



Massachusetts
Housing
Investment
Corporation

ANNUAL REPORT 2019



MISSION STATEMENT

Our mission at MHIC is to be an innovative private financier of affordable housing and community development, 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.
- 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, project sponsors, and public agencies. Through it all, MHIC is committed to maintaining its industry leadership, on the cutting edge, 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.



Above: Worcester Courthouse Lofts, a historic building in downtown Worcester being transformed into a rental housing community

Front cover: Meeting Street, Providence; 87 Washington Street, Haverhill; Sergeant House, Northampton; workers at Bartlett Station, Boston

Back cover: Groundbreaking for new headquarters and childcare center for Elizabeth Stone House which has been serving homeless families since 1974

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By any measure, 2019 was an outstanding year for MHIC, and we are grateful for the enormous impact that our capital has had on communities throughout New England. As we look back on our 30-year history, MHIC takes pride in our ability to face complex challenges, be resilient, devise innovative solutions, and help sponsors, investors, and the communities we serve deal with uncertainties. And now as we write this report, we are faced with the immense challenges presented by Covid-19, and the massive disruption it is causing to the lives and the livelihoods of the communities we serve.

At the same time, we have been reminded once again of the ongoing violence against Black and Brown Americans and the lack of equal opportunity in our nation. We believe these events are forcing us to take a hard look at how we live our values as individuals and as an organization.

So how do we operate in this environment, safeguard our mutual interests, and minimize the impact the health crisis will have on the communities we have worked so hard to make healthy? And how can MHIC continue to play a leadership role in the ongoing struggle for racial justice and equal opportunity? As we look to address these challenges, we believe that the attributes that have led to our success over thirty years — our commitment to racial justice, our ability to manage change, and be creative in all our work — will serve us and our partners well in the years ahead.

In March, MHIC immediately formed a Risk Assessment team to manage the risks the Covid-19 pandemic poses to our customers, properties, and investors. We are working with sponsors to close projects already in our pipeline and with developers whose projects are under construction to address issues as they evolve. We believe that MHIC is in a strong position to assemble the resources needed to serve the needs of our clients now and be part of the ongoing solution.

As we focus on these challenges, we do not want to lose sight of the impact that MHIC's capital had in 2019, which is the subject of this report. Stated simply, 2019 was another highly successful year for us and our partners. We received another New Markets Tax Credit allocation and a Financial Assistance Award from the CDFI Fund. We deployed most of the capital from the Healthy Neighborhoods Equity Fund, launched and made significant progress on several new initiatives, and provided \$171.6 million to finance housing and community development projects in Massachusetts and throughout New England, bringing our cumulative financings to date to over \$2.9 billion. Besides the numbers, the year was exceptional in the diversity of the types of projects, their locations, and the programs under which they were financed.

Looking ahead, our priorities must change as the situation dictates, and as always, we will be guided by our mission. We exist to provide financing for housing and community development in the most distressed communities, and we will work hard to direct the most impactful investments to communities hardest hit by Covid-19. We will expand our work to ensure that the benefit of our investments flow to people of color and businesses owned by people of color, and we will recommit to the ongoing struggle for racial equity. But we cannot do this alone.

That is why cross-sector collaboration is more important now than ever. MHIC was founded as a partnership between private corporations and community leaders. Throughout our history we have forged partnerships with public and private entities to have collective impact. To create the Healthy Neighborhoods Equity Fund, we teamed up with the Conservation Law Foundation, hospitals and foundations. In Massachusetts and across the country, health care providers are collaborating with the community development industry, social service providers, and public entities to provide a holistic approach to making people healthy with affordable housing, jobs, neighborhood stability, and social equity. But, in order to heal from the present health crisis and to develop scalable solutions to address health disparities, income inequality, and other issues that disproportionately impact people of color, we need more of this approach and we need it now.

Managing change and collaboration are part of our culture. Our mission states that “we are committed to maintaining an industry leadership, inspiring confidence in what can be done.” We are confident that we can continue to help lead the charge — particularly in this challenging environment. By building new partnerships and strengthening existing partnerships with investors, project sponsors, private entities and public agencies, and by pooling our resources, together we can emerge even stronger.



Guillaem Aertsen
Chairman

Joseph L. Flatley
President and CEO



Boys and Girls Club, Lynn

SUMMARY OF ACHIEVEMENTS

2019 was a strong year in all respects for MHIC. We had robust performance across all our lending programs; full commitment of our Healthy Neighborhoods Equity Fund I and subsequent launching of HNEF II; receipt of two federal awards (a New Markets Tax Credit allocation award and a CDFI Grant which we will use for our Minority Business Contractor Program); and we gained considerable momentum in new initiatives introduced in 2019 and 2018. MHIC ended the year with over \$1.1 billion of assets under management and entered 2020 with over \$35 million in approved projects.

Here are the details:

- We financed 22 new developments in 2019 for a total of \$171.6 million.
- MHIC financed the preservation or creation of 750 housing units and the creation of 185,677 square feet of community and commercial space in Massachusetts, Connecticut and Rhode Island.
- In May MHIC received a \$35 million allocation in Round 15 New Markets Tax Credit, bringing our total NMTC allocations to \$907 million. We were the only CDE in New England to receive a 2019 allocation. By the end of 2019, MHIC had deployed \$870 million of our allocations to finance a total of 103 projects and creation of more than five million square feet of community and commercial space in low income communities throughout New England.
- We closed our 25th LIHTC equity Fund with 15 investors at \$71.5 million and introduced our 26th Fund in January 2020.
- MHIC Healthy Neighborhoods Equity Fund I closed its ninth project investment in early 2020 and is now fully invested. Building on HNEF I's success in collaboration with the Conservation Law Foundation, we completed design of HNEF II and began distributing a Private Offering Memorandum.
- We launched our \$5 million MHIC Neighborhood Commerce Fund (NCF) and closed five NCF loans totaling \$3.5 million.
- In November, we closed a \$5 million PRI with the Kresge Foundation to capitalize our Healthy Retail and Commerce Fund.
- In November, we received a Financial Assistance award for \$500,000 from the CDFI Fund which will help MHIC expand its Minority Contractor Financing Program.
- Since MHIC was founded in 1990, we have provided, under all our financing programs, a total of over \$2.9 billion for 617 projects. Those developments have created or preserved 23,855 units of housing and supported nearly six million square feet of community and commercial space. Overall, we have provided \$803 million under our Loan program, \$1.2 billion under our Low Income Housing Tax Credit program, \$869 million under our New Markets Tax Credit program, and \$20.6 million under our HNEF program.

Elizabeth Stone House, Boston



SUMMARY OF ACHIEVEMENTS



On the playground at Meeting Street in Providence, Rhode Island

LENDING PROGRAM

MHIC had an exceptionally strong year in 2019, closing 21 loans for \$84.6 million ranging in size from \$100,000 to \$16.9 million. Our volume of loans closed this past year reflects the diversity of our loan products: we provided loans for construction, predevelopment, acquisition, lines of credit, business financing, permanent financing, lines of credit to replace cash funded operating reserves, and a historic tax credit bridge loan. Over \$11 million in business came from our new CMF Affordable Housing Fund, Neighborhood Commerce Fund and Healthy Retail and Commerce Fund programs.

We also saw broad diversity in the types of projects we financed and in their geographic locations. Projects included new construction of a development that will create 40 new permanently affordable rental apartments in Porter Square, Cambridge; adaptive reuse of a two

vacant historic buildings including a former motorcycle factory in Springfield that will create 60 affordable rental apartments; preservation and rehabilitation of a 97-unit rental complex in Boston's Lower Roxbury neighborhood that was at risk of converting to market rate; and construction of a new building that will provide 14 moderately priced apartments in Boston's Codman Square neighborhood.

One of our most notable and our largest loan was for Worcester Courthouse Lofts, for which we provided \$16.9 million of a total \$31.8 million construction loan in partnership with Berkshire Bank, and a \$21.4 million LIHTC investment (in addition to an acquisition and predevelopment loan in 2017). This project will transform a stunning historic building into a new 117-unit rental apartment complex and continue downtown Worcester's revitalization.

Reflecting activity across various products, three of our loans were made to New Markets Tax Credit projects, three were made to low income housing tax credit projects and one was made to a Healthy Neighborhoods Equity Fund project.

LOW INCOME HOUSING TAX CREDIT PROGRAM

In 2019 MHIC's Low Income Housing Tax Credit program had a very successful year in a highly competitive marketplace. We closed six projects for a total of \$54.3 million. These projects created or preserved 417 housing units in Holyoke, Northampton, Boston and Worcester.

Our success comes from a number of factors. Demand for credits remains strong. After having addressed tax reform in 2017 and Income Averaging in 2018 — both of which presented challenges and opportunities for sponsor and investors alike — the LIHTC marketplace seemed to have reached a point of equilibrium with more stable pricing and terms entering 2020. Our strong results also

reflect the diversity of MHIC's investment platforms: multi-investor funds and single investor funds and direct investors under an Investment and Management agreement.

One of our most notable LIHTC investments in 2019 was for Elizabeth Stone House in Boston's Egleston Square, for which we provided a \$7.6 million LIHTC investment for the building of a new headquarters, childcare center, and 32 units of supportive housing. For this development, we also provided a line of credit and New Markets Tax Credit financing.

