



Massachusetts
**Housing
Investment
Corporation**

2010 ANNUAL REPORT



CELEBRATING

20

years



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, 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.





Above: Children at the Hyde Park YMCA ribbon-cutting ceremony (page 25).

Facing page: Temple Landing, an affordable rental housing complex in New Bedford (page 21).

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Every investment is an

opportunity

As we reflect on the last twenty years, we feel an enormous debt of gratitude to our investors, partners, and sponsors.

Looking back to 1990, the coalition of banks and community leaders who conceived MHIC wanted a means to finance affordable housing in communities that had suffered from disinvestment. They believed that a specialized lender could concentrate resources, spread the risk, seek out worthy investment opportunities and finance projects in some of our most needy communities. In launching us, that coalition invested a fair amount of trust in MHIC that it would be able to fulfill that promise.

From the outset, MHIC has worked to be worthy of that trust – to demonstrate that flexible, disciplined lending and investing could put capital to work in under-served communities. We felt an obligation to ensure that that investment should have the broadest possible impact in those communities, particularly within minority communities that had been subject to disinvestment. We believed that such investment, if managed properly, could provide reasonable returns with a minimum of losses.

The past twenty years have shown that the fundamental premise has proven to be a sound one: investing in these communities is good business – good for the community and good for the investors. To be sure, meeting the financing needs of these communities has posed some real challenges, particularly over the last few years.

Through the periodic turmoil in the capital and real estate markets over the past two decades, MHIC has worked to stay focused on its core mission: effectively deploying capital to meet critical community needs.

As our experience base has grown, we have expanded our financing tools. Over the last decade, MHIC has diversified into New Markets Tax Credit investing so that we could finance community and economic development projects in under-served communities. Initially, this was a complement to our housing investment. It has evolved to the point that we are now providing New Markets financing throughout New England. To date we have been rewarded with a total of \$517 million in New Markets Tax Credit awards.

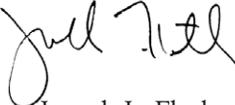
unity



We are grateful for the strong results for 2010 – our best year to date – particularly since this has been one of the most challenging periods since our founding. With a record \$200.6 million in financing in 2010, this brings our overall total to \$1.5 billion. We are particularly grateful to be partners with such excellent projects, such as the expansion of a manufacturing facility in an economically-distressed area of Vermont, preservation of an affordable housing apartment complex in New Bedford, redevelopment of an entire block of downtown Concord, New Hampshire, and other projects you will read about in this report.

We would like to take this opportunity to thank again all of our stakeholders for believing in MHIC. We look forward to continuing our work together in pursuit of our mission and vision of building economic opportunity and strengthening communities.


Guillaem Aertsen
Chairman


Joseph L. Flatley
President



Twenty Years Milestones

The Founding— the mission, the vision

1990-1995

MHIC was founded in 1990 in the midst of an affordable housing crisis in Massachusetts. In the face of a real estate market in turmoil, government retrenchment and neighborhood disinvestment, a consortium of Massachusetts banks created MHIC to fill a critical gap in meeting the credit needs of affordable housing developers. MHIC's founders were looking for creative and sustainable ways to invest in older urban neighborhoods.

MHIC's mission was to finance quality affordable housing, to supplement financing available from other sources and to aggregate and coordinate the use of public and private resources. The idea was both for MHIC to focus on projects that would not otherwise be able to receive financing and for bankers to pool their resources and investments and thereby minimize risk. The assumption was that collaboration can build capacity.



David Spina

With a board of directors composed of bankers, community representatives and housing professionals, MHIC was incorporated on July 1, 1990 and officially opened its doors that September with a staff of two. The organization started out with \$100 million in commitments from banks for loan and tax credit equity



1991 604 Massachusetts Avenue, Boston

investing. Joseph Flatley was hired as MHIC President. David Spina of State Street was elected the initial Chairman of the Board.

In 1994 MHIC established the Massachusetts Housing Equity Fund, Inc. (MHEF), a wholly-owned subsidiary, and launched its first equity fund. Prior to establishing the fund, MHIC coordinated the direct placement of low-income housing tax credits with individual banks. MHEF streamlined the process and enabled MHIC to broaden its base of investors. Also during this period the OneStop application process was developed to simplify the lending process and MHIC introduced the OneSource Program, a joint project with the Massachusetts Housing Partnership Fund. By the end of its fifth year in 1995, MHIC had a staff of 17.



1992 Dorchester Buildable Lots, Dorchester



1993 Alexander Magnolia, Boston



1994 Kenwyn Apartments, Springfield

Facing Page: At work on the Sanel Block Redevelopment project in Concord, New Hampshire (page 28).

1990

Starting up

MHIC opens its doors at 100 Franklin Street with Joe Flatley as President and David Spina of State Street Bank as Chairman of the Board.

1991

Finding its footing

MHIC's loans were small at first, generally under \$3 million. By the year end, MHIC had approved \$41 million in financing.

1993

Moving toward full service approach

MHIC initiates "One Stop" application to simplify housing finance system.

1994

MHIC becomes "single source" for affordable housing finance

MHIC establishes MHEF and closes its first equity fund. On the loan side, MHIC establishes OneSource program.

Twenty Years Milestones



1996 *Sargent Prince, Boston*



1997 *Voces de Esperanza, Holyoke*



1999 *Palladio Hall, Boston*

Adapting to change, pushing the envelope

1995–1999

The later part of the 1990s was marked by huge shifts in the environment for financing affordable housing. Having navigated economic hard times, MHIC now faced a new set of challenges – an improving economy, consolidation of the banking industry, an unevenly rebounding real estate market, and an overhaul of federal housing policy. This was a transformative period. For MHIC this was a time to test its ability to change as conditions dictated – but also to innovate.



1995 *Cohen Florence Levine Estates, Chelsea*

By 1996, MHIC had achieved the highest levels of financing since inception, with \$85 million in investment in that year and \$225 million to date. Average loan amounts had more than doubled. MHIC was experiencing increasing demand for financing, and it had established itself as the

state's leading syndicator of low-income housing tax credits.

MHIC responded to the changing marketplace by expanding its product lines. Lines of credit, pre-development loans and a permanent loan product geared to small property owners were introduced.

MHIC also went through its own transformation. In 1996 Guillaem (Rusty) Aertsen of BankBoston was elected Chairman. By 1999, MHIC's staff had grown to 27, with additional personnel for asset management, technology development, underwriting, and operational support.

By far the most notable change for MHIC during the late 1990s was that it transformed itself from being in the business of affordable housing to also being in the business of building neighborhoods and investing in communities.

The focus on entire communities was a natural outgrowth from the realization that affordable housing alone was not the solution to revitalizing neighborhoods and communities. MHIC understood that restoring communities and sustaining them also means stimulating economic development, creating jobs and enhancing community infrastructures to support the people who live there.

By the end of the 1999, MHIC had financed a broad array of projects including mixed-use projects, seniors housing, and numerous service-enriched housing projects and multi-property

1995

No longer a start up

With a staff of 17 people, MHIC celebrates its fifth anniversary. A total of \$180 million has been invested in 66 housing projects.

1996

New leadership at the Board

Guillaem (Rusty) Aertsen of BankBoston becomes Chairman of the Board.

1998

Passing milestones

MHIC closes financing on its 100th housing development. Charles E. Dahm Memorial Scholarship Fund is established for students living in MHIC-financed housing.

1999

Moving beyond housing

MHIC is recognized for its community development lending approach by being named as a Community Development Finance Institution (CDFI) and receives \$1 million award from CDFI Fund.

projects. The success of MHIC's expanded focus on whole communities was recognized nationally when MHIC received official designation as a Community Development Finance Institution (CDFI) and welcome news that it would receive a \$1 million award from the CDFI Fund.

New products and New Markets 2000–2006

MHIC celebrated its tenth anniversary in a much different world from when it was founded. The economy was strong and real estate prices were approaching an all-time high. Banks and affordable housing advocates were working together as partners, having found new, productive ways to collaborate. Instead of dwelling on “pooling risk,” MHIC and its partners were concentrating on sharing investment opportunities.

Yet with real estate prices escalating, the need for affordable housing was more acute than ever. The awareness of the need for affordable housing increased as businesses realized the costs to them when employees could not find affordable and suitable places to live.

One of the major challenges MHIC faced was the loss of affordable housing units and threat to neighborhood stabilization due to the surging real estate market and the escalation of acquisition costs. To address that problem, MHIC focused on getting as many properties as possible into the hands of property owners who intended to keep them affordable.



2000 Crocker Cutlery, Turners Falls

In 2001 MHIC restructured its loan pool to a limited liability structure, enabling MHIC to provide creative and more flexible financing and expand its investor base.

A pivotal growth event occurred in 2003 when MHIC received its first allocation of \$25 million of New Markets Tax Credits (NMTC) from the U.S. Treasury Department. A first New Markets Fund closed in 2004. A second NMTC award of \$90 million was received in 2004. MHIC developed the expertise and resources to provide gap financing for high impact commercial, nonprofit and mixed-use properties. By the end of 2004, MHIC financed five of its first commercial properties using New Markets financing. Additional NMTC awards of \$54 million were received in 2005 and \$90 million in 2006 for a total of \$259 million. MHIC had established itself as one of the major NMTC participants in the country.



