

2012 ANNUAL REPORT
Building Healthy Communities



Massachusetts
Housing
Investment
Corporation



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.



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← All patients must check out at desk

EXIT

LETTER FROM THE CHAIRMAN AND PRESIDENT

For MHIC 2012 was a year of outstanding achievements and daunting challenges. Once again we can point to high levels of financing under all our programs, with total financing of \$171 million for the year and total financings to date of \$1.8 billion. We are pleased with these results in light of the fact that a mere three years ago we were emerging, along with all our partners, from an operating environment that presented seemingly insurmountable challenges.

On the one hand, you can look at these results merely as a number of projects that MHIC has financed using a variety of programs — in terms of dollars and cents, housing units, square feet of space, etc. On the other hand, it's vitally important for all of us to remember that what we are really accomplishing is building healthy communities — communities with quality housing for a mix of incomes, with economic and educational opportunity, and with access to quality health care. This defines the vibrant neighborhoods of tomorrow.

Of course, achieving those goals requires resources. Thus, we were naturally pleased to receive awards of New Markets Tax Credit Authority from the U.S. Treasury Department in February 2012 and again in April 2013. In ten years of extreme competition, MHIC has now received awards in nine rounds, bringing our total allocation to \$677 million. These resources have enabled us to finance projects that are critical to creating jobs, stimulating economic development and building healthy communities. For example, in 2012 we financed the expansion of a yogurt factory that we had financed at start-up in a depressed part of rural Vermont. Working with the City of Boston, we provided financing for Dudley Municipal Center, the top redevelopment priority of the City of Boston and a project that will transform Dudley Square into a thriving commercial hub. In Lowell we financed the adaptive reuse of a vacant, historic mill into first class office space, a project that is part of a master plan to rebuild a neglected but highly attractive section of that city.

In 2012 we also saw tangible results of our Neighborhood Stabilization Loan Fund as many of the properties under development were completed (61 properties with 180 units in ten cities). This program was established in 2009 to help restore confidence and stabilize neighborhoods that had been ravaged by high rates of foreclosure. Through the Loan Fund and using federal subsidies, MHIC has invested \$65 million in these neighborhoods to restore homes that

are now rented or owner occupied. Entire blocks and neighborhoods have been restored where residents are proud to live.

Our Low Income Housing Tax Credit program saw robust activity in 2012 as well, with strong investor interest to purchase tax credits in projects with sponsors who chose MHIC as their partner. While we financed some new construction, the majority of the projects this year involved preservation of affordable housing, reflecting the state's priority to preserve at risk expiring properties with committed developers. Franklin Square in Boston, featured in this report, is one of many examples of MHIC's capacity to devise creative financing structures that often are required to preserve and/or build new affordable housing.

While we are proud of this year's accomplishments, we continue to find ourselves in an environment that is uncertain for the programs on which much of our work depends. It was not until the end of last year when Congress finally enacted legislation extending the New Markets Tax Credit program for an additional two years. Low-income housing tax credits, too, have been under scrutiny as Congress considers options for tax reform. While we are grateful for the package of tax extenders passed, we also realize that all of these programs remain at risk and that continued proactive work needs to be done to secure their future. It is incumbent upon all stakeholders to make the case that the continuation of these programs is a sound investment that yields many positive social and economic benefits.

We look forward to another year of working with our sponsors, investors, and other partners to face these challenges as we continue to build healthy communities.



Guillaem Aertsen
Chairman

Joseph L. Flatley
President and CEO

Building on our successes and performance of the past few years, we are pleased to report that 2012 was another very strong year for MHIC. In the face of continued challenging market conditions, we financed outstanding projects, increased our net assets, and achieved high levels of financing across all our programs.

Exploring the evolving needs and opportunities of our investors and customers is a driving principle in all our work. Now in our twenty-third year, we have built an organization that is exceptionally experienced and capable of seeking out the most challenging projects, creating comprehensive financing structures to solve complex issues, and then bringing them to fruition. We found many opportunities to demonstrate our capabilities in this regard, financing both affordable housing and community development projects with the greatest social and economic impacts.

As you will see in this report, we are financing projects in distressed neighborhoods and inner cities cut off from access to traditional capital as well as depressed rural areas in need of restoration. Our geographic reach extends to almost every New England state. All our investments are highly targeted and essential to larger plans for rebuilding neighborhoods, creating jobs, and stimulating economic development.

In 2012 total financing reached \$171 million. We provided \$83.3 million in New Markets Tax Credit financing, \$51.5 million in low-income housing tax credit financing, \$22.2 million in loan financing, and \$14 million in financing under the Neighborhood Stabilization Loan Fund. These investments supported 999 housing units, 47 projects, and 526,817 square feet of commercial space.



Central House, Cambridge

Essential to our success is expanding both our investor and sponsor base for housing tax credit and new markets tax credit transactions. We were very successful in 2012 on those fronts, experiencing strong demand for our tax credit products. MHIC's track record in new markets tax credit investing was again rewarded in April 2013 when we received notice of our ninth New Markets Tax Credit award in the amount of \$65 million, the third largest award grouping in the country. Our combined nine awards, as noted in the letter on page 3, now total \$677 million. MHIC is among the top recipients in the country and the largest with only a designated regional market.

2012 was a peak year for production under our Neighborhood Stabilization Loan Fund (NSLF), with the completion of 61 properties comprising 180 units in ten cities around the Commonwealth (Boston, Chelsea, Revere, Brockton, New Bedford, Taunton, Lawrence, Worcester, Fitchburg, and Springfield). By early 2013 MHIC had extended \$33 million in loans and \$32 million in federal Neighborhood Stabilization Program (NSP) subsidies to support the rehabilitation of 137 properties with 476 units. MHIC also provided NSP subsidies to 27 homebuyers purchasing other existing properties within the same neighborhoods.

Over its twenty-two year history, MHIC has provided a total of \$1.8 billion in financing for 455 projects, representing the creation or preservation of 16,683 housing units and more than 3.4 million square feet of commercial space. By program type, MHIC's total investments to date are: \$554.2 million in loans, \$699.5 million in Low-Income Housing Tax Credits, \$562.3 million in New Markets Tax Credits, and \$68 million under the NSLF program.

LENDING PROGRAM

MHIC's lending program had a productive year, closing four projects for a total of \$22.2 million in financing for the creation or preservation of 270 housing units in Boston, Cambridge, Lunenburg, and Springfield. For LBB Housing, a scattered-site development in the Mattapan and Dorchester neighborhoods of Boston, MHIC provided both construction and equity financing.