Our LIHTC investments also supported preservation of a scattered site rental complex in Holyoke; adaptive reuse and expansion of an existing single room occupancy house in Northampton; rehabilitation of a 72-unit affordable rental apartment building in Boston's Fenway neighborhood; new construction of an affordable rental housing community in Holyoke that involves rehabilitation and adaptive reuse of two vacant historic structures and construction of a new building; and adaptive reuse of a historic courthouse in Worcester into a 117-unit apartment complex (for which we also provided debt financing as mentioned above).

Entering 2020, even before Covid-19 impacted global markets, our industry confronted proposed major revisions to the Community Reinvestment Act (CRA). While we are actively assessing the changes to the real estate markets as a result of the Covid-19 crisis, expected changes to CRA could also have a permanent disruptive impact to community development. In May, 2020 the OCC independently issued revised regulations with an extended implementation period. We will be following this matter very closely through the remainder of the year.

NEW MARKETS TAX CREDIT PROGRAM

It was another robust year for MHIC's New Markets Tax Credit program. We closed eight projects in 2019 for a total of \$31.4 million, creating or renovating 161,144 square feet of community or commercial space



Farm Fresh Rhode Island is creating a new food and agriculture hub in Providence.

in low-income communities. NMTC transactions included four projects closed with our small QLICI Fund: a satellite health clinic in Winsted, Connecticut, a library renovation in Millinocket, Maine, an addiction recovery center in Lowell, and a community music studio in Boston. As mentioned above, we also financed a new headquarters and childcare center for the Elizabeth Stone House in Boston, as well as a fresh food venue in Providence Rhode Island, a renovated Boys & Girls Club in Lynn and a new light industrial building to bring jobs to Dorchester.

HEALTHY NEIGHBORHOODS EQUITY FUND

It was a very important year for HNEF. As of February 2020, HNEF I is fully invested for a total of \$21.3 million. In December 2019 we launched HNEF II which seeks to raise \$50 million, although the timing of this initiative has been impacted by Covid-19.

Our \$1.2 million HNEF I investment in 2019 was for construction of a mixed-use building with 14 mixed-income, deed restricted residential units and 1,835 square feet of retail in an area of Dorchester that is in the process of renewal. HNEF I's final investment in February

SUMMARY OF ACHIEVEMENTS

2020 was for the construction of a new energy-efficient homeownership development in Brighton.

HNEF I's portfolio of nine projects in the greater Boston area includes investments in Boston (5), Braintree, Chelsea, Haverhill and Beverly. Seven are completed and are either operational or in lease-up and one of these has already exited the Fund. Two projects are under construction. These nine investments have leveraged an additional \$144 million of private and public investment in low- and moderate-income neighborhoods which has resulted in creation of 586 new mixed-income housing units, 139,423 square feet of commercial space, and 612 construction jobs.

While similar to HNEF I, HNEF II will permit a portion of its investment for "Areas of Opportunity," and expand its geography to allow us to consider investments in Connecticut and Rhode Island.

CMF AFFORDABLE HOUSING FUND

MHIC's CMF Affordable Housing Fund (CMFAHF) is one of several new MHIC initiatives, launched in 2017,

which has proven to be a highly valuable source of loan funds. In 2019 MHIC financed six developments — in Boston, Somerville and Holyoke — for a total of \$7.8 million, as part of overall loan program production, to finance 244 units of housing in low-income communities.

The Capital Magnet Fund is a competitive grant program offered by the CDFI Fund to increase economic opportunity and promote community development investments for underserved populations in distressed communities. In 2016 MHIC received a \$1.8 million grant from the CDFI and used that award to help capitalize the CMFAHF which provides lines of credit, predevelopment, acquisition, construction, bridge and term loans.

Thus far, MHIC has financed 14 developments for a total of \$24 million under this program. This financing has supported the creation or preservation of 955 housing units throughout the Commonwealth.

NEIGHBORHOOD COMMERCE FUND

Another new MHIC initiative, the Neighborhood Commerce Fund (NCF), offers an integrated group of financing products for small, locally owned start-up and emerging businesses. This \$5 million fund is financed in part through a CDFI Financial Assistance grant which MHIC received in 2018. In 2019 MHIC made three NCF loans for a total of \$3.2 million as part of our overall loan program production.

In 2019 MHIC used the NCF to finance the fit-out and startup of a state-of-the-art Boston nonprofit that provides access to affordable recording and rehearsal space for musicians; the fit-out of a restaurant and retail space in a downtown Beverly area that is undergoing transformation; and the acquisition and renovation of a vacant property to expand a health clinic in Winsted, Connecticut which serves rural, medically underserved patients.

Since the NCF was created in 2018, MHIC has made five loans under the program for a total of \$3.5 million.



Ribbon cutting at Bedford Village, financed by MHIC in 2018, completed in 2019

HEALTHY RETAIL AND COMMERCE FUND

The Healthy Retail and Commerce Fund (HRCF) was started in 2018 in partnership with Conservation Law Foundation. That effort got a substantial boost in November 2019 when we closed a \$5 million PRI with the Kresge Foundation. The Kresge funds will be matched with low-cost capital from hospital/health systems to support commercial enterprises that address the social determinants of health. In 2019 MHIC and CLF worked to finalize design of this initiative, identified projects that would qualify for this financing product, and in the first half of 2020 we closed two HRCF loans.

MINORITY CONTRACTOR FINANCING PROGRAM

Minority-owned businesses (MBEs) in the construction trades face myriad challenges in competing for construction contracts including limited access to critical information about bid and contract opportunities and limited access to capital. To expand access to capital for MBE contractors and sub-contractors, MHIC launched a Minority Contractor Financing Program in 2018. Specifically, the program provides receivables financing to expedite receipt of construction requisition funds on MHIC-financed projects. In November 2019 our program got a boost when MHIC received a CDFI Fund grant of \$500,000 to expand our product from a \$500,000 pilot to a \$1.6 million program. In 2019 one MBE general contractor utilized the program representing \$1.5 million of total disbursements. At this time several other MBEs are reviewing the program.

ASSET MANAGEMENT

MHIC's Asset Management department continued to manage MHIC's strong asset and fund performance. Assets Under Management at year end stood at \$1.1 billion. All of our portfolios performed well in 2019.

Over the past few years the Asset Management department has faced some extraordinary challenges,



270 Huntington Avenue, Boston

chief among them managing the impact of new rules and regulations imposed on investment partnerships from the Tax Cuts and Jobs Act tax reform. Asset Management undertakes tax benefit analyses in order to optimize benefits to investor partners, works with development and property management partners to establish policy for new LIHTC program provisions such as income averaging and partnership audit rule changes, and helps stakeholder partners navigate the tax reform provisions that directly impact the LIHTC industry.

The Asset Management department also spends considerable time managing the detailed process of unwinding and exiting LIHTC and NMTC projects which have reached the end of their compliance period. MHIC monitors investments so that exits are timely and consistent with investor expectations. We work closely with sponsors to help ensure that their properties remain strong after the compliance period ends. In 2019 MHIC completed the exit of 12 LIHTC properties (for a total of 120 to date), and 9 NMTC properties (for a total of 62 to date).

Over the last year Asset Management has implemented significant improvements for oversight of portfolio assets. We continue to build and deploy an internally developed, comprehensive portfolio asset management dashboard unit so that we can review the most pertinent



At the grand opening in June 2019 for Treadmark, financed by HNEF I in 2016

information about a project at any given time. This will help us analyze large amounts of portfolio data, generate metrics to highlight risk and performance issues and emerging trends in the portfolio, and leverage staff resources.

RACIAL EQUITY AND INCLUSION INITIATIVES

One of MHIC's core values continues to be achieving the maximum feasible level of participation for workers of color and minority-owned businesses on MHIC-financed projects. 2019 was an important and busy year. We received additional financing for, and made our first loan under the Minority Contractor Financing program (described above), and we are expanding that program in 2020. To help address the issue of lack of information about contract opportunities and to assist developers in finding qualified MBE contractors, MHIC continues to enhance its Access and Opportunity Network (www.accessandopportunity.org) which provides news, strategies, resources, best practices and a comprehensive database.

Throughout the year, MHIC also designed and facilitated trainings for both DHCD and the Mel King Institute for

Community Building on creating more access and opportunities for MBEs on construction projects. We participated in the Greater Boston Chamber of Commerce's Pacesetters Initiative and worked with the Massachusetts Minority Contractors Association to send their members bid opportunities for MHIC-financed projects and helped to design the curriculum for the REALIZE Boston Contractor Academy. MHIC's Community Impact Officer chaired monthly Boston Employment Commission meetings, testified at the Boston City Council's Committee on Jobs, Wages and Workforce Development Training, and was appointed to Mayor Walsh's Supplier Diversity Council.

In 2019, as in 2018, Boston area projects and those outside of Boston exceeded their goals for worker inclusion. In Boston, 67% of the jobs went to workers of color and outside of Boston 42% of jobs went to workers of color. In Boston 27% of the total value of available construction contracts went to MBEs.

According to information provided by MHIC project sponsors, 34 projects that were tracked by MHIC during 2019 directed and/or are expected to direct a total of approximately \$95 million in contract value to MBEs.



