individuals reentering the workplace, and ground floor restaurant space.

## MHIC INVESTORS



Robert A. Baillargeon  
*Senior Vice President*

George A. Russell  
*Executive Vice President*

## STATE STREET BANK

*"State Street has invested more than \$90 million in MHIC's diversified loan and equity funds over the last 15 years. It is an important part of our company's community investment goals."*

— GEORGE RUSSELL







High Street Commons  
Springfield



Glen Long  
Boston

## Egleston Crossing Roxbury

This mixed-use redevelopment project, for which MHIC provided a \$990,000 acquisition loan and \$7.3 million equity investment, is on Washington Street in the heart of Roxbury’s Egleston Square. The project represents an important phase in Urban Edge Development Corporation’s strategy to revitalize the Egleston/Jackson Square neighborhood. The two new buildings include 64 affordable housing units and 8,300 sq. ft. of ground floor commercial space. The project has received wide attention for the cutting edge green building-design strategies used in its construction. By utilizing solar energy, environmentally sensitive materials and other energy-efficient building design techniques, Urban Edge intends to significantly cut Egleston Crossing’s energy usage.



Worthen Street  
Lowell



## PROJECTS FINANCED IN 2005

Project	Units	Loan	Housing Credits	NMTC	Total
Atlantic Works, Boston	0			\$3,432,500	\$3,432,500
Beaver Brook, Dracut	50	\$5,750,000			5,750,000
Bliss School Apartments, Attleboro	38	2,700,000			2,700,000
Brewery Main Block, Jamaica Plain	0			9,557,997	9,557,997
Brunswick-Holborn Apartments, Dorchester	49	687,500	\$5,890,812		6,578,312
Cambria Road Apartments, Newton	2	580,500			580,500
Colonial Theatre, Pittsfield	0			16,669,313	16,669,313
Columbia-Wood Apartments, Dorchester	49	687,500	6,574,743		7,262,243
Holyoke Health Center, Holyoke	0			18,920,896	18,920,896
One Lenox, Boston	25	1,500,000			1,500,000
Pond View Village I, Gloucester	43		5,868,975		5,868,975
Pond View Village II, Gloucester	41	9,200,000			9,200,000
Project Hope, Boston	0			4,800,422	4,800,422
Project Place, Boston	14	500,000		11,103,039	11,603,039
Rainforest, Boston	0	480,000			480,000
Sanctuary Lane, Hopkinton	40	8,550,000			8,550,000
Sawyer Hill CoHousing, Berlin	0	764,400			764,400
Stony Brook, Westford	15	1,698,363			1,698,363
Trolley Square, Cambridge	32		4,414,455		4,414,455
Worthen Street, Lowell	3	525,000			525,000
<b>Totals</b>	<b>401</b>	<b>\$33,623,263</b>	<b>\$22,748,985</b>	<b>\$64,484,167</b>	<b>\$120,856,416</b>

## MEMBER PARTICIPATION

MHIC's 26 member corporations have collectively committed more than \$630 million to finance affordable housing and community development. The status of these commitments as of December 31, 2005 is outlined in the table below.

MEMBER CORPORATION	LOAN	HOUSING TAX CREDITS	NEW MARKETS	TOTAL
Bank of America	\$20,750,000	\$199,290,923		\$220,040,923
State Street Bank and Trust Company	4,600,000	78,827,172	\$8,000,000	91,427,172
Freddie Mac		80,930,000		80,930,000
Fannie Mae		58,380,600		58,380,600
Citizens Bank	4,000,000	28,096,600	6,000,000	38,096,600
Mellon New England		30,792,645		30,792,645
TD Banknorth	1,750,000	24,980,000	11,000,000	37,730,000
AEGON USA			24,000,000	24,000,000
Eastern Bank	750,000	13,800,000	3,000,000	17,550,000
Berkshire Bank			8,000,000	8,000,000
PNC Bank	1,500,000	6,398,900		7,898,900
Boston Private Bank & Trust Company	300,000	3,150,000	1,500,000	4,950,000
Peoples Bank		1,420,000	1,000,000	2,420,000
Sovereign Bank	1,000,000	2,614,800		3,614,800
Fall River Five Cents Savings Bank		568,000		568,000
The Bank of Western Massachusetts		510,000		510,000
Flagship Bank and Trust Company		510,000		510,000
First Trade Union Bank	500,000			500,000
The Life Initiative	500,000			500,000
Hyde Park Savings Bank	350,000	54,875		404,875
BankMalden	300,000			300,000
Capital Crossing Bank & Trust	250,000			250,000
Investors Bank & Trust	250,000			250,000
Stoneham Savings Bank	250,000			250,000
OneUnited Bank	200,000			200,000
Wainwright Bank	200,000			200,000
<b>Total</b>	<b>\$37,450,000</b>	<b>\$530,324,515</b>	<b>\$62,500,000</b>	<b>\$630,274,515</b>