Among notable projects this year was Concord Heights in Springfield, described in detail on page 15. This project is part of a group of seven buildings and part of a portfolio of 16 buildings financed by MHIC to redevelop whole neighborhoods in Springfield. This project demonstrates how

MHIC works with its partners to leverage and broaden the impact of its investments.

In 2012 MHIC, LLC's participating corporations once again received a normalized level of distributions. We expect that trend to continue and to have another strong year in 2013.

NEW MARKETS TAX CREDIT PROGRAM

2012 was another very strong one for our New Markets Tax Credit program. Our award of \$95 million in New Markets Tax Credit authority in February 2012 gave us the resources to pursue many of the high impact projects in our pipeline. By year-end we financed nine projects for a total of \$83.3 million. That financing included the City of Boston's highest redevelopment priority, Dudley Municipal Center, which involves the transformation of Dudley Square into a vibrant commercial center (see page 27 for details). MHIC also provided financing for Caring Health in Springfield, East Boston Neighborhood Health Center, and South Cove Manor of Quincy, bringing to 11 the number of health care facilities — including community health centers and specialized health care facilities — MHIC has financed using New Markets Tax Credits.

Among commercial and industrial projects financed this year were 110 Canal Street, the historic rehabilitation and reuse of a mill to create office space and restore an underutilized part of Lowell, and the Fraunhofer Center, the historic rehabilitation and reuse of a building in Boston's "Innovation District" to create a new home for an advanced technology research company. We also financed the expansion of a yogurt manufacturing plant in rural Vermont that we had financed as a start-up and which has grown rapidly in a short period of time. This project, as described on page 29, has now created many direct and indirect jobs and has injected renewed vitality into an economically depressed rural area.

We have found that demand remains very strong for new markets tax credits and we have been successful in our efforts to broaden our pool of leveraged lenders and investors. With our most recent award of \$65 million of NMTC authority, we have targeted several more projects in Massachusetts and greater New England — in both urban and rural communities.

We were, of course, pleased that President Obama's American Taxpayer Relief Act of 2012 included extension



Students from Lowell Community Charter School at Lowell Community Health Center Grand Opening

of the New Markets Tax Credit program for two additional years (2012 and 2013) with tax credit authority of \$3.5 billion for each year. But the future of the program is by no means secure. This uncertainty remains a challenge to MHIC and to all those concerned about or affected by the program. With its proven track record of success, the program needs to be made a permanent part of the tax code.

LOW INCOME HOUSING TAX CREDIT PROGRAM

MHIC experienced very high demand for housing tax credits in 2012, closing our largest multi-investor fund in many years. While the demand for housing tax credits continues to exceed supply, there remain geographic differences in our markets that present challenges.

MHIC closed eleven investments in 2012 for a total of \$51.5 million. That financing represents the preservation or creation of 822 housing units in an unusually diverse range of communities including Springfield, Worcester, Maynard, Arlington, Medfield, Beverly, Boston, and Hudson. In keeping with the state's priorities the majority of those projects were preservation, while we also financed some new construction.



Holyoke Public Library

Franklin Square, a preservation project in Boston with 193 units of affordable housing for low-income seniors, represented our largest low-income housing tax credit investment ever, at \$19.5 million. This project is featured on page 9. For this large investment we used both our multi-investor fund and worked with two additional local bank members.

Other LIHTC projects financed by MHIC include: the preservation of a scattered site portfolio of four properties with 351 housing units in Beverly, Boston, Maynard, and Medfield; a scattered site project representing 101 affordable housing units in Mattapan and Dorchester, for which we also provided a construction loan; the historic renovation of three East Arlington apartment buildings to create 32 units of affordable housing; the new construction of 29 units of affordable family housing in two buildings in Beverly; and the rehabilitation to preserve 96 housing units in a four-story building in Hudson. These and the other LIHTC projects financed by MHIC or completed in 2012 are featured in this report.

Reflecting the current continued strong appetite for LIHTC investments, we started 2013 with a robust pipeline. We have already begun the process of underwriting and approvals on several properties and look forward to another productive year for our Low-Income Housing Tax Credit program.

NEIGHBORHOOD STABILIZATION LOAN FUND

In 2012 MHIC closed \$14 million of loan and grant funds which were used to finance 112 units in nine cities across the Commonwealth. In each case MHIC worked closely with local officials, leading non-profit developers and private developers to ensure that MHIC's investments in these properties were carefully targeted to support comprehensive development initiatives to stabilize and revitalize key neighborhoods.

The NSLF played a key role in supporting innovative efforts to utilize the Commonwealth's property receivership statute to assist neighborhood revitalization. Working with the Office of the Attorney General, Massachusetts Housing Partnership, local officials, housing courts, non-profits, and private receivers, MHIC provided \$5.5 million to finance the acquisition and rehabilitation of 16 receivership properties with 102 units in five cities.

Looking forward, MHIC will continue its work in these communities. In early 2013, MHIC received a \$1.9 million grant from the Attorney General. These new funds will enable MHIC to continue its homebuyer assistance efforts and, for the first time, extend small grants to existing property owners who saw much of their equity wiped out in the foreclosure crisis. The positive result will be to renew their properties and the surrounding neighborhoods.

ASSET MANAGEMENT

MHIC's strong focus on Asset Management has resulted in the development of strategies and procedures to ensure exceptional management of property and fund performance. In 2012 Asset Management continued to refine its systems for monitoring the operational performance of assets through training programs and communications with general partners. MHIC's Watch List is once again the smallest in our history.

An important achievement this year was MHIC's completion and roll-out of a document portal for future audit and tax reporting. Asset Management also created new database reports to support NMTC reporting.

In 2012, Asset Management worked actively with several project managers to make green energy improvements as well as to continue reducing energy and utility costs where possible.

Another major achievement was Asset Management's creation of systems to capture employee and community impact reporting for our New Markets investments. A team effort across several MHIC departments, this system has been implemented to make sure the information gets properly utilized and is readily available.

The transitioning of LIHTC assets as they reach the end of the 15-year compliance period continues to be a focus of Asset Management. By year-end, 44 assets had been transitioned, and we anticipate another 14 in 2013.

Lease-up of properties in MHIC's portfolio continued on target, and our lease-up management program for the Massachusetts Housing Partnership, started in 2011, continues to be a successful collaboration.

Asset Management had another very successful and smooth tax and audit year with almost all LIHTC and NMTC returns on time or ahead of schedule.

A new reporting template for the Credit Review Committee was developed in 2012 to improve the presentation of complex data in a more user-friendly manner.

MINORITY PARTICIPATION AND DIVERSITY INITIATIVES

Boosting minority employment and the use of minority-owned businesses in projects we finance continues to be a major goal for MHIC. A minority sub-contractor list for all projects is available to borrowers and general contractors, and assistance is provided through our Construction Liaison Officer. Current MBE and minority employment status are available on-line and are tracked for every project, sponsor, and contractor.