98 Essex Street, Haverhill

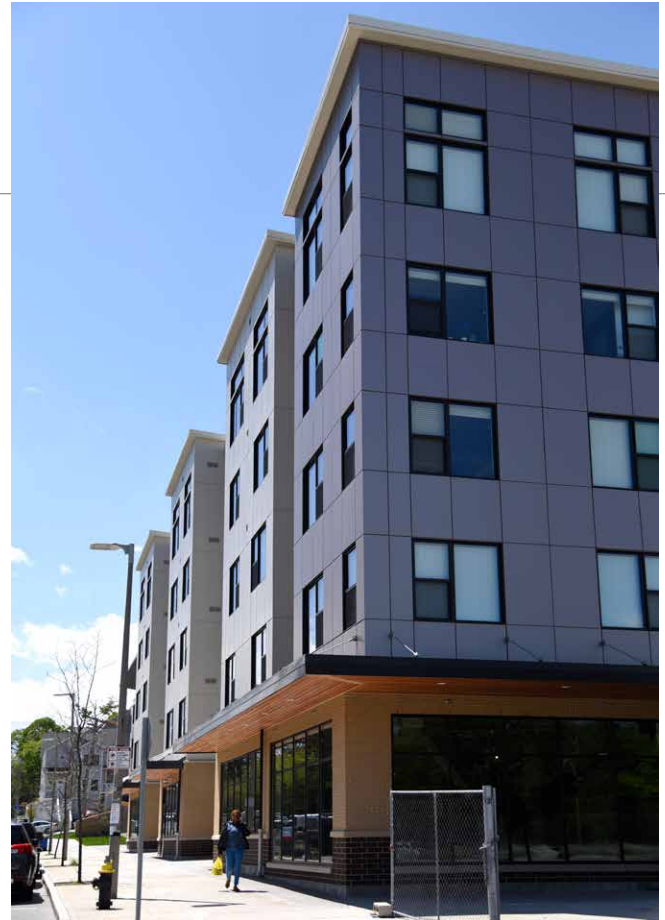
■ PROJECT HIGHLIGHTS

Creating new housing...



1463-1469 Dorchester Avenue **BOSTON**

MHIC provided a \$960,000 loan to TLee Development (TLD) for the acquisition of two parcels of land in the Fields Corner area of Dorchester on which the company will build a 5-story building with 29 workforce housing rental apartments, 1,400 square feet of retail space and 1,500 square feet of common space. The property is next to the Fields Corner Red Line train station.



Bartlett Station, Building B **BOSTON**

In June 2019 Nuestra Comunidad Development Corporation and Windale Developers completed construction of Bartlett Station Building B. This development is the first in a multi-phase development which will convert a previously contaminated site into a culturally vibrant, mixed-income and mixed-use community. Bartlett Station is a short walk to Nubian Square and the MBTA bus station, the Silver Line, and many amenities.

The development of Building B involved new construction of a 5-story building encompassing two projects: 1) 28 rental apartments (expected to convert to homeownership in the future), 13,000 square feet of retail space including a Good Food Markets, a store which sells affordable fresh and healthy food (slated to open later this year), all of which the Healthy Neighborhoods Equity Fund (HNEF) is helping to finance with \$2.9 million in subordinate loans; and 2) 32 units of low-income housing tax credit housing that is being separately financed.

When ultimately completed, the full build-out of Bartlett Station will include 323 housing units (market rate and affordable rental and homeownership), 46,000 square feet of commercial/retail, green space, and a public plaza with extensive arts and cultural programming.



Michael E. Haynes Arms **BOSTON**

MHIC provided a \$1.6 million loan to Cruz Development Company for the acquisition of 2-10 Clifford Street in Roxbury. This acquisition represents the first phase in Cruz's two-phase initiative to acquire seven contiguous underutilized parcels of land. Once the seven properties are acquired, the developer will build a 4-story, mixed-use, mixed-income building with 55 rental apartments (48 will be LIHTC apartments and seven will be workforce housing) with commercial space on the ground floor which Cruz Development will occupy. The Building will be called the "Haynes Building." This development is within a commercial district close to MBTA bus lines and within one mile of the Nubian Square Silver Line MBTA station.

and transforming neighborhoods



Whittier Street Phase 2A **BOSTON**

This project is part of the “Whittier Choice” initiative, a collaboration of Preservation of Affordable Housing (POAH), the Boston Housing Authority, Madison Park Development Corporation and the Whittier Task Force which seeks to transform the Lower Roxbury community and, in particular, the Whittier Street public housing development. When completed, the whole development will encompass approximately 386 mixed-income rental apartments and ground floor commercial space. The site is near Nubian Square and less than half a mile from the Ruggles MBTA station.

For Phase 2A, being developed by POAH, MHIC provided a \$2 million predevelopment loan. This phase consists of the new construction of two buildings with 52 residential units, 45 of which will be LIHTC units and seven will be workforce housing. MHIC has been selected as the syndicator for LIHTC financing which will close later this year. Eastern Bank and Boston Private are equity investors for this project.



Westbrook Village **HARTFORD, CONNECTICUT**

Westbrook Village is the transformative redevelopment of a 40-acre former public housing site into a new mixed-use community developed by Pennrose Properties, LLC. Located in Hartford’s North End, the development will create new affordable housing and contribute to this neighborhood’s re-establishment as a premier gateway into the City of Hartford.

Development on this site required demolition of 80 vacant former public housing buildings containing 360 units on a 39.5-acre site. In their place, Pennrose plans to build over 400 mixed-income townhouse-style homes, approximately 100,000 square feet of new office and retail space, bike paths, community gardens and playgrounds, and a central park.

Phase I, for which MHIC provided a \$3.2 million permanent loan, will provide 75 energy-efficient rental apartments, 60 of which will be affordable. The development will include an on-site property management office, a community room, fitness center, and children’s playground.

PROJECT HIGHLIGHTS

Preserving, expanding, and building new affordable housing



Frost Terrace **CAMBRIDGE**

Capstone Communities and Hope Real Estate Enterprises, long-time MHIC partners, are creating 40 rental apartments that will be affordable in perpetuity in the heart of Porter Square. On three contiguous lots, the developer is preserving and substantially renovating three existing houses and constructing a new building in the middle of the site. The building design will focus on sustainability.

Frost Terrace is well served by public transit, connecting the site to several other major job centers in the Boston metropolitan area. The Porter Square MBTA subway and commuter rail station is a three-minute walk, and bus stops for four bus routes are located adjacent to the site. The development is near restaurants, a large grocery store, medical facilities, several schools, and many other amenities. MHIC provided a \$4.2 million permanent loan for this project.



Library Commons **HOLYOKE**

The City of Holyoke will have 38 new affordable rental apartments with the development of Library Commons on Elms and Chestnut Streets, adjacent to the Holyoke Public Library. In the fall of 2019 Way Finders began construction which involves rehabilitation of two historic buildings, demotion of a severely deteriorated building, and construction of a new building.

For this development, MHIC provided a \$12.6 million construction loan and \$10.4 million in low-income housing tax credit and historic tax credit financing. PeoplesBank provided \$1.9 million of this tax credit equity.

Library Commons is two blocks from the Holyoke Central business district, less than 0.1 miles from public transit, and less than a mile away from an AMTRAK rail stop which connects Holyoke to nearby cities. It is an easy walk to retail stores, the YMCA, Holyoke Health Center, parks, childcare services, schools and many other services and amenities.

Library Commons will include 940 square feet of retail space, a property management office, laundry facilities and outdoor play area, bike racks, community facilities and an art gallery. Way Finders intends to provide support services for residents and to rent up to ten apartments to participants of The Care Center's (TCC) Roque House supportive services program. TCC is an educational institution that prepares pregnant and parenting young women for college and careers. TCC will also offer arts and educational programming to Library Commons residents.



Newcastle Saranac Apartments

BOSTON

Newcastle/Saranac Apartments is an existing affordable rental housing complex in Boston's Lower Roxbury neighborhood. It was financed decades ago through MassHousing's 13A program under which thousands of affordable units were created in Massachusetts, but which have reached the end of their 40-year terms, making those units at risk of conversion to market rate.

The Newcastle Saranac 40-year mortgage had expired in 2018, but the affordability was protected for three years under Chapter 40T. To preserve the affordability over the long term, MHIC provided a \$7.9 million acquisition loan of a total loan of \$29 million led by CEDAC to Fenway Community Development Corporation. The project received strong public support from the City of Boston and Department of Housing and Community Development.

The two buildings that comprise Newcastle/Saranac contain 97 affordable rental apartments and ground floor commercial space occupied by a property management company and a dry cleaners pickup-only storefront. The property has many public transit options, is walking distance to Back Bay, and is located just a few blocks from Northeastern University.



S.C. Hamilton Apartments

HOLYOKE

S.C. Hamilton is a scattered site housing development consisting of 127 affordable rental apartments in four buildings located on adjoining streets in South Holyoke. Originally rehabilitated in 1975 under HUD's Section 236 program, this project has had a history of financial struggles. MHIC's \$5.2 million in LIHTC financing is the final step in a workout and recapitalization of the property to repay existing loans to HUD and MassHousing and to provide sufficient resources to upgrade and modernize the buildings. Herb Berezin is the developer of this property.

■ OUTSTANDING PROJECT

Iconic Carter Junior High School in Leominster is brought back to life as attractive, energy-efficient affordable housing.



Carter School Apartments


LEOMINSTER

A bustling school for more than a century sat vacant for decades until Fitchburg-based NewVue Communities teamed up with the City of Leominster to transform the badly deteriorated building into the Carter School Apartments.

Indeed, among the distressing issues we have been confronting in 2020, there are some bright spots. Restoration of the Carter School is one of those — one that holds a special place in the history of Leominster and in the hearts of many of the people who live there.

Built in 1904, the Carter School served as a high school and junior high school until 1984 and then was used as an administrative building until 1995 when it permanently closed. Many current Leominster residents attended the school and so did their parents, grandparents, sisters and brothers, and friends.

When NewVue Communities held a groundbreaking in August 2018, over a dozen former students attended the ceremony. They exchanged memories about their school days and were visibly excited about the school being put back into productive use as housing.