## FINANCIAL SUMMARY

### Balance Sheets

	December 31, 2005	December 31, 2004
Assets		
Cash	\$ 1,216,874	\$ 5,352,033
Notes receivable	22,158,434	11,074,653
Amounts receivable and other assets	5,630,503	3,891,525
Total assets	<u>\$29,005,811</u>	<u>\$20,318,211</u>
Liabilities and net assets		
Unearned fees	\$17,157,390	\$14,535,106
Notes payable and other liabilities	7,036,310	1,810,127
Net assets	4,812,111	3,972,978
Total liabilities and net assets	<u>\$29,005,811</u>	<u>\$20,318,211</u>

### Statements of Activities

Revenues		
Loan program revenue	\$ 1,765,015	\$ 1,698,279
Equity program revenue	2,575,025	3,550,979
New Markets program revenue	2,805,886	822,440
Total revenue	<u>7,145,926</u>	<u>6,071,698</u>
Expenditures		
Salaries and benefits	4,123,324	3,836,772
Professional services	612,079	526,623
Other expenditures	1,571,390	1,047,849
Total expenditures	<u>6,306,793</u>	<u>5,411,244</u>
Change in net assets	839,133	660,454
Net assets at beginning of year	<u>3,972,978</u>	<u>3,312,524</u>
Net assets at end of year	<u>\$ 4,812,111</u>	<u>\$ 3,972,978</u>

*These are unaudited financial statements. Certain amounts in this presentation have been recharacterized for presentation purposes. Audited financial statements are available on MHIC's web site: [www.mhic.com](http://www.mhic.com).*

## Assets Under Management

as of December 31, 2005

	LIHTC	New Markets	Loans	Total
By Fund				
LLC			\$69,545,248	\$ 69,545,248
MHEF 1993-1994 LP	\$ 22,098,129			22,098,129
MHEF 1995 LP	24,018,462			24,018,462
MHEF 1996 LP	30,087,904			30,087,904
MHEF 1997 LP	32,283,864			32,283,864
MHEF 1998 LP	36,439,586			36,439,586
MHEF 1999 LP	30,486,423			30,486,423
MHEF 2000 LLC	41,687,486			41,687,486
MHEF 2001 LLC	42,923,503			42,923,503
MHEF 2002 LLC	42,352,464			42,352,464
MHEF Holdings LLC	16,880,010			16,880,010
MHEF X LLC	37,895,288			37,895,288
MHIC New Markets Fund I		\$25,865,011		25,865,011
MHIC New Markets Fund II		62,141,279		62,141,279
Total	\$357,153,119	\$88,006,290	\$69,545,248	\$514,704,657
By Location				
Not Applicable			\$ 1,513,073	\$ 1,513,073
Greater Boston	\$200,172,013	\$41,757,142	44,897,292	286,826,447
North	32,968,482		10,448,917	43,417,399
South	29,422,775	10,363,993	7,174,927	46,961,695
West	94,589,849	35,885,155	5,511,039	135,986,043
Total	\$357,153,119	\$88,006,290	\$69,545,248	\$514,704,657
By Development Type				
Assisted Living	\$ 3,681,425		\$ 1,560,000	\$ 5,241,425
Assisted Living, Rental	3,088,037			3,088,037
Assisted Living, Rental, Senior Housing, Single Room Occupancy	2,309,112			2,309,112
Assisted Living, Senior Housing	2,809,058			2,809,058
Commercial	2,365,235	\$35,384,106	1,367,293	39,116,634
Commercial, Ownership		18,920,896		18,920,896
Commercial, Rental	6,772,461	10,363,993		17,136,454
Cooperative	4,387,689			4,387,689
Other			21,854,430	21,854,430
Ownership		4,800,422	13,092,811	17,893,233
Ownership, Rental			4,972,809	4,972,809
Rental	299,289,472	18,536,873	25,785,557	343,611,902
Rental, Senior Housing	15,337,823			15,337,823
Rental, Single Room Occupancy	15,532,493			15,532,493
Single Room Occupancy	1,580,314		912,348	2,492,662
Total	\$357,153,119	\$88,006,290	\$69,545,248	\$514,704,657