In 2012 Boston-area projects achieved results of 39% for minority employment and 19% for minority business utilization. Outside of the Boston area, projects achieved results of 25% and 11% respectively. These results fell a bit short of the goals we set, underscoring the need to continue in our efforts to actively monitor projects and provide support to project sponsors and contractors. MHIC continues to set aggressive standards in minority participation as this is an important part of our mission.

In addition to providing assistance and monitoring progress, MHIC is continually exploring new strategies for expanding minority participation throughout the Commonwealth.

CHARLES E. DAHM MEMORIAL SCHOLARSHIP FUND

The Charles E. Dahm Memorial Scholarship Fund continues to be a priority charitable activity for MHIC. The fund was established in 2002 in the memory of Charles "Chuck" Dahm, a founding MHIC board member and State Street Bank executive. Scholarships are awarded annually to residents of MHIC-financed housing. Primary contributors are State Street Bank Foundation, Eastern Bank Foundation, Dahm family members and MHIC. To date, more than \$201,000 has been awarded to 27 qualified students, seven of whom have received awards in multiple years. In 2012, \$15,000 in scholarship assistance was given to seven students.

MHIC intends to continue its fundraising to ensure our ability to provide financial aid to students who will need additional support to complete their undergraduate programs and to extend scholarship support to new, qualified students. MHIC encourages your financial support to enable us to continue this program.

East Boston Neighborhood Health Center



PROJECT HIGHLIGHTS



HOUSING

Rehabilitating an historic treasure to create affordable housing for low-income seniors

Franklin Square

BOSTON

This project in Boston's South End, for which MHIC provided a \$14.3 million low-income housing tax credit investment to Preservation of Affordable Housing (POAH), has an unusually interesting and colorful history. Built in 1865 as a luxury hotel with 400 rooms, it became known as "Boston's Grand Hotel," playing host to such notable guests as Teddy Roosevelt, Diamond Jim Brady, the Prince of Wales and President Ulysses S. Grant. The ornate building served as a hotel for only 14 years before beginning a new life as the home of the New England Conservatory of Music. Then, in 1902 it took on its permanent mission as affordable housing when it was converted to a dormitory for young working women. The building also became famous when its exterior was used in the 1980s as the façade shot of the fictional St. Eligius Hospital in the television series "St. Elsewhere." Members Brookline Bank and Cambridge Savings Bank also invested \$2.6 million each in what is the largest LIHTC investment done by MHIC.

Today, Franklin Square continues its proud tradition as affordable housing, providing 193 affordable housing units for low-income seniors. This was made possible when POAH acquired the expiring-use building and took on its preservation and rehabilitation. Great care has been taken to preserve the grandeur of the building, which can be seen in its community spaces, bas-relief art on the walls, marble staircases, and exterior architecture. According to POAH, the residents of this recently-completed project represent its most linguistically diverse, speaking Mandarin, Russian, and Spanish. In addition to the rental apartments, the building includes management offices, two large community rooms with kitchens, and laundry facilities.



"Franklin's central location in the City of Boston made it a prime candidate for market rate conversion. MHIC's investment, financial structuring expertise, knowledge of the local market and investor relationships

made it possible to preserve and rehabilitate this grand building to ensure its long term affordability for residents. MHIC helped us meet the needs of this complex financing to close on the extremely aggressive schedule required to meet the needs of the seller."

—Amy S. Anthony, President and CEO,
Preservation of Affordable Housing, Inc.



HOUSING

Preserving and rehabilitating affordable housing



Peter's Grove (Machado House)

HUDSON

“Machado House” at Peter’s Grove is a 96-unit family and elderly affordable rental housing development. An MHIC multi-investor fund provided a \$1.9 million low-income housing tax credit investment, and a \$1.8 million investment was also made by member Avidia Bank to preserve and rehabilitate this four-story building. As part of the redevelopment plan for this expiring-use project, sponsor Preservation of Affordable Housing secured renewal of a 20-year contract through HUD to ensure the long-term affordability of Machado House.



LBB Housing

BOSTON

Urban Edge Development Corporation and Lena Park CDC teamed up to preserve and rehabilitate 101 units of affordable housing in eight buildings in the Mattapan and Dorchester neighborhoods of Boston. MHIC provided a \$6 million participation in a \$12 million construction loan led by The Property and Casualty Initiative. For LBB Housing, MHIC also provided a \$7.2 million low-income housing tax credit investment.

BEACON COMMUNITIES

The properties on this page are part of a portfolio of four rental properties consisting of a total of 351 housing units in eastern Massachusetts developed by Beacon Communities Services. With TD Bank as the investor, MHIC provided a total \$10.2 million low-income housing tax credit investment to enable the developer to acquire and renovate the properties and preserve them as affordable.



Jaclen Tower
BEVERLY

This is a 100-unit elderly housing project, for which MHIC provided a \$2.7 million low-income housing tax credit investment.



Conway Court
BOSTON

Located in the Roslindale neighborhood of Boston, Conway Court is a 28-unit family rental development. MHIC provided a \$603,000 low-income housing tax credit investment.



Summerhill Glen
MAYNARD

This is a 120-unit elderly rental housing development which occupies nearly 10 acres and consists of five buildings. MHIC provided a \$3.4 million low-income housing tax credit investment.



Wilkins Glen
MEDFIELD

This family rental development consists of 103 units in 11 buildings. MHIC provided a \$2.6 million low-income housing tax credit investment.

HOUSING

Preserving and rehabilitating affordable housing



Kilby-Gardner-Hammond WORCESTER

Sponsored by Main South CDC, this development, for which MHIC provided a \$3.1 million low-income housing tax credit investment in 2011, involved construction of 22 energy-efficient units of affordable housing on seven sites. Completed in 2012, this phase was the fourth and final phase of the 30-acre Kilby-Gardner-Hammond Revitalization Project, a successful partnership of Main South CDC, Clark University, the Worcester Boys and Girls Club, and the City of Worcester. The revitalization project as a whole, undertaken nearly ten years ago on some of the city's most depressed real estate, has transformed this neighborhood.

Capitol Square Apartments ARLINGTON

Three historic East Arlington apartment buildings were renovated to create 32 units of affordable housing. For this project, sponsored by Housing Corporation of Arlington, MHIC closed a \$3.2 million equity investment with members Brookline Bank and Cambridge Savings Bank. The equity investment was used to purchase both federal low-income housing tax credits and federal historic tax credits. Capitol Square Apartments is the largest affordable housing project built in Arlington in the last 30 years. It was developed by Housing Corporation of Arlington.