Kerry Flathers, a former Leominster resident  who serves as NewVue's director of development and communications said, "Everyone knows someone who went to school there. And they seem to have an incredible personal affection for the building and memories made there."

Named after a Leominster teacher and education reformer, the Carter School is an interesting structure — built of a neoclassical design — which sits on a 2.24-acre site directly abutting a city park with a sports field and playground on West Street in Leominster's West Side neighborhood. This is a quiet residential neighborhood not far from downtown with grocery stores, pharmacies, parks, a shopping mall, hospital and schools located within two miles of the property.

Now totally renovated and reconfigured, the 4-story brick building has 39 family rental apartments including 14 one-bedroom, 21 two-bedroom and four 3-bedroom apartments. Of the 39 rental apartments, 23 are for households earning 60% of the Area Median Income (AMI), and 16 apartments are reserved for families earning up to 30% of AMI.

According to NewVue Executive Director Marc Dohan, there was strong interest in renting the Carter School Apartments, with hundreds of applicants for the 39 units.

“Rents in Leominster are going up,” he said, “and with less than 10% of the city’s apartments affordable, the need for more affordable rental housing is a big concern, so recreating the school as affordable homes clearly met a critical housing need.”

Redevelopment of the Carter School had been in the making for nearly two decades. The city sold the building to a private developer in 2000 but attempts to redevelop the building never got off the ground. Meanwhile, the vacant building succumbed to the elements and lack of maintenance.

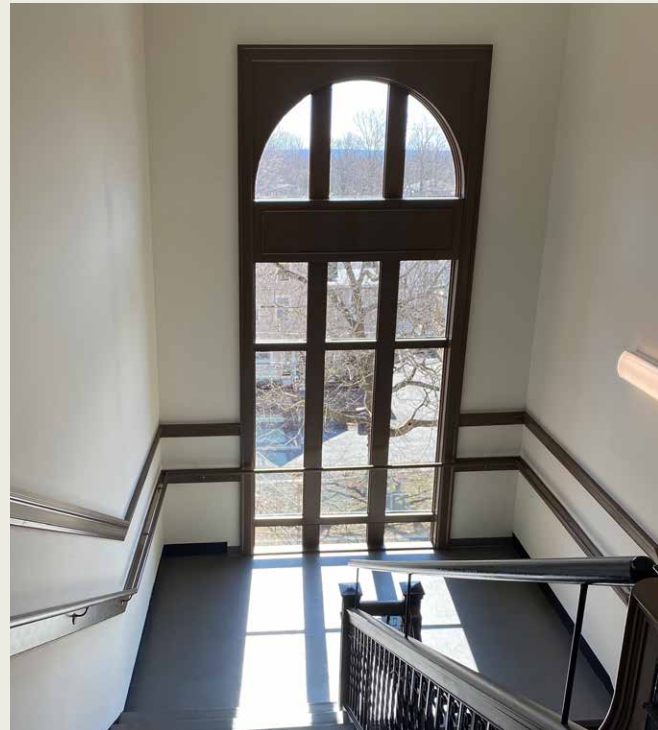
Dohan said NewVue took an interest in the building as early as 2008 but instead moved forward on another Leominster project — the development of Water Mill Apartments (also financed by MHIC), an adaptive reuse of a paper mill into affordable housing — which was at that time the city’s top development priority.

Having successfully completed the Water Mill Apartments project, and with strong support from the city, NewVue acquired the Carter School in 2016 and set forth to assemble a team, develop a plan, and line up financing.

NewVue’s redevelopment plan received wide public and community support and a blend of public and private financing. MHIC provided \$9.2 million in low-income housing and historic tax credit financing, of which \$3.2 million was provided by Avidia Bank. MHIC also provided a \$10.5 million construction loan with Avidia Bank as participating lender.

Even for a developer experienced with complex historic renovation projects, this one was particularly challenging because the building had suffered such extensive interior damage that it had begun to collapse in on itself.

“The building had suffered neglect and was in bad condition when we acquired it in 2016,” said Steven Cook, NewVue’s director of development. “Because of unsafe conditions, we couldn’t even go inside to get measurements or to properly assess conditions, let alone create a new design.”



Cook explained that NewVue first had to get hazardous materials and salvage experts in to remove the debris safely. That work had to be done while taking care to preserve the historic elements of the building, such as floor to ceiling windows, hardwood floorboards, doors, window trim, an ornate stairway and other artifacts such as blackboards and plaster relief structures, and an original clock, all of which now grace the restored building.

It wasn’t until December 2018 when NewVue and their contractor, architects, engineers and development team were able to safely get inside and start the work. For three months designing and measuring and planning and construction all took place at the same time.

Redevelopment of the Carter School was completed in December 2019 and the building is now nearly fully occupied, with nearly half of the residents from Leominster. In addition to housing, building residents have the benefit of personal indoor storage units, bike storage, an exercise room, community space and parking. The property was built with a comprehensive Green building plan (Enterprise Green Communities), including energy efficient HVAC systems and appliances.

Once again, the Carter School is vibrant and bustling, and people of all ages can take pride in the rich and shared history of their community.

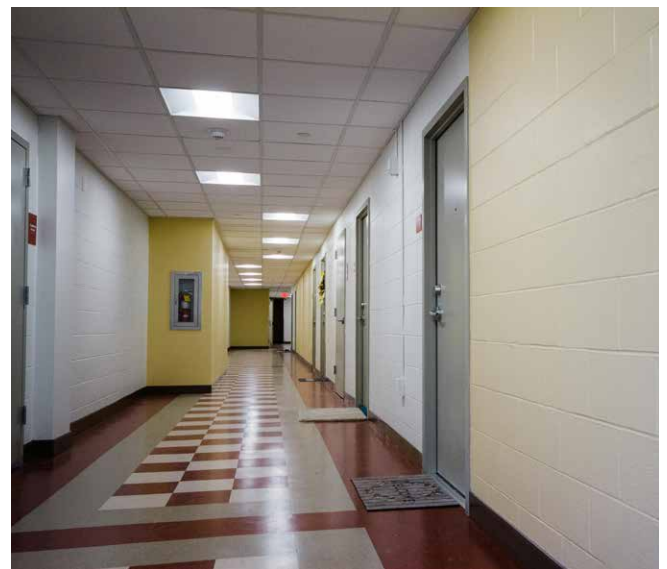
PROJECT HIGHLIGHTS

Expanding single room occupancy units into larger efficiency apartments



Sergeant House NORTHAMPTON

Way Finders and Valley Community Development teamed up for this project involving the rehabilitation and expansion of an existing 15-unit single room occupancy (SRO) building to 31 larger efficiency apartments. The renovation of the historic building will also include the creation of an office for on-site property management and service delivery. The building was in serious need of upgrading as it was ill equipped to meet resident needs and was in poor condition. There was no accessibility for people with disabilities to any of the floors, only one small kitchen with limited facilities, too few bathrooms, limited gathering space, laundry equipment located in the basement, no dedicated space for management, and some units were under-sized. Construction will address numerous structural issues from foundation to roof, correct safety concerns, resolve accessibility issues, and undertake historic restoration of the street-facing portion of the property. MHIC provided \$5.2 million in low income housing tax credit financing for this project.



Chestnut Crossing SPRINGFIELD

Home City Development has completed rehabilitation of 104 single room occupancy apartments into 101 energy efficient studio units with kitchenettes and private bathrooms. Chestnut Crossing occupies the top five floors of the YMCA of Greater Springfield which Home City purchased from the Y in 2013. Ninety-three studios are affordable to low- and very-low income households and eight units are market rate. MHIC provided \$5.5 million in low-income housing tax credit financing for this project in 2018.

Somerville's program to save affordable housing



Somerville 49 More Homes/ 33 Sargent Avenue

SOMERVILLE

33 Sargent Avenue is an 11-unit rental apartment building located in the Winter Hill neighborhood of Somerville, considered “one of the most walkable neighborhoods in America.” 33 Sargent Avenue was acquired by Somerville Community Corporation (SCC) with a \$4.95 million acquisition loan from MHIC. The building was recently renovated and is occupied.

The 33 Sargent Avenue project is part of the **City of Somerville's 49 More Homes program**, an expansion of the city's 100 Homes program, launched in 2015 in collaboration with SCC and MHIC. The program's goal is to preserve and create affordable housing by acquiring properties on the market that might otherwise be lost to speculators.

Under the 100 Homes program, SCC finds a property and acquires it using a line of credit provided by MHIC along with financing from the city under the Community Preservation Act. The 49 More Homes program uses funds provided by the Federal Realty Investment Trust (FRIT), the developer of Assembly Square which is providing funds for SCC to acquire off-site units and convert them into affordable housing as a condition for receiving an Inclusionary Zoning Exemption.



PROJECT HIGHLIGHTS

Bringing historic buildings back to life as new housing



Moseley Apartments

WESTFIELD

Domus, Inc. recently completed the redevelopment of a vacant former elementary school into 23 affordable rental apartments. Built in 1914, the Moseley School had been vacant for more than a decade. With MHIC's \$4.5 million in federal historic and low-income housing tax credit financing in 2018, Domus has created new affordable housing for residents of Westfield while preserving the historic elements of the building and has put a deteriorating building into productive use.



Worcester Courthouse Lofts

WORCESTER

The vacant former Worcester County Courthouse is being transformed into a new mixed-income rental housing community in downtown Worcester's Historic Lincoln Square district — a short distance from Worcester's Union Station and other city landmarks. Built in the Greek Revival/Traditional Revival style, this beautiful courthouse was originally constructed in 1843, with additions made to the structure in later years. The developer, Trinity Financial, is taking pains to preserve the architectural integrity of the building's façade and the character and elegance of the building's interior.