2001 State Street Apartments, New Bedford



2002 Sister Clara Muhammed, Boston



2004 Hibernian Hall, Boston

2000

MHIC becomes a leading syndicator of low-income housing tax credits

MHIC celebrates 10th anniversary with record high levels of financing and raises more money from investors than all other syndicators in Massachusetts.

2003

Breaking ground with New Markets investing

MHIC launches New Markets Tax Credit program and is awarded \$25 million in first round of national competition for NMTCs.

2004

MHIC ramps up community development lending

MHIC closes 1st NMTC Fund and receives second award, of \$90 million, under NMTC program.

2005

New Markets investing gains momentum

MHIC celebrates 15th anniversary and receives \$54 million of NMTC authority for a total of \$169 million.

Twenty Years Milestones



2005 Colonial Theatre, Pittsfield



2006 Trolley Square, Cambridge



2008 Zumix, Boston

Facing Page: YouthBuild volunteers assist with redevelopment of home at 23 Hollis Street in Worcester (page 34).

Concentrating on economic development and job creation 2007-2010

This most recent period of MHIC's 20-year history was marked by unprecedented turmoil in the economic environment and, thus, by unprecedented challenges. The sub-prime mortgage crisis in 2007, followed by the collapse of residential and capital markets, thrust MHIC back into an environment much like that of 1990 when it was founded.



2009 Leonard Florence Center for Living, Chelsea

MHIC responded to these challenges head on with new initiatives, including launching of a Neighborhood Stabilization Loan Fund in 2008. This \$22 million, low-interest fund was set up to help nonprofit and for-profit developers quickly acquire and rehabilitate abandoned properties to stabilize and rebuild neighborhoods hard hit by foreclosures. In 2009 MHIC was awarded \$11 million in federal Neighborhood Stabilization Program (NSP) funds from HUD. In 2010, MHIC was awarded an additional \$22 million in NSP2 funds from the Commonwealth of

Massachusetts. Under this program MHIC has financed 97 projects with 23 sponsors and has a strong pipeline of projects under development throughout Massachusetts.

In recent years while the affordable housing tax credit market was recovering, MHIC continued to concentrate on financing projects through its New Markets Tax Credit program. Additional allocations for \$105 million were received in 2008, \$90 million in 2009 and \$63 million in early 2011. Cumulative awards now total \$517 million. Using these resources, combined with other sources of financing, MHIC took on a broad array of projects including a first of its kind skilled nursing home for people suffering from ALS, a new cinema center in Pittsfield aimed at boosting the local economy, restoration of several historic buildings in downtown Greenfield to create space for various businesses and housing, restoration of several downtown theaters, building and expansion of health care facilities, youth centers and other projects with broad social and economic benefits.

In 2009 MHIC began to expand the reach of its New Markets financing throughout New England, and by the end of 2010 it had financed projects in five of the six New England States.

Despite the difficult economic environment over the past few years, MHIC in 2010 had the best year in its history across all program areas. Looking back over our first twenty years, MHIC has every reason to feel confident about its future.

2006

Reaching another milestone

MHIC surpasses the \$1 billion mark in total financing and receives an additional \$90 million under NMTC program.

2007

The real estate bubble begins to burst

Despite this change in the external environment, MHIC closed its largest loan portfolio of financing ever.

2008

Navigating troubled waters

MHIC launches \$22 million Neighborhood Stabilization Loan Fund. U.S. Treasury awards MHIC an additional \$102 million in NMTC authority.

2009

Focusing on economic development, job creation and neighborhood stability

MHIC finances first out-of-state NMTC project. HUD awards MHIC \$11 million in Neighborhood Stabilization Funds.



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Highlights 2010

By any measure 2010 was an outstanding year for MHIC. Notwithstanding the continuing challenges in the real estate market and lingering uncertainties in the economy, MHIC drew on its considerable resources to finance challenging projects. Just as it has done for the past twenty years, MHIC in 2010 demonstrated its core strength – that is, its ability to tackle the hard job of choosing high-impact, credit-worthy projects and putting together sound, innovative financing structures to make them work.

We ended 2010 with high levels of financing across all our programs. Projects financed led to the creation and preservation of affordable housing for those who need it most, the expansion of businesses and community facilities serving low income populations, the creation of new jobs and new opportunities, and increased stability of neighborhoods through redevelopment of formerly foreclosed properties. Projects financed over the past year represent a particularly wide range of financing structures, project types, and geographic locations.

In 2010 MHIC provided a record \$200.6 million in financing with \$84.5 million in New Markets Tax Credit financing, \$53.7 million in loan financing, \$47.4 million in Low Income Housing Tax Credit investment, and \$15 million in loan financing under the Neighborhood Stabilization Loan Fund. These investments supported 813 housing units, 46 projects and more than 454,000 square feet of commercial space. MHIC completed its twentieth year with a surplus of revenue over expenses.

It is notable that in 2010 MHIC achieved the greatest geographic reach in its history. As well as financing projects throughout Massachusetts, MHIC has now financed projects in five of the six New England States. By the end of 2010, we provided nearly \$65 million to six such projects, two in Vermont, two in Connecticut, one in New Hampshire and one in Rhode Island.

While investing in new locations, we continue to leverage previous investments in targeted areas so that those communities can experience the cumulative impact of concentrated investments. After twenty years, MHIC can point to several communities where such investments have shown tangible impact. Examples include:

- Whole neighborhoods in **Springfield**, where MHIC has invested nearly \$104 million, have been restored and preserved as affordable housing. The city is also getting an economic boost with major expansion of a medical center financed by MHIC.
- MHIC's investments in downtown **Pittsfield**, totaling nearly \$69 million, have had a major impact on the economic revitalization of the area, generating creation of new businesses and jobs.
- In **Lawrence**, where MHIC has invested \$35 million to date, the emphasis has been on financing housing units for low- and very low-income families and creating community and social services to support the residents who live there.

Putnam Place, Cambridge.



- MHIC's \$28 million investments in **Lowell** have created several affordable housing developments that have served as anchors for redevelopment of whole neighborhoods.
- And in **Boston**, where MHIC has invested nearly \$568 million over twenty years, we can point to a wide range of projects that have created affordable housing as well as jobs and new opportunities for people, health care for the homeless population, community centers, nonprofit headquarters and commercial developments.

MHIC's expanded strategy to offer single-investor funds for tax credit investing by matching specific investment opportunities with a single investor (or investors) has been successful. These efforts have generated several new community bank investors.

MHIC has achieved recognition as a national leader in the New Markets Tax Credit program, which has been in existence only since 2000. With eight competitive rounds completed, MHIC has received seven allocations of NMTC totaling \$517 million.

Advancing the use of our Neighborhood Stabilization Loan Fund was again a major focus in 2010. Concentrating on communities in Massachusetts hardest hit by foreclosures we had by year end financed 97 projects with 23 different sponsors. (More detail about MHIC's NSLF program can be found below and on pages 28–32.)

Over its twenty year history, MHIC has provided a total of \$1.5 billion to finance 384 projects, representing the preservation or creation of 14,499 housing units and more than 2.5 million square feet of commercial space. By program type, MHIC's total investments to date are: \$497 million in loans, \$602 million in Low Income Housing Tax Credit investment, \$394 million in New Markets Tax Credit investment, and \$30 million of investment under MHIC's Neighborhood Stabilization program.



LENDING PROGRAM

- In 2010 MHIC's lending program had its best year since 2002. We closed \$53.7 million in financing for housing projects both to preserve housing units and to build new ones in a wide range of communities such as Charlton, Springfield, Lunenburg, Worcester, Gloucester, Weymouth, Lawrence and New Bedford.
- Among the notable projects financed in 2010 was Temple Landing, a 173-unit affordable rental property in New Bedford that was originally developed in the 1970s and had fallen into serious disrepair, had become a haven for crime and was an embarrassment to the community. The property (pictured on page 19) has now been rehabilitated and is a place that people are proud to call home.
- We ended 2010 with a growing pipeline of projects that we expect to close throughout 2011.

Completed in 2011, the former Daniel Saunders High School in Lawrence now provides affordable housing to 16 previously homeless families.

Highlights 2010

NEW MARKETS TAX CREDIT PROGRAM

- 2010 was another year of robust activity for New Markets Tax Credit investments. Having received an award of \$90 million in New Markets Tax Credit authority late in 2009, MHIC had the resources to move forward in financing eight projects for a total of \$84.5 million. These included the restoration of the oldest remaining fire house in Boston into a nonprofit headquarters, the expansion of a manufacturing plant in an economically depressed area of Vermont to ensure retention of 270 full time jobs, the redevelopment of an underutilized city block in Concord, New Hampshire, the building of a new yogurt manufacturing plant with 33 full-time employees in a rural part of Vermont, and other projects you will read about in this report.
- In December 2010 the New Markets Tax Credit Program – which had expired at the end of 2009 – was extended retroactively for 2010 and for an additional year in 2011. That was, indeed, good news for our investors and for the communities throughout the United States that benefit from New Markets Tax Credit investments. In February 2011 MHIC was awarded another allocation of \$63 million to continue our work through the end of the year.