Austin Corridor WORCESTER

In the Piedmont section of Worcester, sponsor Worcester Common Ground rehabilitated six vacant buildings to create 20 units of affordable rental family housing. For this project, MHIC provided a \$2.9 million low-income housing tax credit investment.



Tapley Court SPRINGFIELD

Using MHIC's \$512,365 historic tax credit investment along with other funds, sponsor Better Homes, Inc. performed needed improvements to the Tapley School, a low-income housing tax credit project that had reached the end of its compliance period and which Better Homes purchased from the original developer. This building provides 30 units of affordable rental housing.



Bishop Allen Apartments CAMBRIDGE

For this project, MHIC provided \$1.55 million, a 36% participation in an acquisition loan led by CEDAC, to sponsor Just-a-Start Corporation to preserve an expiring-use family rental project in Central Square. The project, which has strong support from the City of Cambridge, consists of four, four-story walk-up buildings, all built around 1900, each with eight units of housing.



Outing Park
HISTORIC DISTRICT
Pete Bessner
Management
Company

NO LOITERING

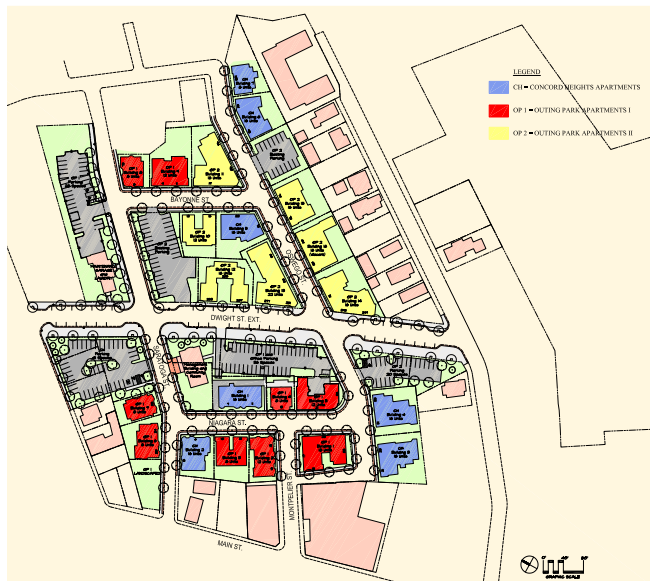
HOUSING

Reshaping and restoring neighborhoods

Concord Heights

SPRINGFIELD

The project featured on these pages represents one of many acquired and redeveloped by Gordon Pulsifer at First Resource Corporation, a developer who is literally reshaping whole neighborhoods in Springfield.



In 2008 MHIC provided a \$3.7 million acquisition loan and in 2012 MHIC provided a \$10.4 million construction loan for this group of seven buildings, all built between 1916 and 1923, containing 104 units of affordable rental housing. This project is part of a portfolio of 23 buildings containing a total of 296 housing units being redeveloped by First Resource Corporation in the “Outing Park Historic District” of Springfield, a challenged area targeted for redevelopment by the City of Springfield.

In other historic neighborhoods First Resource has also redeveloped entire blocks, rehabilitating existing housing and creating new units in newly-constructed buildings. In total, MHIC has provided \$64.8 million for the preservation or creation of 797 units of housing developed by First Resource in neighborhoods that had been plagued by crime and disinvestment.

Over the years, through all its programs, MHIC has invested a total of \$118.2 million in Springfield. That figure includes creation or preservation of 1,625 housing units and 179,000 square feet of commercial space.



“For many years we have promoted long-term preservation by combining historic preservation with our mission of producing affordable housing and implementing significant rehab programs for historic, but often neglected, apartment buildings. MHIC’s financing has been instrumental in helping us redevelop entire neighborhoods in Springfield.”

—Gordon Pulsifer, President, First Resource Corporation



HOUSING

Breaking new ground, building new housing



Winter Gardens

QUINCY

This three-story housing development, featuring 24 units of affordable rental housing, was financed by MHIC with a \$4 million low-income housing tax credit investment in 2011. To make room for this building, a vacant single-family house on the lot was demolished. Developed by NeighborWorks Southern Mass (fka Neighborhood Housing Services of the South Shore), it was completed in 2012. It is located in the Quincy Point neighborhood of Quincy.



Tri-Town Landing

LUNENBERG

Great Bridge Properties is the developer of this new 33-unit affordable rental housing project for which MHIC provided a \$2.8 million construction loan. It is being built in the city's 40R Smart Growth District and is the second phase of a plan to build 204 units of housing on an 8.7-acre site that once was a drive-in movie theater. In 2010, MHIC provided \$4.2 million in construction lending to Great Bridge for the first phase of the project, which involved building 66 units of housing on this site.



225 Centre Street

BOSTON

The photograph above shows the progress at 225 Centre Street, a mixed-income, mixed-use project MHIC financed in 2011 and which started construction in 2012. This project is a joint venture between The Community Builders, Inc. and Mitchell Properties. It represents the first phase in the redevelopment of the Jackson Square neighborhood of Boston. It is part of the Jackson Square Master Plan — a major redevelopment priority for the City of Boston — developed over more than a decade ago by a consortium of community groups. This plan envisions a total of 430 housing units and 60,000 square feet of retail and community space. This phase, immediately adjacent to the Jackson Square MBTA station, involves new construction of a six-story masonry structure with five floors of residential space (103 units, 35 of which will be affordable), one level of ground-floor retail, two levels of parking, and extensive streetscape improvements. MHIC provided \$5.4 million in New Markets Tax Credit financing with US Bank CDC as the investor, and \$4.6 million in low-income housing tax credit investment with TD Bank as the investor. Revitalization of Jackson Square has been a priority of the City of Boston for the past decade.



Holcroft II

BEVERLY

Five buildings were demolished to make way for construction of 29 units of affordable family rental housing in two buildings — one with 20 units and one with nine units, both on Mill Street in the Gloucester Crossing neighborhood of Beverly. The co-sponsors are North Shore CDC and YMCA of North Shore. MHIC provided a \$5.1 million low-income housing tax credit investment with member Institution For Savings. It is the second phase of a two-phase development of ten sites in this neighborhood, which is near Beverly Center and less than a mile from a commuter rail station.

HOUSING

Restoring confidence, homes and neighborhoods

NEIGHBORHOOD STABILIZATION LOAN FUND

A primary objective of MHIC's Neighborhood Stabilization Loan Fund (NSLF), established in 2009, has been to help restore confidence and stabilize values in neighborhoods where high rates of foreclosure had sapped the ability and willingness of many private investors and homeowners to invest. To that end, MHIC to date has provided \$33 million in loans and \$32 million in federal Neighborhood Stabilization Program (NSP) subsidies to support the rehabilitation of 137 properties with 476 units of housing. MHIC also has provided NSP subsidies to 27 homebuyers purchasing other existing properties within the same neighborhoods.