Worcester Courthouse Lofts will consist of 117 new apartments ranging from studios to three-bedrooms with amenities including a resident club room, a fitness center, gallery and workspaces for artists, and programming space. Sixty-six of the residences will be affordable and the remaining 51 will be a mix of market rate and workforce housing. The building has easy access to public transportation.

In late 2017 MHIC provided a \$1.8 million loan for acquisition and predevelopment costs related to this development. In 2019 MHIC provided \$16.9 million as the lead lender with Berkshire Bank providing another \$14.9 million as a participant in a \$31.8 million construction loan. MHIC also provided \$21.4 million in LIHTC financing and a \$1.76 million bridge loan for the project's state historic tax credits.

This project will help to catalyze private investment in Worcester and is considered a "Priority Parcel" in the City's goals to revitalize a section of the city that has historic, cultural and educational significance.

Mason Square Apartments II

SPRINGFIELD



Two vacant historic buildings — the Indian Motorcycle Manufacturing Company and the Mason Square Firehouse — are being adapted and rehabilitated to create 60 new affordable rental apartments in the Mason Square area of Springfield.

MHIC's long-time partner First

Resource Company is converting the 55,000-square-foot manufacturing building into 45 apartments, and the former fire station will contain 15 apartments.

Just east of Springfield's downtown central business district, the Mason Square neighborhood is comprised of a mix of residential, commercial, and older industrial use properties. Surrounding the new development are an early childhood center, an elementary school, a neighborhood health center, and the Hampden County Sheriff's department building.

For this project, MHIC provided \$16.1 million as the lead lender in a \$26.1 million loan with The Property and Casualty Initiative funding the remaining \$10 million.



98 Essex Street HAVERHILL

One of the last remnants of the shoe district in downtown Haverhill — an 8-story vacant former factory building — has been transformed into an attractive mixed-income rental apartment development with ground floor retail space. Peabody Properties and Affordable Housing & Service Collaborative, Inc. co-developed the historic building for which MHIC provided \$13.7 million in low-income housing tax credit and historic tax credit financing in 2018. The development is minutes from commuter rail and bus transportation and close to many restaurants, banks, grocery stores and other amenities as well as opportunities for recreation. The 98 Essex Street project is one of many newly restored historic former factory buildings that are contributing to the renaissance of downtown Haverhill. \$3.7 million of the total tax credit financing was provided by Eastern Bank.



270 Huntington Avenue BOSTON

This project involves the moderate rehabilitation of 270 Huntington Avenue to preserve 72 affordable rental apartments in the building. The project is across the street from Symphony Hall in the Fenway neighborhood of Boston. The 72 apartments are targeted to low-income individuals including 49 supportive housing units for Boston's most vulnerable population i.e., those with HIV/AIDS and/or mental illness at risk of homelessness. Caleb Clapp is the developer of this project for which MHIC provided \$4.5 million in low-income housing tax credit, historic tax credit, and financing.

■ OUTSTANDING PROJECT

*Opening doors. Leading the way.
Changing lives.*

Way Finders New Headquarters and Housing Center

SPRINGFIELD

When Way Finders first opened its doors in the early 1970s, the world was a very different place. Urban planners and policy makers had realized that past efforts and programs for housing low-income households, primarily large public housing projects and privately developed government assisted projects, had failed. They were searching for new ideas.

Then called the Housing Allowance Project, Inc. (HAP), the Springfield-based nonprofit was created to be part of a national effort to find new approaches to providing stable housing for individuals and families facing poverty. HAP quickly assumed a leadership position, developing a highly successful rental assistance program serving western Massachusetts that became a model for regional administration of rental assistance.

Early on, HAP expanded services to deal with related matters such as homelessness prevention and discrimination. The nonprofit also added programs such as homebuyer education, financial education and housing counseling. While initially focused on housing and founded on the premise that “everyone deserves a good home that they can afford,” HAP’s founders and leaders always understood that housing is one piece of the puzzle, a starting point or “platform” for people to forge a way out of poverty. That premise has informed all of HAP/ Way Finders’ work since its founding.

In response to the needs of the people and communities in western Massachusetts in the 1980s, and the growing crisis in affordable housing, HAP began to develop and manage its own properties. Over the following decades, HAP also developed a comprehensive range of programs and services, including helping find and keep quality housing (rental and homeownership), train for and secure jobs, manage finances, and find opportunities for economic



growth and mobility. Programs offering education, counseling, and resources for landlords and property owners were also provided.

To reflect the growing nature of its work and its vision for the future, HAP became Way Finders in 2017. Stable housing has become the platform from which Way Finders helps its clients achieve their economic goals.

Way Finders is now the largest nonprofit affordable housing provider in western Massachusetts. It manages 746 residential units in 22 properties in 13 communities with an average population of 1,205 adults and children. With 240 employees, Way Finders last year provided more than 19,500 services that touched the lives of over 52,000 men, women and children. It provided 847 families, couples and individuals with residential assistance, preventing likely homelessness and helped 271 first-time homebuyers, graduates of their homeownership workshops, to purchase homes in the region.

Way Finders is currently involved with development of several new projects, the most exciting of which is their just completed new state-of-the-art Housing Center and Headquarters in downtown Springfield. For this project, MHIC provided a New Market Tax Credit investment of \$8.3 million as one of three CDEs providing a total of



\$14.2 million in NMTC financing. Capital One is one of the three co-CDEs and the NMTC investor.

Way Finders' new 33,000-square-foot facility will greatly enhance the organization's ability to serve residents of western Massachusetts. Peter Gagliardi, Way Finders President and CEO, said: "The most important thing about our new building is that we designed the space to be client-centric. At the Housing Center, which will occupy the first floor, we can engage with our clients much more effectively. People who come there can use the computers and have integrated access to the information they need about housing, jobs and Way Finders' programs."

The new building is a key part of the City of Springfield's efforts to revitalize its downtown. Built on the site of the Peter Pan Bus line terminal, the project was instrumental in allowing the bus company to move its terminal and offices across the street to Union Station, which recently underwent a \$95 million redevelopment as an intermodal transportation center.

Gagliardi explained that Springfield has been very actively revitalizing its downtown. The rehabilitation of Union Station was a signature project. "Redevelopment of our parcel was essential to the success of the Union Station development," he said. "Our new Housing

Center made it whole. And the location was a perfect fit for us because of the public transportation availability and easy access to major highways, both north-south and east-west. Critically, the site also provides ample parking for staff and clients."

With the new 2-story building now completed, Way Finders is in the process of moving in – a process that has been somewhat delayed due to Covid-19. When possible, about 160 Way Finders employees will be moving into the new building.

With new, accessible meeting spaces and conference rooms, and parking, the nonprofit will be able to consolidate and enhance services. Programs previously delivered from different locations will now be concentrated in one location.

Way Finders will have the Housing Center and new headquarters up and running soon and already anticipates adding at least 10 new full-time employees over time as it expands programs. When that happens, Way Finders will be able to do an even better job at helping to address the root causes of poverty, giving people access to housing, jobs, stability and equal opportunity.

■ NEW MARKETS TAX CREDIT PROJECTS

Enhancing opportunities for children and families to realize their full potential



Greater Burlington YMCA BURLINGTON, VERMONT

The Greater Burlington YMCA has built a new 51,625-square-foot state-of-the-art facility. MHIC provided \$9 million as one of three CDEs that provided a total of nearly \$25 million in NMTTC financing in 2018. The organization's original facility, built in 1934, was inefficient with many activities largely inaccessible to people with disabilities or mobility issues. The new building gives GBYMCA more space, resolves accessibility issues, and modernizes with energy efficiency and new equipment. It will allow the organization to increase community programming particularly for their early childhood education program, after-school care offerings, and wellness programming.

This new facility is vital to GBYMCA's ability to continue to serve the community and low-income households, particularly those with children. GBYMCA will be able to generate additional revenue from increasing member retention and attracting new members. US Bancorp is one of the three CDEs and the NMTTC investor.



Boys & Girls Club of Lynn

LYNN

The Boys & Girls Club of Lynn (B&GCL) is currently undergoing substantial renovation of three levels of its current facility, a building in downtown Lynn which the club has occupied since the 1930s.

Founded in 1889, the B&GCL was one of the first 20 Boys & Girls Clubs in the U.S. Its mission is to inspire and enable all young people, especially those from disadvantaged circumstances, to realize their full potential as productive, responsible, and caring citizens. The club offers day care for children ages 5-10, an after school drop-in center for children ages 8-18, a day camp, and a summer camp which is operated at a separate location.

Renovation and reconfiguration of the current building will upgrade the club's facilities, enhance safety and security, improve accessibility, and expand its lobby area and program space to increase daily attendance. The club will be able to serve 40 additional children in its child day care program, a 50% increase.

This project is particularly important for Lynn where the high school dropout rate is 6.1% compared to the national average of 1.9%, and the where 40% of the children are classified as obese or overweight. The club helps tackle the child obesity epidemic by stressing health, wellness and nutrition. MHIC provided \$4.5 million in NMTC financing, with Chase as the NMTC investor.