Among the New Markets Tax Credit projects financed by MHIC in 2010 is the Wakeman Boys & Girls Club, now under construction in Bridgeport, Connecticut.



LOW INCOME HOUSING TAX CREDIT INVESTMENT

Nationally, 2010 witnessed a marked recovery in the demand for housing tax credit investments. Several insurance companies and large corporate investors joined the traditional investor base of financial institutions.

- In 2010, MHIC's Low Income Housing Tax Credit program had its best year since 2007. We closed nine projects for a total of \$47.3 million, representing 307 housing units. Our low-income housing tax credit investments financed a broad range of projects, including historic rehabilitation of former schools, a church and a mill, redevelopment of a former nursing home, and new construction.
- We saw completion of Acre High School in Lowell, a 22-unit affordable rental project, and a "wall breaking" for 6 Fort Street, a 34-unit project near Quincy Center involving the renovation of a historic church and office building. We also had a groundbreaking for Union Crossing in Lawrence, a 60-unit project that is the first phase of a multi-phase \$75 million project involving the adaptive reuse and historic rehabilitation of two textile mill complexes. These projects when completed will have a transformative impact on their communities and on the lives of the people for whom they provide affordable housing.
- MHIC ended 2010 with a strong pipeline of low-income housing tax credit projects and an optimistic outlook for 2011. The direction of interest rates, alternative investment options, and the strength of the economic recovery will all impact activity and investment under this program.

NEIGHBORHOOD STABILIZATION LOAN FUND

- In 2010, MHIC closed on \$15 million of loan funds, which were used to finance the redevelopment of 172 units of housing in nine different cities in Massachusetts. MHIC has provided financing to for-profit and nonprofit developers. Many of the rehabilitated homes are being sold to income-qualified homebuyers, while other homes are being rented.
- To date, MHIC has provided \$30.2 million to 20 sponsors to acquire and rehabilitate 249 units of housing. (See page 30 for more about MHIC's NSLF.)

ASSET MANAGEMENT

- In 2010, as in recent years, MHIC made strengthening and improving Asset Management practices and procedures a top priority. The Asset Management department regularly inspects all partnership properties to evaluate the physical condition of properties, to evaluate financial performance, to monitor compliance, to insure the best possible property management, and to identify issues that may need attention.
- These efforts have proven to be effective in Asset Management with the result of a stronger and more efficient portfolio of which MHIC is proud. The end result of Asset Management's efforts is that MHIC's "Watch List" of troubled properties is the shortest since 2001.
- The Asset Management department focused considerable resources in 2010 on transitioning housing tax credit properties that are nearing or have reached the end of the 15-year compliance period. At year end, 20 properties had been transitioned; 19 other properties are currently in the transition process for 2011.
- As part of its ongoing efforts to help reduce energy and utility costs, the Asset Management department developed and presented a Webinar in conjunction with Constellation Energy to help New Markets and LIHTC partners through bulk purchasing of energy. This program has begun to yield substantial results.
- All MHIC New Markets Tax Credit investments continue to perform well. Regarding New Markets Tax Credit reporting, the process was further refined in 2010 with quarterly reports and surveys being distributed to MHIC's partners.
- For the second year in a row, MHIC participated in the "Gifts in Kind" program, a partnership with Home Depot which donates surplus products that can be used by nonprofit property owners. With the assistance of Boston College interns, MHIC maintains a system to track its inventory of these goods and makes them available to property owners who need them. This program has proven to be a valuable, cost savings resource to many nonprofit property owners. Since the program was started, it has provided nonprofit property owners with an estimated \$150,000 worth of goods.
- The Asset Management department regularly participates in and plays a leadership role in major professional association events and activities. In September 2010, MHIC hosted in Boston the annual meeting of the National Association of State and Local Equity Funds (NASLEF). The focus of the program was on green development and on the practice of green property management.



*NSLF project 19 Ashley Street
in Springfield, Massachusetts.*

Highlights 2010

MINORITY PARTICIPATION AND DIVERSITY INITIATIVES

- MHIC continues to focus on boosting minority employment and in the use of minority-owned businesses in all of the projects we finance. In recent years MHIC established a task force to explore ways to increase minority participation at all levels throughout the development process. MHIC's Construction Liaison Officer provides minority subcontractor lists and other assistance to project sponsors and general contractors and tracks progress on every project. In addition, MHIC continues to make a priority of finding new ways to increase the hiring of MBEs across the board.
- Boston-area projects in 2010 achieved results of 24% for minority employment and 15% for minority business utilization. Outside of the Boston area, projects achieved results of 30% and 9.8% respectively. A number of MHIC's 2010 projects are under construction or are multi-phase projects, in which case there is opportunity for increasing minority participation over time.

CHARLES E. DAHM MEMORIAL SCHOLARSHIP FUND

- As we enter our tenth year operating the Charles E. Dahm Memorial Scholarship Fund, MHIC is proud of what has been accomplished. Scholarships totaling over \$156,230 have been awarded to 20 qualified students, including seven who have received awards in multiple years. Moreover, while financial aid for low-income students may be available, it is often debt-based and is rarely sufficient to meet total student needs. Thus, the supplemental grant dollars made available by the Scholarship Fund can make a critical difference to deserving individuals.
- In keeping with its commitment to continued operation of the Dahm Fund for students who live in MHIC-financed housing, MHIC in 2010 embarked on a new, targeted, four-year fundraising campaign. Those efforts have already begun to yield results from several potential institutional donors.

Right: A new performance stage at the Boston Conservatory.

Facing page: Bob and Geri Young, at home in the new Acre High School Apartments, the former St. Joseph High School in Lowell. "I could cry it's so beautiful," said Geri. Bob sees their new apartment as "a new lease on life."





MHIC Projects

Transforming historic mills, factories, schools, and churches into affordable housing



Union Crossing LAWRENCE

A groundbreaking ceremony was held in late 2010 for this project being developed by Lawrence CommunityWorks, a 60-unit affordable rental housing development located on an island near the east end of the Merrimack River, a few blocks from downtown Lawrence. It is the first phase of a three-phase, multi-use, \$75 million project involving the adaptive reuse and historic rehabilitation of two large textile mill complexes. In addition to five floors of housing, the development will include common areas and community space. MHIC provided a \$10.8 million low-income housing tax credit equity investment, with TD Bank as the sole investor, for this first phase of the project. This development will provide badly-needed affordable rental housing in this community, which has been hit hard by foreclosures.



Atlas Lofts CHELSEA

A historic box factory has been transformed into 53 modern loft-style apartments, with eleven units being rented as affordable and the remainder being rented at market rates. MHIC and Boston Private Bank & Trust each provided a \$3.4 million construction loan in 2009; the project was completed by Mitchell Properties in September 2010. The project completes phase one of the Chelsea Box District development plan.



Saunders School LAWRENCE

This project involved the adaptive reuse of a historic high school, vacant since 2006, into 16 units of affordable housing for formerly homeless families. Full time on-site support services are being provided as part of a program designed to increase resident self-sufficiency. MHIC provided a \$2.1 million construction loan to EA Fish Development, the project sponsor. Construction was completed in early 2011.



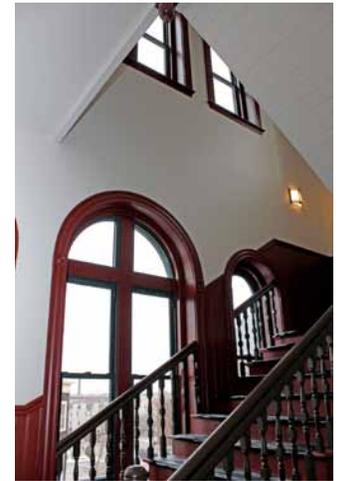
6 Fort Street
QUINCY

In November 2010 the project sponsor, the Asian Community Development Corporation, gathered in the wind and rain with the project team, lenders and community officials for a “wall breaking” ceremony to initiate construction of 34 new units of affordable housing in Quincy Center. The project, for which MHIC provided \$5.7 million in low-income housing tax credit equity, involves the gut renovation of the existing buildings. The four-story structure on the site consists of two buildings – one a historic church and the other an office building that was added on when the church was converted to office space in 1985. The new project joins the buildings with an enclosed bridge structure. The Fort Street housing development provides multiple benefits for the City of Quincy. It will transform a badly neglected building into a vibrant housing community, help revitalize the neighborhood generally, enhance the pedestrian environment along Fort Street through improved design, and provide a consistent source of property tax revenue to the City of Quincy.



Acre High School
LOWELL

The historic St. Joseph’s High School, built in 1890 and vacant since 1992, has been restored as 22 units of affordable housing by the Coalition for a Better Acre. MHIC provided a \$4 million low-income housing tax credit equity investment, with TD Bank as the sole investor, for this project in Lowell’s Acre neighborhood. The development opened its doors in January 2011 to much excitement among project team members, public officials, former St. Joseph’s High School teachers, and neighbors. At a ribbon-cutting ceremony, Lowell Mayor James Milinazzo called the project a “jewel in the Acre.”