In 2012, the results of MHIC's investments and of developers' confidence were particularly evident when many of the properties and neighborhoods under development were completed. 61 properties with 180 units in ten cities around the Commonwealth were completed. Additional efforts to stabilize and revitalize key neighborhoods in each city continue in 2013.

The restoration of blighted properties is one critical ingredient in restoring neighborhoods. Another is to jumpstart homebuyer purchasing by combining market driven pricing strategies of newly-renovated properties with homebuyer assistance incentives of up to \$15,000 per property. By early 2013, MHIC had provided over \$550,000 of forgivable grants and loans to new homebuyers. Seventy-four, or 54%, of completed NSLF-financed properties were developed for homeownership. Significantly, all but a small number were under agreement within 60 days of construction completion and sold at or above their projected market value. This achievement provides clear evidence that these once highly distressed communities were not being left behind, but were participating in the broader housing market recovery.

The projects on these pages were all completed in 2012 or early 2013. In most cases, the homes you see are one of many in the targeted neighborhoods where MHIC has invested and where investors and developers, both private and non-profit, have gained confidence in restoring homes and neighborhoods.



87 Adams Street

BOSTON

Steven Bryan is the owner of 1810 Realty Corporation, a Boston-based developer that successfully acquired and completed nine foreclosed properties with 27 units in Dorchester, all of which will be held as rental property and occupied by income-qualified tenants. MHIC provided a \$153,000 loan to assist the renovation of this three-family property near Fields Corner.



101 Newbury Street
BROCKTON

This project, a single-family property, is one of three properties undertaken by Michael Weintraub of Rosebrook Community Development LLC. He acquired this foreclosed and vacant property from the City of Brockton. MHIC provided a \$132,000 construction loan and \$121,500 in NSP subsidy. This house was completed and sold to a U.S. Army soldier who was relocating back to Massachusetts.



56 Topliff Street
BOSTON

This three-family property is located in the Bowdoin-Geneva section of Boston. It was developed by Dorchester Bay EDC and was sold to a homebuyer upon completion in 2012. This is one of 19 distressed properties, with a total of 53 units that Dorchester Bay EDC has rehabilitated over the past four years. MHIC provided a \$292,000 loan and \$427,000 of Neighborhood NSP subsidy.



56-60 Highland Street
REVERE

The Neighborhood Developers acquired this vacant four-unit property, which had accumulated several years of unpaid taxes before they purchased the property in 2011. This site, also located in the Shirley Avenue Neighborhood, was recently completed in 2013 and is now occupied by income-qualified tenants. MHIC provided a \$225,000 loan and \$578,000 NSP.

HOUSING

Restoring confidence, homes and neighborhoods



5 Kilby Street WORCESTER

A primary focus of Main South CDC over the past decade has been the revitalization of the Kilby-Gardner-Hammond area. Since 2009, Main South CDC has acquired and redeveloped 12 vacant and foreclosed properties with 34 units, and completed the new construction of 22 units on seven scattered vacant lots in the neighborhood, creating 56 units of housing. In conjunction with the opening of a new Boy and Girls Club, and other public infrastructure improvements, there now exists new life for this community. This two-family property, located just outside of downtown Worcester, was completed in 2012 and sold in 2013. MHIC provided a \$206,000 loan and \$270,000 in NSP subsidy.



16 Folsom Street BOSTON

Dorchester Bay EDC acquired 16 Folsom Street from the City of Boston, which had acquired it earlier in a bulk purchase of foreclosed properties from Bank of America. MHIC provided a \$225,000 loan and \$76,700 of NSP subsidy to rehabilitate this property, which was recently completed and will be sold to a homebuyer.



28 Essex Street

FITCHBURG

This single family property is another of the five locations with a total of 24 units that Twin Cities CDC has undertaken with MHIC's support in the Elm Street Area Neighborhood. This initiative is the focus of a collaborative multi-year revitalization effort by Twin Cities and the City of Fitchburg to upgrade properties, improve public safety, and increase homeownership. MHIC provided \$111,000 of NSP subsidy and \$10,000 in direct homebuyer assistance to this project.



3 Clarkson Street

BOSTON

This three-family property is one of six distressed properties that Dorchester Bay EDC acquired and rehabilitated in the high priority Hendry Street area. In 2008, this four-block area had one of the city's highest concentrations of foreclosed and abandoned properties, but through a concerted effort led by the City of Boston, most of these properties have been fully renovated, bringing an influx of new homeowners and tenants to the area. This property was purchased from an absentee landlord who had left the property vacant for many years. It was completed and sold to a homebuyer in 2012. MHIC provided a \$312,000 loan.



620 Beach Street

REVERE

This two-family home was one of 17 properties with a total of 50 units that The Neighborhood Developers (TND) undertook in Chelsea and Revere with MHIC assistance. The property had been vacant and abandoned for over ten years before TND acquired the site, which is located within the Shirley Avenue Neighborhood Gateway Initiative area. MHIC provided a loan of \$375,000 and \$413,861 in NSP subsidy. It has since been sold to a homebuyer in 2013.



Lowell Community Health Center
Caring for Lowell. Caring for You.

Lowell Community Health Center
Caring for Lowell. Caring for You.