Family Nurturing Center

BOSTON

In 2019 Family Nurturing Center (FNC), a nonprofit dedicated to strengthening families and preventing child abuse and neglect, completed expansion of the building in which they operate with the help of \$5.7 million in NMTC financing provided by MHIC in 2018. FNC will now be able to centralize their existing services, expand the scope and type of services they offer, and expand their staff. FNC's new building includes a state-of-the-art indoor play space for parent-child play groups; a large flexible space for Nurturing Programs, training, and community events; a warming kitchen to provide meals for participating families; and open, renovated office space and workstations to encourage collaboration. Bank of America is the NMTC investor for this project.



Meeting Street

PROVIDENCE, RHODE ISLAND



With NMTC financing, Meeting Street completed capital improvements to its existing educational facility and built a 28,000-square-

foot addition. Founded in 1946 and headquartered in a distressed neighborhood of South Providence, Meeting Street provides educational and therapeutic services to over 5,000 children, with and without special needs, primarily from low-income families. Meeting Street's original building, which sits on a 9-acre campus, is used for its core programs and to house three schools: the Grace School, the first fully-inclusive K-8 school in the nation; the Carter School, which provides life skills and vocational education for high school students with severe and profound special needs; and The Hope Academy, an independent charter school that is seeking to expand from a K-3 to a K-8 school. Expansion of the Meeting Street building will allow the charter school to admit up to 180 more children, including a high percentage of low-income and special needs children. MHIC provided \$12.6 million in New Markets financing in 2018. Citizens Bank is the NMTC investor for this project.

NMTC PROJECTS

Providing healthy food and safe, secure housing



Farm Fresh

PROVIDENCE, RHODE ISLAND

MHIC's \$4.85 million in NMTC financing will help Farm Fresh Rhode Island establish a new food and agriculture hub. The nonprofit is dedicated to creating a local food system that values the environment, health, and quality of life of the farmers and consumers in the region.

Farm Fresh Rhode Island was founded in 2004 and it has continued to grow and play an important role in connecting farmers and consumers, and growing and strengthening the regional food infrastructure. The organization manages several innovative programs, among them: nine farmers markets throughout the state, primarily located in underserved urban areas with limited access to fresh produce; a software program that enables farmers and producers to list their products and prices online; a culinary job training program for at-risk youth; and food and nutrition education programs for low-income families.

As Farm Fresh grew and it became apparent that they would need more space, the organization purchased a vacant industrial brownfields site in the Valley neighborhood of Providence where it will build a new food hub that will also be its new home. The new facility will incorporate design and energy efficiencies, ample loading docks, refrigeration packing rooms, and teaching gardens. Farm Fresh will master lease the entire facility, occupying 28,386 square feet of space for its indoor farmers market that will be operated year round, its ancillary programs, and administration. The remaining space will be sublet to food and agriculture small businesses. MHIC is one of three CDEs providing NMTC financing. Capital One is the NMTC investor for the project.



Elizabeth Stone House

BOSTON

Elizabeth Stone House (ESH) has been working to serve women and their families since 1974 by addressing domestic violence, substance abuse, and mental health challenges they face so that they can attain and maintain permanent housing, personal safety, and economic stability. The nonprofit currently serves approximately 900 adults and 400 children annually, providing them with shelter, advocacy and access to programs and services.

With this financing, ESH is building a new headquarters in Roxbury's Egleston Square business district. The new building will be a 5-story 55,000-square-foot building on Washington Street on a site that was formerly occupied by an abandoned warehouse. Thirty-two affordable housing units will occupy the three upper floors and the first and ground floors will house a licensed childcare center, service and administrative offices and programming rooms. The childcare center will provide early childhood education and afterschool programming. ESH residents will therefore have full time childcare, which will free up parents so they can look for work, enhance their job skills and achieve financial stability.

For this project, MHIC provided \$7.5 million in NMTC financing, \$7.6 million in LIHTC financing and a \$100,000 line of credit through MHIC's CMF Affordable Housing Fund. TD Bank is the NMTC and LIHTC investor.

Creating new jobs and building healthy communities



Indigo Block

BOSTON

Dorchester Bay Economic Development Corporation is building a new 2-story commercial building with light industrial and office space on a vacant parcel of land abutting the Uphams Corner station platform on the Fairmont/Indigo Commuter Rail line.

This project, which also involves development of an 80-unit residential rental building and a 9-unit homeownership project, has been in the planning stages for several years. In 2012 the Boston Planning and Development Authority began a multi-year study — the Fairmont Indigo Planning Initiative — and in 2015 DBEDC was one of four entities designated by the city as developer for this site.

The NMTC-financed commercial portion of the project, for which MHIC provided \$4.75 million, includes construction of 23,400-square-foot building with a 3,233-square foot mezzanine level. The project is expected to create 48 FTE construction jobs and future tenants will create additional permanent, part-time, and flexible positions paying living wages. The Northern Trust Company is the NMTC investor for this project.



Millinocket Memorial Library

MILLINOCKET, MAINE

The Millinocket Library is being renovated and repositioned as a state-of-the-art learning center and a programming center where other organizations will use the facilities to provide vital community services. The library currently serves about 1,000 people a year. With a more attractive and efficient space, which will include a new children's room and teen space, and with the combination of traditional library services and other programming and community functions, the renovated library is expected to double the number of people served. MHIC provided \$2 million in NMTC financing, with Chase as the NMTC investor for this project.

■ FIT OUTS

Financing for fit-out, furniture, fixtures, and equipment

The Record Company

BOSTON

The Record Company (TRC) is a private nonprofit that provides equitable access to affordable recording and rehearsal space to Boston-area musicians, particularly those who are under-represented such as women and musicians of color. Since opening in 2011 TRC has grown to serve nearly 4,000 community music makers annually through more than 1,300 affordable recording sessions in three studios. Now TRC is moving to a larger space in the same building where it currently resides at 960 Massachusetts Avenue in Roxbury. That building, which was recently acquired by a new owner, is undergoing renovation and TRC had to either move into a new space or move someplace else. TRC's current location is near public transit and centrally located between South Boston, the South End and Nubian Square. Northeastern University and the Boys & Girls Club of Roxbury are within one mile and Berklee and Emerson College are less than two miles away.

MHIC provided \$4.25 million in NMTC financing and \$1.5 million in debt financing, a 50% participation by MHIC's Neighborhood Commerce Fund in a loan led by BlueHub Capital. The financing will be used for the fit-out and purchase of furniture, fixtures and equipment for the new recording studio, rehearsal, and music-making facility. The development involves the creation of a state-of-the-art, 12,490-square-foot recording studio and rehearsal facility with a small performance venue (audience capacity of up to 150), a community event and meeting room, offices and



kitchen. The renovation is projected to more than double the number of users. Chase is the NMTC investor for this project.

Lowell House Center for Integrated Treatment *(not pictured)*

LOWELL

Lowell House, Inc. (LHI) is a nonprofit that provides accessible and affordable services and related support for individuals with addictions in the Greater Lowell community. The organization offers programs covering a range of inpatient and outpatient treatment and living options that support recovery. LHI serves more than 2,000 men and women each year throughout the Merrimack Valley.

MHIC's \$1.6 million in NMTC financing helped LHI finance the build-out of newly leased premises at 101 Jackson Street in Lowell which has become its primary offices

and program space and is called the Center for Integrated Treatment and Recovery. The location is a 6-story restored mill building which is owned, managed and partially occupied by Lowell Community Health Center. Co-location with LCHC provides LHI clients with easy access to medical services such as primary care, extensive medication assisted treatment programs and a range of allied health services. In its new space, LHI can expand and enhance its integrated programs, thereby helping to address the ever-growing crisis of substance abuse and addiction. Chase is the NMTC investor for this project.



FRANK, Beverly

BEVERLY

In November 2019 many North Shore residents were excited about the opening of a new restaurant and café — FRANK — located on the first floor of Holmes Beverly, a new apartment complex adjacent to the Beverly commuter rail station that MHIC helped finance with an HNEFI investment. FRANK is named after the owner, Frank McClelland, the well-known chef and prior owner of Boston’s highly esteemed L’Espalier restaurant. FRANK is a more casual restaurant with creative food choices made from all local ingredients. It includes a separate retail area and café, selling prepared foods, bakery items, beer, wine, and other specialty products. MHIC provided a \$250,000 loan for the fit-out of this new establishment and a letter of credit to backstop the restaurant’s lease security deposit.



Community Health & Wellness, Winsted Health Clinic

WINSTED, CONNECTICUT

Winsted Health Clinic (WHC) is a satellite of the Community Health and Wellness Center of Greater Torrington, Connecticut (CHWC), a Federally Qualified Health Center which provides comprehensive primary medical, dental and behavioral health services to a rural, medically underserved part of northwestern Connecticut. In 2013 MHIC provided NMTC financing to help CHWC build an addition and renovate its main facility. For Winsted Health Clinic, which is 10 miles from the main facility, MHIC provided \$2 million in NMTC financing and a \$1.4 million loan to help the clinic acquire and renovate a vacant property in the town center and to purchase medical, dental, and office equipment. WHC’s previous facility had insufficient room to accommodate a growing number of patients and it had transportation barriers. At the newly renovated clinic, WHC anticipates that the number of patients in primary care, dental and mental health will substantially increase along with the number of medical providers.

■ HNEF

MHIC has now fully deployed HNEF I and, building on that success, has begun raising capital for HNEF II. On this page are two projects in which HNEF I has recently invested.