“WHEN MHIC IS AT THE TABLE, IT’S ALL ABOUT THE RELATIONSHIPS, EXPERIENCE, INTEGRITY AND CARE THEY BRING TO EACH OPPORTUNITY. MHIC WORKS TO UNDERSTAND WHAT IS IMPORTANT TO A PARTICULAR PROJECT AND TAILORS THE INVESTMENT TO MAKE IT A PERFECT FIT. BUT WHAT REALLY DEMONSTRATES THAT THIS PARTNERSHIP IS WORKING IS THE END PRODUCT – ATTRACTIVE, DESIRABLE AND HIGH QUALITY HOMES FOR LOWELL RESIDENTS FOR TODAY—AND FOR TOMORROW.”

EMILY W. ROSENBAUM
EXECUTIVE DIRECTOR
COALITION FOR A BETTER ACRE

MHIC Projects

Building new affordable housing from the ground up



Pond Street Housing **WEYMOUTH**

Construction is well under way on this project, a low-income housing tax credit project for which MHIC provided a \$1 million construction loan. The project involves new construction of 20 units of housing in a three-story building on 5.78 acres of wooded land at the Weymouth/Abington border. It is a joint venture between South Suburban Affordable Housing Inc. and Preservation of Affordable Housing (POAH). All of the units will be affordable to households at or below 60% of the Area Median Income (AMI).



Bloomfield Gardens **BOSTON**

New construction of 27 affordable housing units in a four-story building, being developed by the Vietnamese American Initiative for Development, is underway in the Field's Corner section of Dorchester. MHIC provided a \$3.5 million construction loan and a \$4.9 million low-income housing tax credit equity investment for this project. This will convert a site that has been vacant and a source of blight for decades near the Field's Corner red line station into a transit-oriented development.



Unity Place

LOWELL

Using an MHIC \$3.5 million low-income housing tax credit investment, the Coalition for a Better Acre is developing this 23-unit affordable housing project on Moody Street in the Acre section of Lowell. Unity Place is being built on a vacant parcel of land formerly occupied by two abandoned and deteriorating buildings. The new four-story building will provide affordable housing to low and very-low-income households. Six units will be service-enriched and made available to homeless families. Construction is under way with completion expected in November 2011.



Great Bridge

LUNENBERG

This recently-completed project consists of new construction of 66 units of affordable rental housing in two 3-story buildings. It represents the first phase of a larger plan by Great Bridge Properties to develop 204 units of rental housing on a site that was previously an old drive-in theater. For this project, in the town's 40R Smart Growth district and financed through the Section 1602 Tax Credit Exchange program, MHIC provided a \$4.2 million construction loan.

“MHIC HAS DONE THE HEAVY LIFTING OF HARNESSING PRIVATE CAPITAL INTO AFFORDABLE HOUSING AND HAS LED THE WAY ON EDUCATING BANKS AND OTHER FINANCIAL INSTITUTIONS TO ADVANCE THEIR MISSION. MHIC HAS ALSO NOT SHIED AWAY FROM COMPLEX CHALLENGES ON THE REAL ESTATE SIDE—DEMONSTRATING A COMMITMENT THAT IS BOTH DEEP AND VISIONARY. THAT’S WHY THEY ARE NATIONAL LEADERS IN THE MARKETPLACE—including NEW MARKET TAX CREDITS. FOR OUR PART, MHIC IS ABOVE ALL ELSE, CLIENT FRIENDLY—WORKING WITH US AND OTHER AFFORDABLE HOUSING DEVELOPERS IN A BUSINESS-LIKE AND EFFICIENT MANNER TO HELP US ACHIEVE OUR GOALS.”

**AMY S. ANTHONY, PRESIDENT
PRESERVATION OF AFFORDABLE HOUSING**



Putnam Place
CAMBRIDGE

This new affordable rental housing development is being built by Homeowner’s Rehab, Inc. in the Cambridgeport area of Cambridge to create 40 new units of affordable housing. It represents the first residential development to be built under new zoning regulations that were the result of years of planning by the Cambridgeport community to rezone the neighborhood and encourage residential development. A three-story vacant laboratory building was demolished to make room for construction of a new four-story building. MHIC provided a \$6.8 million low-income housing tax credit equity investment with TD Bank as the sole investor.

Elm Place
CAMBRIDGE

Just-A-Start Corporation is developing this project – new construction of 19 units of affordable family housing near Inman Square. The new four-story elevator building replaces an existing structure and will include some retail space on the ground floor. Construction is nearly complete.

MHIC provided a \$2.2 million low-income housing tax credit equity investment with BrooklineBank and Cambridge Savings Bank as co-investors.



Southgate Place
WORCESTER

Construction is nearly complete on this project, a 25-unit affordable housing development being built on a site that was formerly occupied by an abandoned warehouse and vacant three-decker houses. It is being developed by the South Worcester Neighborhood Improvement Corporation and the architectural firm of H&J/StepONE. MHIC provided a \$785,000 construction loan.

“**WITH ALL THE UPHEAVAL IN THE FINANCIAL MARKETS, MHIC’S ROLE IN FINANCING AFFORDABLE HOUSING AND COMMUNITY DEVELOPMENT HAS BECOME EVEN MORE IMPORTANT DUE TO ITS ABILITY TO PROVIDE CONSISTENT AND PREDICTABLE RESOURCES. WORKING WITH MHIC, THERE ARE NO SURPRISES...THEY FULFILL THEIR PROMISES IN A TIMELY MANNER AND THEY ARE VERY FLEXIBLE.**”

PETER DALY
EXECUTIVE DIRECTOR
HOMEOWNERS
REHAB, INC.

MHIC Projects

Rehabilitating properties and preserving affordable housing



Stevens Corner NORTH ANDOVER

MHIC has provided a \$4.4 million equity investment for this low-income housing tax credit project, being built by Neighborhood of Affordable Housing (NOAH). The project involves the substantial rehabilitation and expansion of a former nursing home facility, built in the 1970s, to create 42 units of affordable rental housing for families. The project was granted a comprehensive permit under Chapter 40B. All of the units will be affordable to households at or below 60% of the Area Median Income (AMI), with six units affordable to households at or below 50% of AMI, and five units affordable to households at or below 30% of AMI.



Temple Landing NEW BEDFORD

This ambitious project involving the acquisition and preservation of a 200-unit affordable rental housing complex in New Bedford was undertaken by Preservation of Affordable Housing (POAH). Originally developed in the early 1970s with HUD Section 236 financing, the property had fallen into serious disrepair. It had become a haven for crime, drug dealing and street gang activity. In 2007, United Front Development Corporation, the original developer, approached POAH to save the project, which until recently was called “United Front Homes.” With financing from MHIC, which provided a \$10 million construction loan (and a \$4.6 million backup loan to facilitate the sale of MA state housing credits), in participation with

JP Morgan Chase, which also provided a \$10 million construction loan, POAH acquired the property and has nearly completed an overhaul and “repositioning” of the complex. Some of the housing was demolished to reduce density and add open space. Thirty-five new units and common space have been built, and the remaining units have been totally renovated and reconfigured. The City of New Bedford has built five new streets to create discrete blocks to frame the complex and blend with the surrounding neighborhood. Now with 173 units of housing, the complex has new management and is a place that people are proud to call home. To celebrate its new beginning and to say goodbye to a troubled past, the new name of Temple Landing honors a nineteenth century New Bedford abolitionist and inventor.



Cady Brook Apartments
CHARLTON

For this project, located in the small, south-central Massachusetts town of Charlton, MHIC provided \$5 million in low-income housing tax credit financing, with TD Bank as the sole investor, for the substantial rehabilitation of 40 units of affordable rental housing in ten buildings. All of the housing units are subsidized under the U.S. Department of Agriculture Rental Development program. The sponsor, HAP, Inc. completed the project in late 2010.



City View Commons I
SPRINGFIELD

First Resource Companies has completed substantial rehabilitation of this project, which contains 153 units of affordable rental housing located in four buildings. In 2008 MHIC provided an acquisition loan of \$13.5 million to Gordon Pulsifer, the sponsor, so that he could acquire and preserve a total of 377 units in 16 buildings for a comprehensive three-phase development. In 2010, MHIC provided an \$11.3 million construction loan to finance rehabilitation of the City View I buildings, constructed between 1912 and 1927. City View II should close in mid-2011.

“MHIC IS A CRITICAL PARTNER TO THE NONPROFIT HOUSING DEVELOPMENT INDUSTRY IN WESTERN MASSACHUSETTS, PROVIDING FINANCING TO IMPORTANT AFFORDABLE HOUSING DEVELOPMENTS IN INNER-CITY NEIGHBORHOODS AND RURAL COMMUNITIES. MANY PROJECTS MIGHT NOT HAVE GONE FORWARD HAD IT NOT BEEN FOR MHIC, WHICH BOTH SHARED IN OUR VISION AND UNDERSTOOD OUR COMMUNITIES AND OUR ORGANIZATIONS. MHIC KNOWS HOW TO MAKE IT WORK.”