HAMILTON

LOWELL COMMUNITY HEALTH CENTER

NO PARKING
ANY TIME

COMMUNITY DEVELOPMENT

Targeted investing with New Markets Tax Credits

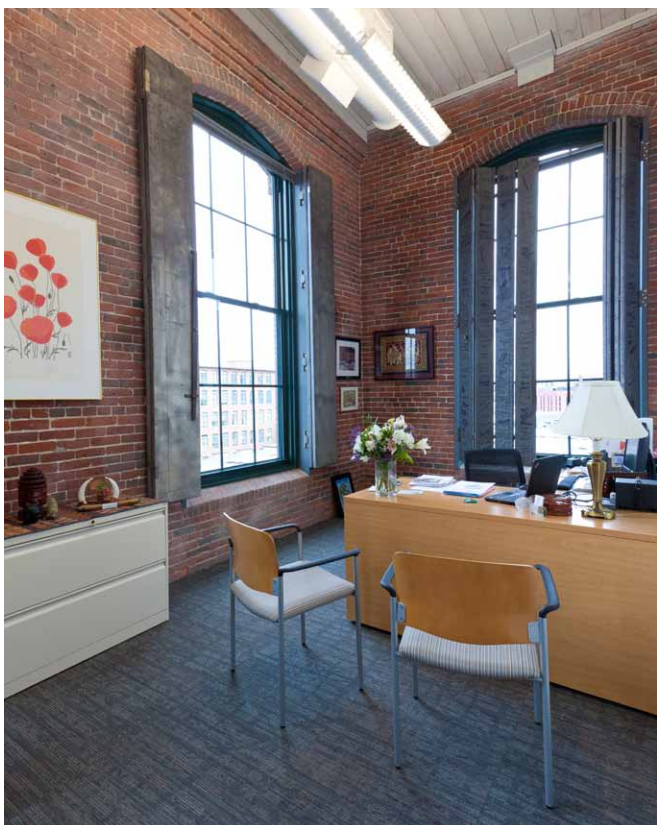
Lowell Community Health Center

LOWELL

Lowell Community Health Center (LCHC) held its Grand Opening on February 1, 2013. More than 500 supporters, donors, public officials, lenders, community leaders, and employees of the center gathered to celebrate the opening of its new facility in the old Hamilton Manufacturing Co. mill complex on Jackson Street. The celebration culminated the \$42 million adaptive reuse of the historic mill to create a new 100,000-square-foot home that consolidated six of LCHC's outpatient locations into one state-of-the-art building. LCHC provides care to 50,000 residents of Greater Lowell per year, regardless of ability to pay. The new facility will allow LCHC to serve an additional 10,000 patients annually and increase patient visits by 60,000 by the year 2016.

MHIC provided \$15.8 million in New Markets Tax Credit financing with US Bank CDC as the investor.

In addition to providing improved care to Lowell residents, the new LCHC boosts Lowell's economy by creating 600 construction jobs and 100 new permanent jobs.



"It took a true public partnership to make this dream a reality, and MHIC financing was key to the success of this project. It truly takes a community to build a community health center."

—Dorcas Grigg-Saito,
Chief Executive Officer

COMMUNITY DEVELOPMENT

Targeted investing with NMTC



East Boston Neighborhood Health Center BOSTON

East Boston Neighborhood Health Center (EBNHC) is one of the leading health care providers in Boston and one of the largest community health centers in the country. It is a Federally-Qualified Health Center that provides care to 55,000 patients annually. MHIC provided \$4.85 million in New Markets Tax Credit financing and partnered with two other CDEs for this project, with US Bank CDC as the investor. Proceeds financed the development of a new four-story, 49,000-square-foot medical clinic. Located in the heart of Maverick Square in East Boston and directly across the street from the newly-renovated Maverick Square MBTA Station, the new building has 31 additional exam rooms. This increases the health center's capacity to serve a medically underserved population — allowing EBNHC to increase patient visits by 33%, or over 100,000 patient visits annually — and increase overall operational efficiencies. The project created 56 construction jobs and will also create 44 permanent jobs immediately and an additional 145 over the next ten years.



Caring Health Center SPRINGFIELD

Caring Health Center (CHC) is a Federally-Qualified Health Center — a community-driven health care provider serving low-income and medically underserved individuals and families. It is located in Springfield's targeted South End Revitalization neighborhood, an area where only 25% of the low-income residents currently access medical care. Established in 1995 with a staff of four, the center now provides medical and dental care to approximately 14,000 patients annually with a staff of 150. To make possible CHC's physical expansion, MHIC, as co-CDE, provided \$10.1 million in New Markets Tax Credit financing, with TD Bank as the investor. CHC is using that financing to rehabilitate three historic buildings into a state-of-the-art facility, enabling them to consolidate operations and more than double their capacity. The current location directly across the street will become a maternal and child health center. Ultimately, the center expects to hire 125 additional staff and double the number of patients served. The project will be completed in August 2013.



Codman Square Health Center

BOSTON

Located in the Dorchester neighborhood of Boston, Codman Square Health Center (CSHC) is a Federally-Qualified Health Center that has been providing high quality primary, preventive, and urgent health care to a high risk, low-income and underinsured patient population since 1979. The center serves more than 22,000 patients and has over 100,000 patient contacts per year. Having outgrown its space, CSHC recently completed a major expansion and renovation project. That was made possible with MHIC's \$9.2 million New Markets Tax Credit financing, which closed in 2011. MHIC was a co-CDE, with JP Morgan Chase as the investor. CSHC renovated the existing clinic and built a 34,000-square-foot addition. In the expanded facility, the center is able to serve more patients, add new specialty services and improve the quality of care it provides. The project will yield economic benefits as well. The center anticipates adding at least 28 new full-time employees and, as the largest economic engine in Codman Square, the center's increased activity will benefit local businesses.



South Cove Manor Nursing and Rehabilitation Center

QUINCY

South Cove Manor Nursing and Rehabilitation Center, Inc. (SCM) is the only nursing and rehabilitation home in the region dedicated to serving the Asian community. When the center, opened in 1985 and located in Boston's Chinatown, outgrew its facility seven years ago, it began a long search for a superior location for expansion. Finally, SCM found the ideal location in Quincy and, with MHIC's \$14.55 New Markets Tax Credit financing, moved forward with plans to build a new, state-of-the-art facility. US Bank CDC is co-CDE and the investor. The project will feature 141 beds clustered in small resident communities, gracious common areas, expanded rehabilitation space, and attractive gardens.

In addition to providing a modern facility and services for the area's growing Asian population, the new facility will create new jobs — over 300 construction jobs — and SCM will expand its permanent staff from 150 to 200 full-time employees. Finally, the development will significantly improve the streetscape to both promote additional development and add to the revitalization that is taking place in this Quincy neighborhood.

COMMUNITY DEVELOPMENT

Targeted investing with NMTC



Elms College

CHICOPEE

Elms College, a small liberal arts college founded in 1928, is building a new Center for Natural & Health Sciences (CNHS). The college has a strong focus on health care, with 37% of its undergraduates studying nursing. Most of the students are from the surrounding area. About 80% of the nursing students come from economically or educationally disadvantaged backgrounds.

Located at the heart of the campus, which is in a residential area near downtown Chicopee, the building will have five stories with 22,000 square feet of space. It will feature state-of-the-art classrooms and laboratories and research, clinical, and classroom space for existing programs in biology, chemistry, and nursing.

This project, for which MHIC provided \$12 million in New Markets Tax Credit financing, with PeoplesBank and United Bank as co-investors, will yield multiple economic benefits. With the new CNHS, Elms College will be able to expand its programs and increase enrollment in the natural and health sciences fields of study by up to 40% within five years of project completion. The new education opportunities will prepare students for future laboratory-based employment and make them more competitive in their applications to graduate and professional schools. 172 construction jobs will be created, and 24 permanent jobs will be added to the college's payroll in the next five years. The project is expected to be completed in October 2013.