87 Washington Street

HAVERHILL

The Traggorth Companies recently completed the renovation of a historic building in the heart of downtown Haverhill, two blocks from the Haverhill commuter rail stop and 0.3 miles from the Bradford commuter rail stop. The building, called “The Granville,” has 24 attractive rental apartment lofts with floor to ceiling windows, historic detail throughout the building and retail space on the first and ground floors. The Granville is a short walk to grocery stores, restaurants, the Haverhill YMCA, pharmacies, banks and other amenities. Nearby are many opportunities for exercise and recreation including the city’s Riverwalk along the Merrimack River. HNEF I provided \$1.4 million in financing for this property in 2018.



191 Talbot Avenue

BOSTON

Late in 2019 HNEF I closed a \$1.2 million investment for 191 Talbot Avenue. This development is in Codman Square, a historic neighborhood within the larger Dorchester neighborhood of Boston that remains a major commercial center. It will have 14 moderately priced rental apartments and ground floor commercial/retail space. It is being built on a lot that has been vacant for more than ten years. Three of the units will be restricted to households at or below 80% of the Area Median Income (AMI) and eleven units will be restricted to 90% of AMI.

191 Talbot Avenue is across the street from the Joseph Lee Elementary School, less than 200 feet from the recently renovated Talbot Avenue MBTA commuter rail station (Fairmont Line), and about one mile to the Ashmont and Shawmut Red Line stations. There are many opportunities for outdoor recreation with parks, basketball courts, soccer and lacrosse fields and a playground nearby, and Franklin Park one mile away. A variety of retail stores, restaurants, schools, medical services, and many other amenities are also within walking distance. The City of Boston also recently invested over \$2 million into nearby Harambee Park to add playgrounds, ballfields and walk/bike paths and added bike lanes to Talbot Avenue.

The project’s developer, TLee Development, LLC, intends to build 191 Talbot Avenue to meet Passive House standards. Passive House stands for quality, comfort and energy efficiency and is the world’s leading standard in energy efficient construction.

Transformative Impacts of Healthy Neighborhoods Equity Fund I



In neighborhoods where HNEF invests, residents were 50% more likely than the average Massachusetts resident to be admitted to a hospital for diabetes, and nearly 57% of renters were housing cost burdened, constraining their ability to afford other basic necessities. HNEF investments are designed to address this health and housing crisis, creating transformative impacts by investing in mixed-income housing and commercial developments near public transit.



100%
of developments have support from the community



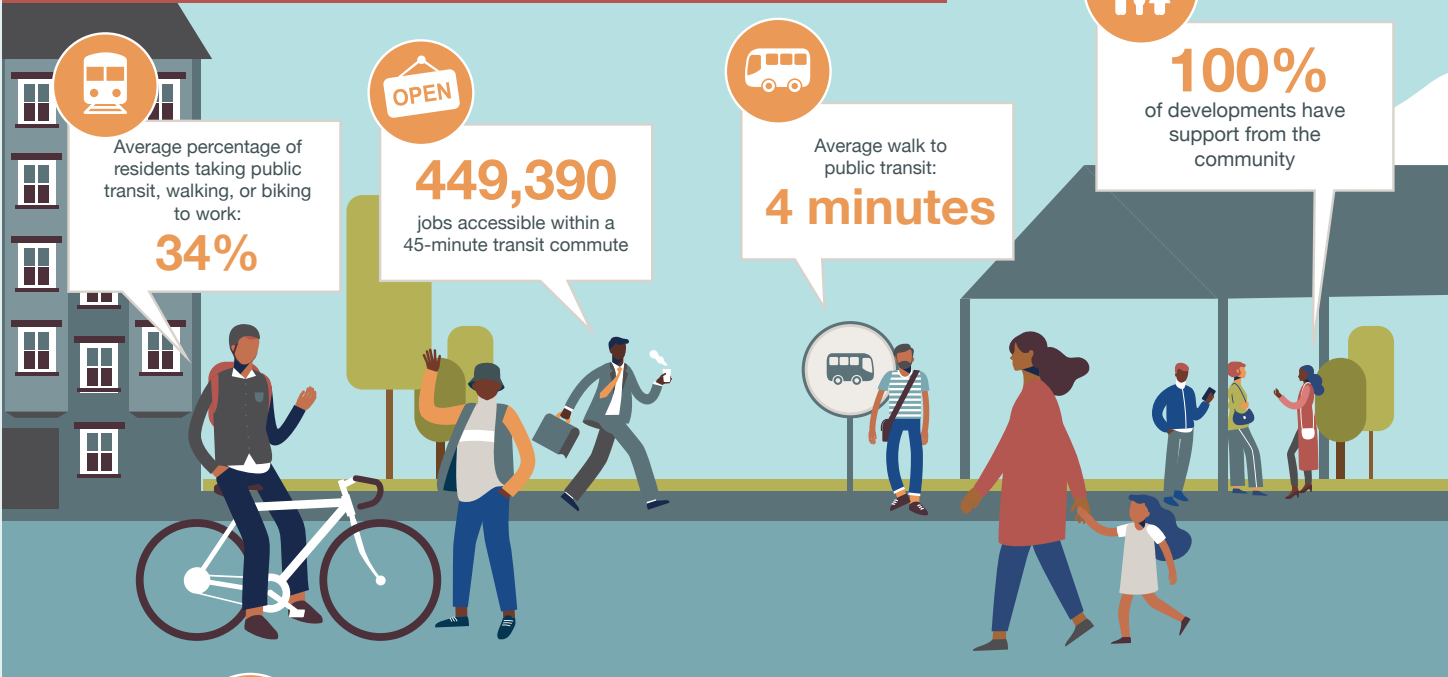
Average walk to public transit:
4 minutes



449,390
jobs accessible within a 45-minute transit commute



Average percentage of residents taking public transit, walking, or biking to work:
34%



586
new mixed-income homes created



89%
of developments meet green building standards



100%
of developments transformed vacant or underutilized properties into vibrant community assets



Average distance to a full-service grocery store:
0.2 miles



Average distance to green space:
0.2 miles





FRANK, Beverly

PROJECTS FINANCED IN 2019

PROJECT	UNITS	LOAN	HOUSING TAX CREDITS	NEW MARKETS	HNEF	TOTAL
Worcester Courthouse, Worcester		\$18,820,000	\$21,378,430	\$		\$ 40,198,430
Mason Square Apartments II, Springfield	60	16,100,000				16,100,000
Library Commons, Holyoke	38	12,600,000	10,440,926			23,040,926
Newcastle Saranac Apartments, Boston	97	7,893,664				7,893,664
Somerville 49 More Homes, Somerville	25	6,146,456				6,146,456
191 Talbot Avenue, Boston	14	4,523,000			1,203,750	5,726,750
Frost Terrace, Cambridge	40	4,162,500				4,162,500
Westbrook Village, Hartford, CT	75	3,178,000				3,178,000
Whittier Street Apartments Phase 2A, Boston	52	2,000,000				2,000,000
Michael E. Haynes Arms, Boston	55	1,575,000				1,575,000
Somerville 100 Homes Initiative Line of Credit, Somerville	3	1,224,000				1,224,000
1463-1469 Dorchester Ave, Boston	29	960,000				960,000
HAC Line of Credit, Hyannis		500,000				500,000
Nuestra LOC, Boston		500,000				500,000
Wayfinders LOC, Springfield		500,000				500,000
Dorchester Bay LOC, Boston		350,000				350,000
Wash Cycle Laundry, Chelsea		300,000				300,000
FRANK, Beverly		250,000				250,000
270 Huntington Ave, Boston	72		4,489,081			4,489,081
S.C. Hamilton Apartments, Holyoke	127		5,248,242			5,248,242
Sergeant House, Northampton	31		5,164,046			5,164,046
Elizabeth Stone House, Boston	32	100,000	7,611,834	7,469,000		15,180,834
Farm Fresh Rhode Island Food Hub, Providence, RI				4,850,000		4,850,000
Indigo Block, Boston				4,753,000		4,753,000
Boys & Girls Club of Lynn, Lynn				4,500,000		4,500,000
The Record Company, Boston		1,512,500		4,257,000		5,769,500
Community Health and Wellness Center, Winsted, CT		1,397,778		2,000,000		3,397,778
Millinocket Memorial Library, Inc., Millinocket, ME				1,960,000		1,960,000
Lowell House Inc.-Center for Integrated Treatment and Recovery, Lowell				1,640,000		1,640,000
TOTAL:	750	\$84,592,898	\$54,332,559	\$31,429,000	\$1,203,750	\$171,558,207

PARTICIPATING ORGANIZATIONS 2019

MHIC and its 45 member corporations have collectively committed more than \$1.7 billion to finance the development of affordable housing and community development. The status of these commitments, as of December 31, 2019, is displayed below.