PETER GAGLIARDI
EXECUTIVE DIRECTOR
HAP, INC.
(MHIC BOARD MEMBER SINCE 2007)

MHIC Projects

Using New Markets Tax Credit financing for innovative, high-impact projects

New headquarters for major nonprofit organizations



Eustis Street Firehouse BOSTON

In late 2010, MHIC provided \$2.1 million in New Markets Tax Credit financing to Historic Boston Inc. (HBI) for the restoration of the oldest firehouse in Boston. Built in 1859, the Eustis Fire House, located on Eustis Street in the Dudley Square neighborhood of Roxbury, has been out of service as a fire station since 1919 and vacant since the 1950s. Until construction began in November 2010, it was held up by wooden braces put in place by the City and

HBI to prevent the building's collapse. HBI, a nonprofit that preserves and rehabilitates historic properties, seized the opportunity to rescue the historic building, considered one of Boston's most endangered landmarks. The organization obtained a 99-year lease from the City, then set forth to restore the 1859 shell, replace a previous addition to the structure and – when finished in July 2011 – relocate its headquarters. This project will transform a long-abandoned, significant historic building into a culturally rich and inspiring neighborhood asset and add to the ongoing improvement of the neighborhood.



Goodwill Headquarters

BOSTON

With \$13.3 million in New Markets Tax Credit financing, Morgan Memorial Goodwill Industries (MMG) was able to refinance and renovate its 102,000 square foot headquarters in Roxbury. TD Bank is the sole investor. Built in 1986, the Goodwill building houses administrative offices, a job training center, a career center, two retail stores, and a retail distribution center serving eleven Goodwill stores. Significant repair and rehabilitation of much of the facility was needed to enhance Goodwill's operating capacity, to expand retail operations, programs and services, and to retain jobs. MMG serves 9,000 mostly low-income individuals a year and has 320 employees. Its operating philosophy is that the way out of poverty is hard work and that "people need a chance, not charity." The organization provides training and work programs, career services, youth outreach, and retail and other social programs. The New Markets gap financing will pay for about 70% of the cost of renovating the building, allowing MMG to update its facility without incurring significant hard debt. Eastern Bank provided the funds to refinance the existing mortgage. Construction was completed in early 2011.

Renovation and expansion of community and educational institutions



Boston Conservatory

BOSTON

In October 2010, the Boston Conservatory – the oldest performing arts conservatory in the nation – held a grand opening of its new, 40,000 square-foot state-of-the-art performing arts center. Using \$9.5 million in New Markets Tax Credit financing which MHIC provided in 2009, and with US Bank CDC as the sole investor, the Boston Conservatory added two large-volume dance studios, a theater studio, music rehearsal and performance space, an orchestra pit, and other state-of-the-art amenities. This was the Boston Conservatory's first major building initiative in 40 years. Adding new space was part of the school's strategy to maintain its reputation as one of the leading performing arts schools in the country.

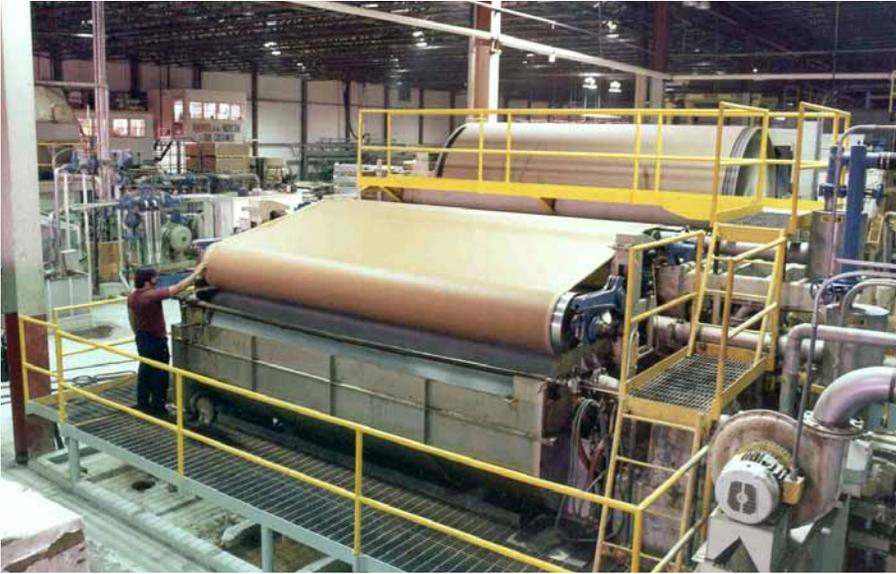
Hyde Park YMCA

BOSTON

The historic Hyde Park YMCA officially re-opened in December 2010 after undergoing a major overhaul and expansion of the 107-year-old facility. MHIC's \$8.25 million in New Markets Tax Credit financing made possible the transformation of this Y into a modern, state-of-the-art facility with a six-lane swimming pool, a new after-school center, a health and wellness center, and other major improvements. The dramatic upgrading of this historic facility is an important component of the revitalization effort underway in the Hyde Park Community that includes a new library, a community center and other improvements coordinated by the City of Boston Main Street Program. It is also integral to the YMCA's plan to update and renew YMCA's commitment to serve virtually all Boston neighborhoods. The Hyde Park Y serves more than 55,000 residents of the Hyde Park and Mattapan sections of Boston and is the only community facility within a three mile radius of the building. The improved facility will significantly increase the number of people served and the programs offered. The Y has plans to add new staff to support these higher levels of activity.



Manufacturing facilities that create and preserve jobs and benefit regional economy



**Weidmann NCIC Board Co.
ST. JOHNSBURY, VERMONT**

This New Markets Tax Credit project involves the 36,790 square-foot expansion of a manufacturing facility and acquisition of new machinery, most notably an 800-ton hot press, for Weidmann NCIC Board Company, LLC, a joint venture between Weidmann Electrical Technology (WETI), a global leader in electrical insulation for transformer manufacturers and transformer users, and Northern Community Investment Corporation, a regional not-for-profit economic development organization. The new machinery was needed because the old machinery was at the end of its useful life and had to be replaced in order for the plant to continue to operate at its current capacity and to expand, to maintain current levels of employment with the prospect of future new job

creation, and to stay competitive. The project will be substantially complete and up-and-running in May 2012.

Without MHIC's \$14.6 million in New Markets Tax Credit financing, plus New Markets financing from Vermont Rural Ventures of \$10 million and National Development Council of \$10.6 million, along with state income tax incentives, WETI was likely to expand its operations in one of its overseas locations rather than in New England. The project has generated 60 construction jobs and will ensure retention of 277 full-time manufacturing jobs in this economically-distressed rural area of the Northeast Kingdom.



Commonwealth Dairy **BRATTLEBORO, VERMONT**

In 2010 MHIC financed the building of a new yogurt factory in rural Vermont – a project that has created 33 new jobs and will give a boost to Vermont’s dairy industry and the local economy. The 39,000 square-foot, state-of-the-art yogurt plant was financed using \$28 million in New Markets Tax Credit financing provided by MHIC, which provided \$18 million, in partnership with CEI Capital Management, LLC, which provided \$10 million. US Bank CDC is the sole investor. According to the State of Vermont Agency of Agriculture, Commonwealth Dairy is the largest dairy plant built in Vermont since Ben & Jerry’s Ice Cream in the 1990s and the largest commercial plant built in Vermont in the last 20 years. Commonwealth Dairy is a joint venture between Ehrmann USA, the US subsidiary of an international yogurt producer based in Germany, and Commonwealth Dairy. The 39,000 square-foot plant is located on 5.9 acres of land in a rural business park. At capacity the plant will consume up to 110 million pounds of milk annually, allowing the plant to produce 70 million pounds of yogurt. The company has committed to pay 5% of its operating profit to farms that supply its milk. In addition, at least 40% of the company’s milk supply will come from low-income areas. These are important benefits because dairy farmers all too often face production costs that exceed milk pricing levels set by the federal government.



“MHIC’S NEW MARKETS TAX CREDIT FINANCING WAS A LINCHPIN IN BRINGING OUR PROJECT—BUILDING A NEW YOGURT MANUFACTURING FACILITY—TOGETHER. BEYOND STRICTLY A SOURCE OF CAPITAL, THE PROGRAM CREATED MOMENTUM FOR US AT THE LOCAL AND STATE LEVEL WITH OTHER FUNDING SOURCES FROM DEPARTMENT OF LABOR TRAINING GRANTS TO A LOCAL COMMUNITY DEVELOPMENT BLOCK GRANT.”

THOMAS MOFFITT
PRESIDENT
COMMONWEALTH DAIRY

Commercial buildings that stimulate downtown economic redevelopment and provide enhanced health care



**Generations Family Health Center
WILLIMANTIC, CONNECTICUT**

Generations Family Health Center, Inc., a regional community health center covering 33 towns in eastern Connecticut, a medically underserved area with high levels of poverty, is in the process of constructing a new 32,000 square foot facility. The new building was made possible by a \$12 million New Markets Tax Credit investment provided by MHIC, with US Bank CDC as the sole investor. This transaction represents the first financing structure of its kind in which the USDA Direct Loan Program has been paired with New Markets financing.