Barre City Place

BARRE, VT

On the main street in Barre, a small town that is seven miles from Montpelier, Dew Properties will construct an 80,717-square-foot, four-story office building on a vacant site to house portions of the Vermont Agency of Human Services and Vermont Department of Education. Space will also be leased to Central Vermont Medical Center, an organization providing physical therapy, and a grocery store or café. This project is a key piece in the redevelopment of downtown. Construction of this building is part of the Town's master plan and follows the recent completion of a \$17 million infrastructure and streetscape improvement project, known as "Barre's Big Dig." The Town's plan aims to revitalize a blighted downtown area and remediate environmental contamination. The relocation of state offices along with the other tenants will bring over 300 well-paying jobs to this location, giving the local economy a boost. The project will create an estimated 100 construction jobs. As one of two CDEs, MHIC provided \$4.85 million in New Markets Tax Credit financing with US Bank CDC as the investor.



Learning Center at Bromley Heath

BOSTON

At Bromley-Heath, an 800-unit federal public housing complex in the Jamaica Plain neighborhood of Boston, a new, innovative urban learning center focused on early childhood education is being built. The \$16 million, 22,300-square-foot project is being developed by Associated Early Care and Education (AECE), a nonprofit founded more than 130 years ago. AECE operates on the premise that by investing in school readiness, promoting healthy development, and strengthening families through educational and workforce development programs, children have the best possible opportunity to realize their full potential, and families have the best opportunity to achieve financial stability and economic security. The organization currently serves more than 1,300 young children in multiple facilities in the Boston area. The new Learning Center at Bromley-Heath (LCBH) will replace and expand by 45% the capacity of its existing Early Childhood Education program at this site and move from a cramped basement to a state-of-the-art building with modern outdoor play areas. It will offer many additional programs for children, and partner with numerous local social service, health care, and educational institutions to provide educational and job training programs for all public housing residents and others in the near-by community. MHIC provided \$7.96 million in New Markets Tax Credit financing with Bank of America Merrill Lynch as co-CDE and investor.

This project was the result of more than four years of planning, and a partnership that includes the Boston Housing Authority, HUD, AECE, United Way and other community organizations and foundations. It is expected to create 30 construction jobs, retain 20 existing jobs and create 25 new full-time jobs.



Dudley Municipal Center

BOSTON

Dudley Municipal Center (DMC) is considered the City of Boston’s highest redevelopment priority and the “capstone” of Mayor Menino’s “Dudley Square Vision Plan,” a blueprint for the transformation of Dudley Square into a major commercial hub for the predominantly low-income neighborhoods of Roxbury, Dorchester, and Jamaica Plain. The Center will serve as the new administrative headquarters for the Boston Public School Department, bringing over 500 municipal office workers to Dudley Square.

The project is a 206,000-square-foot, multi-story municipal office facility with street-level retail and community space. It will incorporate and historically preserve the Ferdinand’s Furniture Building and two other historic structures within the city block, creating an iconic mixed-use building adjacent to the Dudley Square bus station. This new building is expected to encourage a broader cross section of Boston residents to participate in, and benefit from, the City’s educational and community programs that will also be relocated to the DMC. The Center will attract other economic activity to the Square and catalyze private development projects planned in the surrounding highly-distressed Roxbury neighborhood. The project is also expected to create at least 350 construction jobs and 26 new jobs on the ground floor retail space that will draw on local residents.

With Bank of America Merrill Lynch as the investor, MHIC provided \$15 million in New Markets Tax Credit financing with three other co-CDEs for a total of \$42.5 million.

COMMUNITY DEVELOPMENT

Targeted investing with NMTC



110 Canal Street LOWELL

Trinity Financial, Inc. is developing this project — the adaptive reuse of the historic Freudenberg building, a blighted, 59,000-square-foot building built in 1920 in the center of the Hamilton Canal District (HCD) to create first-class office space. With TD Bank as the investor, MHIC provided \$7.86 million in New Markets Tax Credit financing.

The building is one of four historic buildings within the 15-acre HCD for which Trinity was selected by the City as Master Developer and is the second building to be developed in Phase I of the Master Plan. The redevelopment of this building is critical to the ongoing redevelopment of the entire HCD, and will yield significant community and economic benefits including increased wages for residents of the community and the availability of Class A office space at a lower than market rent and/or with more generous lease concessions that would be typically be available in the marketplace. With a downtown, canal side location, adjacent to a future trolley line and minutes from I-495, it is an ideal location for redevelopment. Trinity expects the project to be completed in December 2013.

There are several other projects completed or planned for redevelopment within the HCD district. The recently-completed and nearby Lowell Community Health Center (see page 23 in this report) was also financed by MHIC using New Markets Tax Credits. The Master Plan includes construction of a Judicial Center that will include the Lowell District Court. Eventually, the HCD will have two million square feet of mixed-use space with 400 permanent full-time jobs.



Fraunhofer Center BOSTON

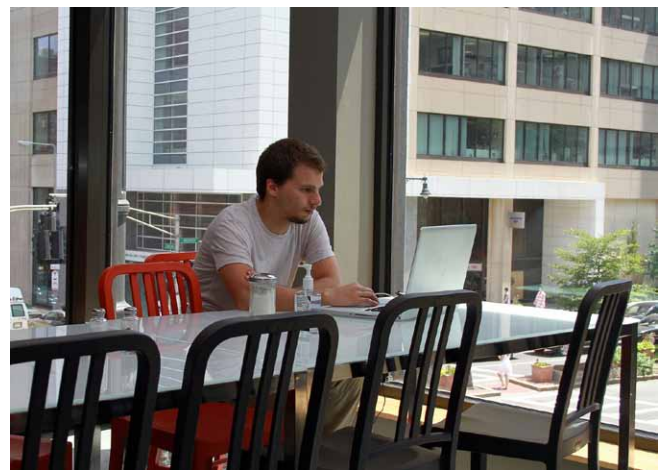
This project, being developed by Commonwealth Ventures, involves the adaptive reuse and rehabilitation of a historic building in Boston's newly designated "Innovation District" within the Fort Point Channel neighborhood and adjacent to the Seaport district. This district will provide a cornerstone for the Boston Redevelopment Authority to foster entrepreneurial activity around technology and research firms. The 50,000-square-foot renovated building will house the Fraunhofer Center for Sustainable Energy Systems, one of the German institute's seven "Centers of Excellence" in the US, and will focus on the development and promotion of sustainable energy research products and systems — specifically on the development, testing, evaluation, and education of new solar, photovoltaic, and building technologies in the sustainable energy industry. The Fraunhofer Center will relocate to this building from its current location near MIT, and will substantially reduce its rent and quadruple its space. It will occupy 30,000 square feet and sub-lease the remaining space to incubator companies spun off from the Center's activities. This project created 100 construction jobs, 20 immediate new full-time jobs at Fraunhofer, and is expected to generate 100-200 additional full-time jobs as new ventures spin off from the tenant and sub-leased space. MHIC provided \$11.2 million for this project in 2011, with US Bank CDC as the New Markets and Historic Tax Credit investor. The project is nearly completed.