# BOARD OF DIRECTORS



**Guillaem Aertsen**  
Chairman  
*Aertsen Ventures*



**Robert Griffin**  
Vice Chairman  
*Eastern Bank*



**Charles Grigsby**  
Treasurer  
*The Life Initiative*



**Kevin Boyle**  
*Citizens Bank*



**Robert Baillargeon**  
*State Street Bank*



**Christopher Bramley**  
*Banknorth*



**Howard Cohen**  
*Beacon Communities*



**Daniel Cruz**  
*Cruz Development Corporation*



**B. John Dill**  
*The Colebrook Corporation*



**Evelyn Friedman**  
*Nuestra Comunidad Corporation*



**Tom Gleason**  
*MassHousing*



**Charlotte Golar Richie**  
*Department of Neighborhood Development*



**Mary Gooding**  
*Mellon Financial Corporation*



**Elizabeth Gruber**  
*Bank of America*



**Michael Hatfield**  
*Bank of America*



**Michael Lee**  
*Sovereign Bank*



**Mark Maloney**  
*Boston Redevelopment Authority*



**Walter Mercer**  
*Paris Hill Realty Advisors*



**Martin Rogosa**  
*MJR Capital*



**Eleanor White**  
*Housing Partners*



**Joseph L. Flatley**

## MASSACHUSETTS HOUSING EQUITY FUND, INC.

### BOARD OF DIRECTORS

**Guillaem Aertsen**, *Chairman*, *Aertsen Ventures*  
**Robert Griffin**, *Vice Chairman*, *Eastern Bank*  
**Mary Gooding**, *Mellon Financial Corporation*  
**Elizabeth Gruber**, *Bank of America*  
**Michael Hatfield**, *Bank of America*  
**Mark Maloney**, *Boston Redevelopment Authority*  
**Eleanor White**, *Housing Partners*  
**Joseph L. Flatley**

# MASSACHUSETTS HOUSING INVESTMENT CORPORATION

## LOAN COMMITTEE

Elizabeth Gruber, *Chair*, Bank of America  
Robert Fitzpatrick, Sovereign Bank  
Dan Ouellette, Citizens Bank  
Robert Pyne, MassHousing  
Esther Schlorholtz, Boston Private Bank & Trust  
Joseph L. Flatley

## INVESTMENT COMMITTEE

Richard Muraida, *Chair*, Eastern Bank  
Laura Anctil, Mellon New England  
Richard Blake, Banknorth  
Evelyn Friedman, Nuestra Comunidad Development  
Susan Leahy, Bank of America  
Kim McLaughlin, Bank of America  
Mark Wright, State Street Bank  
Joseph L. Flatley

## FINANCIAL POLICIES AND PLANNING COMMITTEE

Robert Griffin, *Chair*, Eastern Bank  
Mark Coryea, Eastern Bank  
Martin Rogosa, MJR Capital

## AUDIT COMMITTEE

Martin Rogosa, *Chair*, MJR Capital  
Eleanor White, Housing Partners, Inc.  
Charles Grigsby, The Life Initiative

## COMPENSATION COMMITTEE

B. John Dill, *Chair*, The Colebrook Corporation  
Christopher Bramley, Banknorth  
Howard Cohen, Beacon Communities  
Walter Mercer, Paris Hill Realty Advisors