Generations is a Federally-Qualified Health Center which serves about 15,000 patients in an area of the state characterized by high levels of poverty, chronic illness, and substance abuse. Its main service area, Windham County, is the poorest county in the state. The new facility will enable Generations to relocate and consolidate three sites into one. It will increase the health care center's capacity by 60%, increase operational efficiencies, allow for the addition of new programs, and enhance patient outcomes. Additionally, Generations currently has approximately 100 full time employees; when the new Willimantic site reaches capacity in 2013, the facility expects to hire another 79 employees. Thus, not only does Generations serve a critical, unmet need for a disadvantaged population, it also provides good employment opportunities for area residents. It will be completed in late 2011.



**Sanel Block Redevelopment
CONCORD, NEW HAMPSHIRE**

Stephen Duprey, a Concord-based developer, has taken on the redevelopment of an entire block – a blighted area in downtown Concord called the “Sanel Block,” on South Main Street. The location of the project is particularly strategic for economic development as it is directly across the street from the Capitol Center for the Arts, the state’s largest performing arts center. Due to age and structural weaknesses of the buildings that had occupied the site, rehabilitation was not possible. A new five-story office building, with 76,250 square feet of space, is under construction and will be completed in July 2011. The new building will provide new, LEED-certified office space for Concord Hospital, which will help free up space on its severely constrained campus for necessary clinical practices that serve the community. The League of New Hampshire Craftsmen will also occupy space in the building. This development, to be called “The Duprey Center,” was made possible with \$9.2 million in New Markets Tax Credit financing provided by MHIC with US Bank CDC as the sole investor.

This Sanel Block project has created at least 110 construction jobs and will support approximately 350 jobs for the tenants of the new building. Also, the redevelopment made possible a second phase of development being undertaken by a local affordable housing organization to create a new low-income housing tax credit supported apartment project for approximately 45 low- and moderate-income citizens.

Community centers for inner-city youth



Wakeman Boys & Girls Club BRIDGEPORT, CONNECTICUT

The Wakeman Memorial Association (the “Association”), which operates the Boys & Girls Club of Southport, Connecticut, has completed a new, 28,000 square foot clubhouse that will serve an estimated 2,500 children in inner-city Bridgeport. The new Clubhouse, called the Smilow-Burroughs Clubhouse, is located on the Burroughs Community Center campus. It is the first facility of its kind in the west-end neighborhood of Bridgeport. Now children in these neighborhoods will be able to experience the benefits of belonging through club membership and team sports. They will have role models and leadership opportunities, access to tutoring and homework help, computer learning, cooking and nutrition classes, and field trips to museums and businesses.

This project has received tremendous community and public support and is a significant component of the regional and local economic development and community revitalization strategy encompassing the area between Stamford and Bridgeport. The Boys & Girls Club will meet currently unmet social program needs of Bridgeport’s disadvantaged youth. Construction of the project created approximately 60 jobs. At least six new full-time permanent jobs will be added when the facility opens. MHIC provided a New Markets Tax Credit investment of \$7.2 million with TD Bank as the sole investor.



Institute for the Study and Practice of Nonviolence

PROVIDENCE, RHODE ISLAND

In October 2010, The Institute for the Study and Practice of Nonviolence (ISPN) moved into its new headquarters and, with 14,000 square feet of space, expanded its programs for reducing teen violence. MHIC provided \$3.9 million in New Markets and federal historic tax credits financing, with US Bank CDC as sole investor, to make possible the historic rehabilitation of a former convent that had been vacant for many years.



“MHIC DID A SUPERLATIVE JOB OF STRUCTURING AND HELPING ME NAVIGATE A PROJECT INVOLVING NEW MARKET, FEDERAL HISTORIC, AND STATE HISTORIC TAX CREDITS. THE RESULTING HISTORIC RENOVATION OF THREE VACANT NINETEENTH CENTURY MERCANTILE BLOCKS IN GREENFIELD’S DOWNTOWN WAS ENTHUSIASTICALLY RECEIVED AND IMMEDIATELY SUCCESSFUL WITH 100% OCCUPANCY IN THE FIRST YEAR. WORKING WITH CONCORD SQUARE PLANNING AND DEVELOPMENT, THE PROJECT HAS ACHIEVED SUCCESS THAT HAS SERVED AS A “GREEN LIGHT” FOR DEVELOPERS BOTH WITHIN AND, IMPORTANTLY, OUTSIDE THE TAX CREDIT FINANCE MODEL.”

JORDI HEROLD
ICARUS WHEATEN & FINCH

NSLF Projects

Breathing new life into neighborhoods



Since 2008 MHIC has played a leadership role in helping to stabilize and rebuild neighborhoods affected by high concentrations of foreclosures.

Now in its third year of operation, MHIC's Neighborhood Stabilization Loan Fund (NSLF) has partnered with local governments, nonprofit and for-profit developers in nine cities to stabilize neighborhoods that have been hardest hit by the foreclosure crisis. These include Six Corners and Forest Park in Springfield, Kilby-Gardner-Hammond in Worcester, Bowdoin-Geneva and Codman Square in Boston, Shurtleff-Bellingham in Chelsea, Shirley Avenue in Revere, and South Central in New Bedford.

In 2010, MHIC was awarded \$22 million in Neighborhood Stabilization Program (NSP) funds from HUD, adding to the \$11 million of NSP funds previously awarded by the Commonwealth of Massachusetts, and \$22 million in private loan funds.

In addition to acquiring bank-foreclosed properties for rehabilitation, MHIC has helped finance redevelopment of properties under court-supervised receivership due to serious unaddressed code violations. MHIC coordinates its efforts with local officials to ensure that NSLF loans are aligned with community development plans and will have maximum impact. By the end of 2010, MHIC had financed the completion of 24 properties and another 54 properties were under development.

Properties completed using NSLF funds are either being held as rental property or sold to homebuyers upon completion. The housing units created serve a wide range of families, including low-, moderate-, and middle-income households. Despite the overall weakness of the local housing markets, there has been consistent demand for all of the completed, renovated properties. In Springfield, for example, HAP, Inc. received offers to purchase each of its three completed properties within 30 days after completion of those properties.

NSLF projects provide valuable contracting opportunities to many small contractors who employ local workers, such as YouthBuild in Worcester, a youth and community development program that addresses core issues facing low-income communities.

The projects on these pages are representative of projects that MHIC is financing through its Neighborhood Stabilization Loan Fund.

“ WE HAVE WORKED WITH MHIC FOR TWO DECADES, WITH LOANS, HOUSING TAX CREDIT EQUITY, AND NEW MARKETS TAX CREDITS, AND A WORKING CAPITAL LINE OF CREDIT. THEY HAVE BECOME PART OF OUR “SEAMLESS SYSTEM” IN THE TRANSFORMATION OF THE UPHAMS-DUDLEY AND ALEXANDER MAGNOLIA NEIGHBORHOODS. ”

**JEANNE DUBOIS
EXECUTIVE DIRECTOR
DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION**



Neighborhood Stabilization Loan Fund Projects

4-6 Nelson Street

BOSTON

This three-family property is one of five vacant foreclosed properties in Dorchester being rehabilitated by Steve Bryan, an experienced private developer and manager of rental housing in Boston. The property is now fully occupied by tenants. MHIC committed \$424,000 in loan funds and \$207,000 in NSP subsidy to this project.



65 Belmont Street

SPRINGFIELD

Craig Spagnoli, of Lorilee Development, acquired this foreclosed, occupied 16-unit property in 2010. Rehabilitation will be completed by July 2011. Lorilee Development has also acquired three other properties, including a 48-unit property one block away that had been placed under receivership by the City of Springfield. MHIC provided \$863,000 in loan funds and \$790,000 in NSP subsidy to this project.



89 Pleasant Street
NEW BEDFORD

Although The Resource, Inc. (TRI) acquired its first property in New Bedford less than two years ago, it has moved quickly to acquire eight properties there, six of which have already been completed. This property pictured here is in New Bedford's South Central neighborhood. It is a two-family property that will be sold to a qualified homebuyer. MHIC provided \$295,000 in loan funds and \$188,400 in NSP subsidy to this project.



14-16 Nahant Street
REVERE

This is a 6-unit rental property located in Revere's Shirley Avenue neighborhood. It was a foreclosed, occupied property when Chelsea Neighborhood Developers (CND) purchased the property. Renovation was completed at the end of 2010 with the assistance of a \$1 million loan from MHIC and \$964,641 in NSP subsidies.