MEMBER CORPORATION	LOAN	HOUSING TAX CREDITS	NEW MARKETS	HNEF	TOTAL
Bank of America Merrill Lynch	\$12,750,000	\$243,829,260	\$23,398,279	\$	\$279,977,539
State Street	3,000,000	211,813,278	13,919,202		228,732,480
TD Bank	1,750,000	175,259,409	48,265,458	1,000,000	226,274,867
Citizens Bank	4,000,000	115,717,432	18,717,672	2,000,000	140,435,104
Freddie Mac		99,730,000			99,730,000
US Bank			89,705,264	1,100,000	90,805,264
Fannie Mae		77,255,600			77,255,600
People's United Bank	300,000	62,835,545	2,785,478	1,000,000	66,921,023
Eastern Bank	950,000	45,288,812	5,000,000	1,000,000	52,238,812
Wells Fargo Community Lending & Investment		43,809,210	3,495,960		47,305,170
Santander Bank		35,740,000		5,000,000	40,740,000
The Northern Trust Company	6,100,000	25,000,000	7,037,030		38,137,030
Chase			29,862,909		29,862,909
Institution for Savings		24,039,331			24,039,331
AEGON USA Realty Advisors, Inc.			24,000,000		24,000,000
Rockland Trust Company	350,000	22,256,534			22,606,534
Brookline Bank		21,086,424		1,000,000	22,086,424
Boston Private	300,000	18,150,000	1,500,000	1,000,000	20,950,000
TransCapital			20,000,000		20,000,000
Cambridge Savings Bank		17,792,744		1,000,000	18,792,744
BNY Mellon		15,535,600			15,535,600
Citibank			15,000,000		15,000,000
WICOR America Inc.			15,000,000		15,000,000
Cathay Bank		14,600,000			14,600,000
PeoplesBank		8,440,824	3,785,478		12,226,302
Berkshire Bank		2,000,000	8,000,000		10,000,000
East West Bank		7,000,000	2,500,000		9,500,000
Middlesex Savings Bank	5,000,000	3,291,693			8,291,693
PNC Bank	1,500,000	6,358,900			7,858,900
MHIC				7,000,000	7,000,000
Capital One			6,807,450		6,807,450
Avidia Bank		6,557,127			6,557,127
Federal Home Loan Bank of Boston	6,235,622				6,235,622
East Boston Savings Bank		4,358,011			4,358,011
Cambridge Trust Company	1,000,000	3,000,000			4,000,000
The Kresge Foundation	2,563,900				2,563,900
Webster Community Development Corporation			3,247,675		3,247,675
Boston Medical Center	1,000,000			500,000	1,500,000
Needham Bank		1,000,000			1,000,000
Radius Bank	1,000,000				1,000,000
Enterprise Bank And Trust Company		813,715			813,715
Bangor Savings Bank			631,800		631,800
BankFive		568,000			568,000
Private Investor				500,000	500,000
NJ Enterprises, Limited Partnership				250,000	250,000
Salem Five	250,000				250,000
Total	\$48,049,522	\$1,313,127,449	\$342,659,655	\$22,350,000	\$1,726,186,626

FINANCIAL SUMMARY 2019

BALANCE SHEETS

Assets	DECEMBER 31, 2019	DECEMBER 31, 2018
Cash	\$15,976,490	\$13,179,363
Investments in marketable securities	148,562	216,063
Program related loans	27,397,662	15,557,558
Program related investments	5,244,264	5,807,113
Amounts receivable and other assets	5,389,548	4,779,162
Total assets	<u>\$54,156,526</u>	<u>\$39,539,259</u>
Liabilities and net assets		
Unearned fees	\$1,724,068	\$1,906,128
Notes payable	26,027,097	13,173,717
Other liabilities	4,710,682	2,882,589
Net assets	21,694,679	21,576,825
Total liabilities and net assets	<u>\$54,156,526</u>	<u>\$39,539,259</u>

STATEMENTS OF ACTIVITIES

Revenues

Loan program revenue	\$1,115,067	\$668,863
Equity program revenue	3,721,303	4,532,289
New markets program revenue	3,083,928	4,038,399
Other program revenue	2,074,866	1,285,859
Total revenue	<u>9,995,164</u>	<u>10,525,410</u>

Expenditures

Salaries and benefits	6,523,812	6,760,062
Professional services	1,217,938	1,248,851
Other expenditures	2,066,287	1,691,331
Grant expenses		
Total expenditures	<u>9,808,037</u>	<u>9,700,244</u>
Change in net assets from operations	187,127	825,166
Non-operating revenue (expenses)	(69,273)	539,438
Total change in net assets	117,854	1,364,604
Net assets at beginning of year	21,576,825	20,212,221
Net assets at end of year	<u>\$21,694,679</u>	<u>\$21,576,825</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

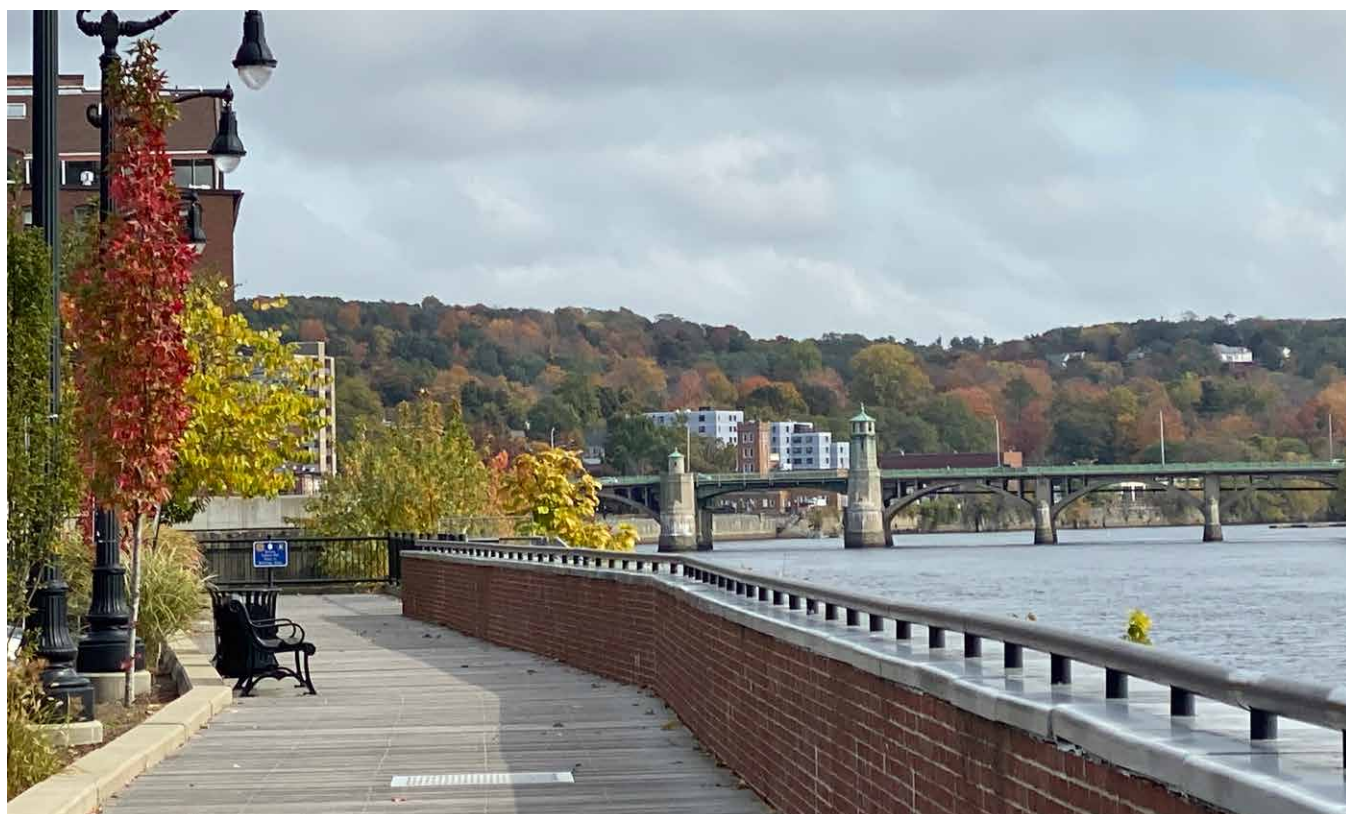
FINANCIAL SUMMARY 2019

ASSETS UNDER MANAGEMENT

as of December 31, 2019

BY LOCATION	LIHTC	NEW MARKETS	LOANS	HNEF	TOTAL
Greater Boston	\$335,273,861	\$76,742,800	\$27,726,126	\$13,848,286	\$453,591,073
Remainder of Massachusetts	397,050,871	107,285,714	22,696,412	6,295,958	533,328,955
Vermont	0	23,725,290	0	0	23,725,290
New Hampshire	0	8,973,264	0	0	8,973,264
Connecticut	10,090,006	44,049,500	8,943,980	0	63,083,486
Rhode Island	3,936,116	31,779,400	0	0	35,715,516
Maine	0	13,071,804	0	0	13,071,804
Total	\$746,350,854	\$305,627,772	\$59,366,518	\$20,144,244	\$1,131,489,388

BY DEVELOPMENT TYPE	LIHTC	NEW MARKETS	LOANS	HNEF	TOTAL
Rental Housing (not senior/SRO)	\$684,280,436		\$49,759,692	\$20,144,244	\$754,184,372
Rental Housing for Seniors	47,903,999				47,903,999
Rental Housing SRO	9,894,957				9,894,957
Rental Housing Assisted Living	4,271,462				4,271,462
Nonprofits/Community Service		102,708,504	1,414,301		104,122,805
Business and Manufacturing		20,063,950	1,764,021		21,827,971
Health Care and Health Related		35,469,500	1,397,778		36,867,278
Neighborhood Revitalization		147,385,818	5,030,725		152,416,543
Total	\$746,350,854	\$305,627,772	\$59,366,518	\$20,144,244	\$1,131,489,388



Haverhill Riverwalk

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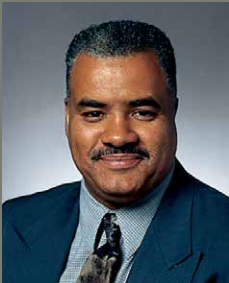
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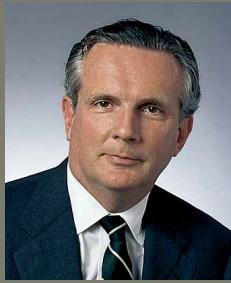
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