## CREDIT REVIEW COMMITTEE

Walter Mercer, *Chair*, Paris Hill Realty Advisors  
Doug Kron, Bank of America  
Gary Leach, Eastern Bank

## NEW MARKETS TAX CREDIT COMMITTEE

Christopher Bramley, *Chair*, Banknorth  
Evelyn Friedman, Nuestra Comunidad  
Gary Leach, Eastern Bank  
Walter Mercer, Paris Hill Realty Advisors  
Kevin Boyle, Citizen's Bank  
Tony Marinello, Boston Redevelopment Authority  
Esther Schlorholtz, Boston Private Bank  
Charles Grigsby, The Life Initiative  
Guilliaem Aertsen  
Joseph L. Flatley

## PARTICIPATING BANKS AND CORPORATIONS

AEGON USA  
BankMalden  
Bank of America  
Berkshire Bank  
Boston Private Bank & Trust Company  
Capital Crossing Bank & Trust  
Citizens Bank  
Eastern Bank  
Fall River Five Cents Savings Bank  
Fannie Mae  
First Trade Union Bank  
Flagship Bank and Trust Company  
Freddie Mac  
Hyde Park Savings Bank  
Investors Bank & Trust  
Mellon New England  
OneUnited Bank  
Peoples Bank  
PNC Bank  
Sovereign Bank  
State Street Bank and Trust Company  
Stoneham Savings Bank  
TD Banknorth  
The Bank of Western Massachusetts  
The Life Initiative  
Wainwright Bank



# MHIC STAFF



**Carolyn S. Anderson**  
*Construction Liaison  
Officer*



**Scott D. Backman**  
*Senior Asset Management  
Officer*



**Richard G. Becker**  
*Director of Asset  
Management*



**Sandra R. Blackman**  
*Senior Asset Management  
Officer*



**Renee Bogues**  
*Office Services  
Coordinator*



**Ellen M. Caracciolo**  
*Asset Management Officer*



**Derek Cavanaugh**  
*Senior Investment Officer*



**Paul K. Chan**  
*Director of Development*



**Desiree A. Coleman**  
*Senior Credit  
Administration Specialist*



**Ellen P. Connolly**  
*Senior Finance Officer*



**Andrea R.  
Daskalakis**  
*Chief Investment Officer*



**Charles D. Edwards**  
*Senior Finance Officer*



**Bruce Ehrlich**  
*Investment Officer*



**Deborah Favreau**  
*Senior Investment Officer*



**Joseph L. Flatley**  
*President & CEO*



**Alicia J. Germany**  
*Asset Management  
Assistant*



**Eunice M. Harps**  
*Director of Credit  
Operations*



**Joseph P.  
Henefield**  
*Director of Capital  
Development*



**Marianne M. Horan**  
*Director of Administration*



**Carolyn M. Jackson**  
*Executive Assistant*



**Rosemarie Lynch**  
*Credit Administration  
Specialist*



**Kathleen M.  
McGilvray**  
*Investment Officer*



**Rudolph Russell**  
*Associate Asset  
Management Officer*



**Joshua A. Sampson**  
*Financial Analyst*



**Melissa J. Sheeler**  
*Asset Management Officer*



**Gayle G. Simmons**  
*Associate Asset  
Management Officer*



**Garrett R.  
Spellman**  
*Network Services  
Administrator*



**Henry A. Terrones**  
*Compliance Officer*



**William A.  
Thompson**  
*Director of Finance*



**Yinghua Tian**  
*Administrative Assistant*

DESIGN AND LAYOUT

Anne Read

PHOTOGRAPHY

Robert Schoen Photography

Atlantic Photo

Nancy Klemm





Massachusetts  
**Housing**  
**Investment**  
Corporation

Massachusetts Housing Investment Corporation  
70 Federal Street  
Boston, Massachusetts 02110

t: 617-850-1000  
f: 617-850-1100  
e: [info@mhic.com](mailto:info@mhic.com)  
[www.mhic.com](http://www.mhic.com)