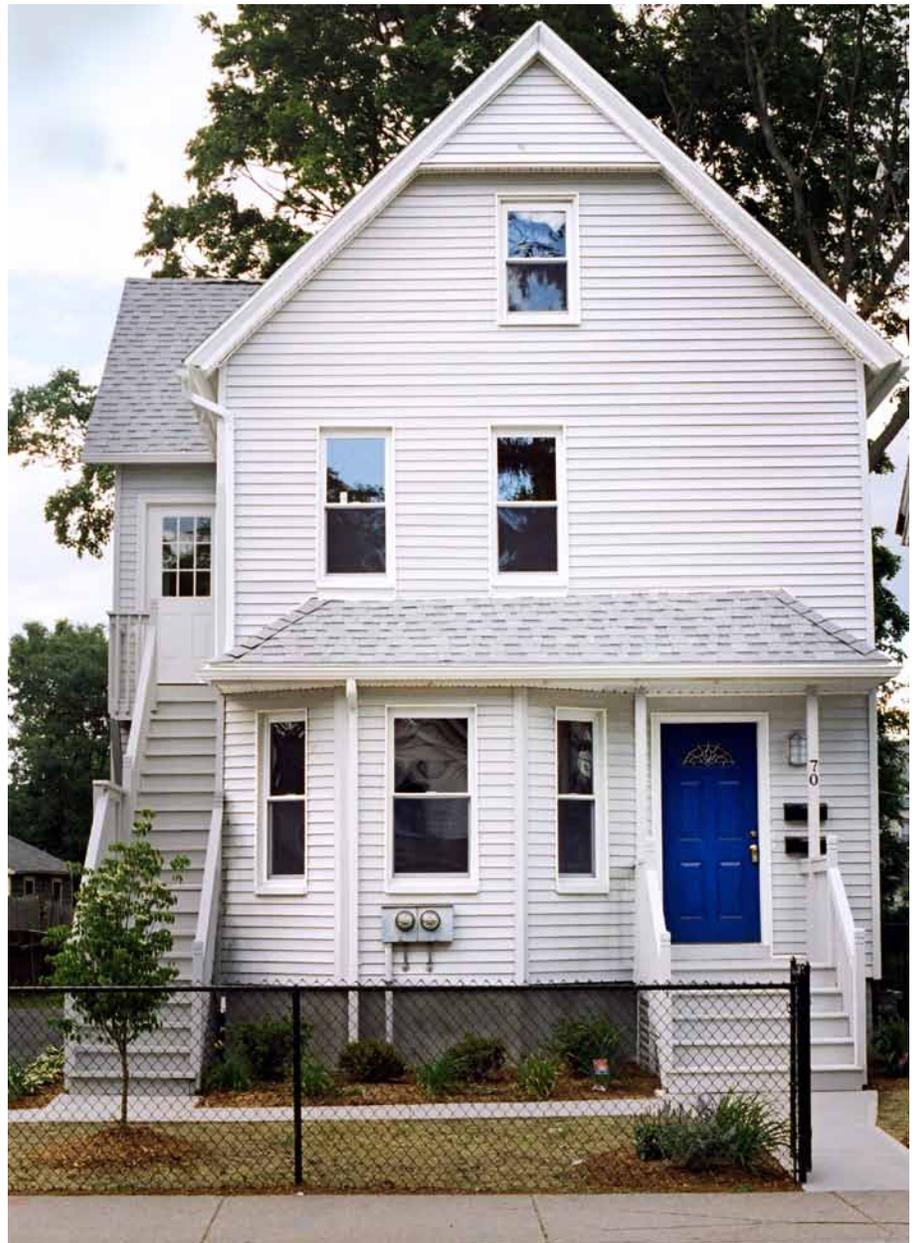
“ IN THE RECENT FORECLOSURE CRISIS, OUR TARGET AREA BECAME THE MOST FAMOUS BOARDED-UP FORECLOSURE HOT SPOT IN THE CITY OF BOSTON. WITHOUT MHIC'S ROLE IN THE FEDERAL AND STATE NEIGHBORHOOD STABILIZATION PROGRAM AND ITS NSLF LOANS, WE WOULD NOT HAVE BEEN ABLE TO ACQUIRE SO MANY PROPERTIES AND BEGIN THE TURN-AROUND OF THIS AREA. ”

JEANNE DUBOIS
EXECUTIVE DIRECTOR
DORCHESTER BAY ECONOMIC DEVELOPMENT CORPORATION



31 Suffolk Street
CHELSEA

This 2-unit property is in Chelsea's Shurtleff-Bellingham neighborhood, where CND has acquired and/or renovated a total of eight foreclosed properties. It is now occupied by new tenants. MHIC provided a \$390,000 loan and \$50,000 of NSP subsidies to this project.



70 Ashley Street
SPRINGFIELD

This two-family home is located in Springfield's Six Corners neighborhood, which has been a special focus area of the City's effort to combat the destabilizing effects of foreclosure. HAP, Inc. completed and sold three properties on this street to homebuyers in 2010. MHIC provided HAP \$765,000 in loan funds and \$356,000 in NSP subsidy for the 19, 24 and 70 Ashley Street properties.





**91 Coleman Street
BOSTON**

Dorchester Bay Economic Development Corporation (DBEDC) has purchased and/or renovated 19 properties in Boston's Dorchester neighborhood, most located in the Bowdoin-Geneva area. DBEDC has transformed whole blocks of formerly foreclosed homes into attractive, affordable housing for area residents. 91 Coleman is a three-family property that will be sold to a homebuyer once completed. MHIC provided \$205,000 in loan funds and \$139,000 in NSP subsidy funds to this project.



**618 Dudley Street
BOSTON**

This project is a 4-unit rental property located on the same block as the Dudley Village North Project, which MHIC financed through its Low Income Housing Tax Credit and New Markets Tax Credit programs and is part of Dorchester Bay Economic Development Corporation's long-standing initiative to revitalize Dudley Street in Dorchester. MHIC provided \$384,000 in loan funds and \$260,000 in NSP subsidy to this project.

Facing Page: 19 Ashley Street, a formerly foreclosed property in Springfield that was redeveloped by HAP, Inc.

**23 Hollis Street
WORCESTER**

23 Hollis is a three-family home in Worcester's Kilby-Gardner-Hammond area, which has been a primary focus of neighborhood stabilization activity. It is one of just 11 properties that Main South Community Development Corporation has acquired and/or renovated in this area over the past two years. MHIC provided \$417,000 in loan funds and \$300,000 in NSP subsidies to this project.

Redevelopment of this property is made possible by:

**Massachusetts Housing Investment Corporation
Neighborhood Stabilization Loan Fund**

**The U.S. Department of Housing and Urban Development
and the Department of Housing and Community Development,
Massachusetts CDBG-NSP Program**

With support and financing from

**City of Springfield - Office of Housing
Neighborhood Stabilization Program
Domenic J. Sarno, Mayor**

 **HAP Housing™**





vek
Tvek
ALIRAP

Participating Organizations

2010

MHIC's 31 member corporations have collectively committed nearly \$892 million to finance the development of affordable housing and community development. The status of these commitments as of December 31, 2010 is displayed below.

MEMBER CORPORATION	LOAN	HOUSING TAX CREDITS	NEW MARKETS	TOTAL
Bank of America Merrill Lynch	\$12,750,000	\$186,079,260	\$	\$198,829,260
State Street	4,850,000	106,813,278	\$14,000,000	125,663,278
TD Bank	1,750,000	80,400,637	\$26,716,230	108,866,867
Freddie Mac		99,730,000		99,730,000
Fannie Mae		77,255,600		77,255,600
US Bank CDC			\$68,822,985	68,822,985
Citizens Bank	4,000,000	36,886,658	\$9,000,000	49,886,658
AEGON USA Realty Advisors, Inc.			\$24,000,000	24,000,000
Eastern Bank	950,000	15,761,975	\$5,000,000	21,711,975
Transcapital			\$20,000,000	20,000,000
BNY Mellon		15,535,600		15,535,600
Citibank			\$15,000,000	15,000,000
WICOR America Inc.			\$14,550,000	14,550,000
Berkshire Bank		2,000,000	\$8,000,000	10,000,000
PNC Bank	1,500,000	6,358,900		7,858,900
Boston Private Bank & Trust	300,000	5,150,000	\$1,500,000	6,950,000
TD Bank USA, N.A.		6,000,000		6,000,000
BrooklineBank		4,922,893		4,922,893
Sovereign Bank	875,000	2,440,000		3,315,000
East West Bank			\$2,500,000	2,500,000
People's Savings Bank		1,420,000	\$1,000,000	2,420,000
People's United Bank		2,076,992		2,076,992
Cambridge Savings Bank		1,241,084		1,241,084
Cathay Bank		1,100,000		1,100,000
First Trade Union Bank	1,000,000			1,000,000
Hyde Park Savings Bank	350,000	500,000		850,000
BankFive		568,000		568,000
The Life Initiative	500,000			500,000
Danvers Bank	300,000			300,000
Aurora Bank	250,000			250,000
Stoneham Bank	250,000			250,000
TOTAL	\$29,625,000	\$652,240,877	\$210,089,215	\$891,955,092

*In addition, Bank of America Merrill Lynch is providing a Program-Related Investment (PRI) loan of \$6,000,000 to MHIC.

Projects financed 2010

PROJECT	UNITS	LOAN	HOUSING TAX CREDITS	NEW MARKETS	NSLF	TOTAL
6 Fort Street, Quincy	34	\$	\$5,727,460	\$	\$	\$5,727,460
Acre High School , Lowell	22		4,009,624			4,009,624
Bloomfield Gardens, Boston	27	3,500,000	4,890,993			8,390,993
Cady Brook Apartments, Charlton	40		5,080,501			5,080,501
City View Commons I, Springfield		11,300,000				11,300,000
Commonwealth Dairy, Brattleboro, VT				17,934,849		17,934,849
Dorchester Bay Line of Credit, Boston		350,000				350,000
Elm Place, Cambridge	19		2,184,307			2,184,307
Eustis Street Firehouse, Boston				2,090,350		2,090,350
Generations Family Health Center, Willimantic, CT		800,000		12,022,465		12,822,465
Goodwill Headquarters, Boston				13,337,500		13,337,500
Great Bridge, Lunenburg	66	4,200,000				4,200,000
Hostelling International Boston, Boston		9,700,000				9,700,000
Hyde Park YMCA, Boston				8,250,000		8,250,000
LePage Properties, Gloucester	34	3,700,000				3,700,000
Madison Park Line of Credit, Boston		250,000				250,000
Worcester East Side CDC, Worcester	3				350,000	350,000
Nuestra Line of Credit, Boston		500,000				500,000
Pond Street Housing, Weymouth	20	1,050,000				1,050,000
Putnam Place, Cambridge	40		6,732,452			6,732,452
Sanel Block Redevelopment, Concord, NH				9,118,000		9,118,000
Saunders School, Lawrence	16	2,100,000				2,100,000
Southgate Place, Worcester	25	785,000				785,000
Stevens Corner, North Andover	42		4,370,337			4,370,337
Temple Landing, New Bedford	173	10,030,000				10,030,000
Temple Landing Standby Loan, New Bedford		4,612,500				4,612,500
Union Crossing, Lawrence	60		10,878,957			10,878,957
Unity Place, Lowell	23		3,517,599			3,517,599
Wakeman Boys & Girls Club, Bridgeport, CT		800,000		7,178,000		7,978,000
Weidmann NCIC Board Co., St. Johnsbury, VT				14,550,000		14,550,000

PROJECT	UNITS	LOAN	HOUSING TAX CREDITS	NEW MARKETS	NSLF	TOTAL
Neighborhood Stabilization—						
Brockton Housing Authory, Brockton					300,000	300,000
Chelsea Neighborhood Developers LLC, Chelsea, Revere	15				2,259,600	2,259,600
CommunityAction for Better Housing, New Bedford	2				553,290	553,290
DB Neighborhood Homes, Boston	12				883,925	883,925
DEMI LLC, Springfield	3				240,000	240,000
HAP Inc., Springfield	2				242,000	242,000
HMB LLC, Boston	6				660,000	660,000
Lawrence CommunityWorks, Lawrence	8				1,434,835	1,434,835
Levin Development LLC, Worcester					350,000	350,000
Lorilee LLC, Springfield	66				1,213,040	1,213,040
Main South CDC, Worcester	16				1,649,000	1,649,000
Mattapan Housing Stabilization Initiative, Boston	2				575,000	575,000
Nuestra Comunidad Development, Boston	3				560,000	560,000
Piedmont Development, Worcester					300,000	300,000
Rosebrook Community Development, Brockton	12				1,064,000	1,064,000
Stutman-Juhl LLP, Worcester	3				634,000	634,000
The Resource Inc., New Bedford	3				448,000	448,000
Twin Cities CDC, Fitchburg	2				300,000	300,000
Urban Neighborhood Homes LLC, Boston, Brockton, Lawrence	6				500,000	500,000
Worcester Community Housing Resources, Worcester	8				550,000	550,000
TOTAL	813	\$53,677,500	\$47,392,230	\$84,481,164	\$15,066,690	\$200,617,584

Financial Summary 2010

BALANCE SHEETS

	DECEMBER 31, 2010	DECEMBER 31, 2009
Assets		
Cash	\$6,056,253	\$4,877,344
Investments in marketable securities	4,604,111	6,861,646
Notes receivable	29,125,869	22,483,697
Amounts receivable and other assets	2,967,366	1,119,108
Total assets	<u>\$42,753,599</u>	<u>\$35,341,795</u>
Liabilities and net assets		
Unearned fees	\$6,289,859	\$7,551,386
Notes payable and other liabilities	29,808,760	21,992,691
Net assets – temporarily restricted	—	142,994
Net assets – unrestricted	6,654,980	5,654,724
Total liabilities and net assets	<u>\$42,753,599</u>	<u>\$35,341,795</u>

STATEMENTS OF ACTIVITIES

Revenues		
Loan program revenue	\$850,903	\$577,541
Equity program revenue	3,532,405	2,500,283
New markets program revenue	3,767,062	3,163,837
Grant income	1,948,608	—
Total revenue	<u>10,098,978</u>	<u>6,241,661</u>
Expenditures		
Salaries and benefits	5,084,870	3,902,259
Professional services	1,086,137	421,858
Other expenditures	3,070,709	1,722,227
Total expenditures	<u>9,241,716</u>	<u>6,046,344</u>
Change in net assets	857,262	195,317
Net assets at beginning of year	<u>5,797,718</u>	<u>5,602,401</u>
Net assets at end of year	<u>\$6,654,980</u>	<u>\$5,797,718</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.

ASSETS UNDER MANAGEMENT

as of December 31, 2010

	HOUSING TAX CREDITS	NEW MARKETS	LOANS	NSLF	TOTAL
By Fund					
BrooklineBank	\$ 4,332,146	\$	\$	\$	\$ 4,332,146
Cambridge Savings Bank	1,092,154				1,092,154
US Bank CDC		68,822,985			68,822,985
WICOR America Inc.		14,550,000			14,550,000
MHEF 481 Corp. Fund LLC	29,688,515		37,727,711		29,688,515 37,727,711
MHEF 1993–1994 LP	14,260,288				14,260,288
MHEF 1995 LP	24,018,462				24,018,462
MHEF 1996 LP	30,087,904				30,087,904
MHEF 1997 LP	32,575,864				32,575,864
MHEF 1998 LP	35,897,851				35,897,851
MHEF 1999 LP	30,631,853				30,631,853
MHEF 2000 LLC	41,324,444				41,324,444
MHEF 2001 LLC	44,106,928				44,106,928
MHEF 2002 LLC	44,923,546				44,923,546
MHEF X LLC	39,756,806				39,756,806
MHEF XI	17,460,010				17,460,010
MHEF XII	20,291,309				20,291,309
MHEF XIII	40,289,269				40,289,269
MHEF XIV	22,087,320				22,087,320
MHEF XVI	10,951,180				10,951,180
MHEF XVII	18,229,431				18,229,431
MHEF XVIII	3,517,599				3,517,599
MHIC 481 Corp. NMTC Inv. Fund LLC		20,515,500			20,515,500
MHIC New Markets Fund I		26,030,011			26,030,011
MHIC New Markets Fund II		123,774,551			123,774,551
MHIC New Markets Fund III		117,822,589			117,822,589
MHIC New Markets Fund IV		21,650,954			21,650,954
NSLF				29,997,330	29,997,330
Total	<u>\$505,522,879</u>	<u>\$393,166,590</u>	<u>\$37,727,711</u>	<u>\$29,997,330</u>	<u>\$966,414,510</u>
By Location					
Other	\$10,105,015	\$56,412,985	\$2,344,444	\$6,915,600	\$75,778,044
Greater Boston	252,224,756	176,857,390	11,307,934	9,212,564	449,602,644
North	64,366,214	16,395,657	1,030,147	1,734,835	83,526,853
South	51,096,990	12,589,016	5,767,786	2,715,290	72,169,082
West	127,729,904	130,911,542	17,277,401	9,419,041	285,337,888
Total	<u>\$505,522,879</u>	<u>\$393,166,590</u>	<u>\$37,727,711</u>	<u>\$29,997,330</u>	<u>\$966,414,510</u>
By Development Type					
Assisted Living	\$21,543,259	\$19,236,496	\$1,214,268	\$	\$41,994,023
Commercial (including non-profit)	12,997,136	321,600,502	1,569,113		336,166,751
Cooperative	4,699,925	12,088,306	2,997,192		19,785,423
Other		8,250,000			8,250,000
Ownership	7,718,628	4,800,422	1,617,195		14,136,245
Rental	416,404,477	27,190,864	30,329,944		473,925,285
Rental, Senior Housing	26,535,556				26,535,556
Rental, Single Room Occupancy	15,623,898				15,623,898
Foreclosure Stabilization Initiative				29,997,330	29,997,330
Total	<u>\$505,522,879</u>	<u>\$393,166,590</u>	<u>\$37,727,711</u>	<u>\$29,997,330</u>	<u>\$966,414,510</u>



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Yinghua Tian
Senior Development Assistant



Christine M. Vincenti
Finance Officer



Kimberly R. Williams
Office Services Coordinator

*Facing page and back cover:
The new headquarters of
The Study and Practice of
Nonviolence in Providence,
Rhode Island (page 29).*



DESIGN

Anne Read

PHOTOGRAPHY

Frank Monkiewicz Photography

Robert Schoen Photography

Deborah Addis

*and various sponsors
and developers*

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Heidi Gumla, DBVW Architects

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Mark Bogacz

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Davis Square Architects

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Michael Rixon

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