Commonwealth Dairy Expansion

BRATTLEBORO, VT

Having previously provided New Markets Tax Credit financing for the construction of this new yogurt production plant — which opened for business in March 2011 — MHIC in 2012 provided an additional NMTC financing of \$6 million to enable the company to purchase \$7.5 million of new equipment and expand the plant. MHIC is one of three co-CDEs financing this expansion with US Bank CDC as the investor. Since the company opened, it has exceeded expectations in terms of production, sales and job creation. The expansion will allow the company to increase production capacity by about 10%, triple the size of the company's cold storage capacity, double its dry storage, increase its fermentation capacity, improve efficiency, improve wastewater processing, and add a specialized packaging capability to enhance the company's competitive position. Annual milk purchases will increase at least 30%, a great benefit to the region's dairy farmers. The expansion will create 34 jobs over the current 80 employees.



Hostelling International

BOSTON

In June 2012, American Youth Hostel, Inc. completed the conversion of a historic six-story building at the intersection of Boston's Theater District and Chinatown into a 480-bed hostel. The Grand Opening attracted a huge and enthusiastic crowd as this project has enjoyed a tremendous amount of public support. The facility more than doubles the size of HI-Boston's previous site and is expected to attract approximately 46,000 visitors a year. HI-Boston estimates that annually the new facility will generate more than \$16 million in direct spending by hostel guests at Boston restaurants, entertainment venues, and sightseeing spots across the city. It is also projected to generate \$2.8 million in state and local tax revenues and greatly benefit the Midtown Cultural District by converting a partially-occupied building into a safe, vibrant and welcoming 24-hour-day facility. HI-Boston will expand its staff in the new facility. MHIC provided \$11.64 million in New Markets Tax Credit financing with US Bank CDC as the investor.

Celebrating Excellence in Community Development

Twin Cities Community Development Corporation

Marc Dohan, Executive Director



Twin Cities CDC has been a leading force in promoting the revitalization of housing and commercial development in the twin cities of Fitchburg and Leominster. Founded in 1979 and based in Fitchburg, the non-profit is led by the diverse resident and business communities of the twin cities and is dedicated to building quality housing, good jobs, strong businesses and effective leaders. Since inception, the CDC has developed approximately 123 units of affordable housing and 11,000 square feet of commercial space. Twin Cities also provides programs in community organizing, foreclosure prevention, and homeownership. Working with Marc Dohan, who became executive director in 2002, MHIC has financed projects for Twin Cities under its New Markets Tax Credit, Low-Income Housing Tax Credit, and Neighborhood Stabilization programs.



Lowell Community Health Center

Dorcas Grigg-Saito, Chief Executive Officer

Under Dorcas Grigg-Saito's leadership, Lowell Community Health Center undertook the ambitious rehabilitation of a vacant historic mill complex to create a new 100,000 square-foot home for the health center. Achieving this goal involved the entire Lowell community who came together to support and help capitalize the fundraising campaign. Serving more than 50,000 low-income residents of the Greater Lowell area, the Center has a multi-lingual staff who speak over 25 languages. Its programs have been recognized as national models and recently LCHC was named one of the top five health centers in the nation for excellence in cultural competency. The new facility, which opened at the end of 2012 greatly expands LCHC's capacity. It was financed by MHIC with New Markets Tax Credits. The project is featured on page 23.

Consigli Construction Company

Anthony Consigli, President



Consigli Construction Co., Inc. was the construction manager for the recently-completed Lowell Community Health Center. That project was completed on time, under budget, and with above-targeted levels of minority participation and employment. Consigli Construction is a leading construction manager and general contractor headquartered in Milford, MA, with offices in Williamstown, MA, Portland, Maine, and Hartford, CT. Founded in 1905, it is a family-owned business with four generations of family history behind its name. Consigli Construction has also been construction manager for two other MHIC-financed projects.

Main South Community Development Corporation

Stephen Teasdale, Executive Director



Main South CDC has literally transformed neighborhoods in Worcester. Founded in 1986 as a result of concerns about the neighborhood's then-evident social and economic decline, this non-profit is dedicated to improving the quality of life for residents and businesses in Worcester's Main South neighborhood. Stephen Teasdale became the organization's first executive director in 1988 and under his leadership Main South has developed more than 300 housing units of different types. Most recently, the CDC partnered with Clark University and the Boys & Girls Club of Worcester to undertake the redevelopment of the 30-acre Kilby-Gardner-Hammond area, turning some of the most distressed real estate in the City into a new Boys & Girls Club, new outdoor track and field facility, and new and rehabilitated homes, further described on pages 12 and 20. Main South has also acquired and redeveloped vacant, foreclosed properties and returned them to productive use. MHIC has financed projects for Main South under its Lending, Low-Income Housing Tax Credit, and Neighborhood Stabilization programs.

For a list of all previous recipients of MHIC Excellence Awards, go to www.mhic.com/interest_excellence.



PROJECTS FINANCED IN 2012

PROJECT	UNITS	LOAN	HOUSING TAX CREDITS	NEW MARKETS	NSLF	TOTAL
110 Canal Street, Lowell				\$7,857,000		\$7,857,000
Austin Corridor II, Worcester	20		\$2,940,741			2,940,741
Barre City Place, Barre				4,850,000		4,850,000
Bishop Allen Apartments, Cambridge	32	\$1,550,000				1,550,000
Capitol Square Apartments, Arlington	32		3,231,174			3,231,174
Caring Health Center Inc., Springfield				10,185,000		10,185,000
Commonwealth Dairy Expansion, Brattleboro				6,062,500		6,062,500
Concord Heights, Springfield		10,400,000				10,400,000
Conway Court, Boston	28		603,000			603,000
Dorchester Bay Line of Credit, Boston		350,000				350,000
Dudley Municipal Center, Boston				15,000,000		15,000,000
East Boston Neighborhood Health Center, Inc., Boston				4,850,000		4,850,000
Elms College, Chicopee				11,979,500		11,979,500
Franklin Square House, Boston	193		19,547,222			19,547,222
HAC Line of Credit, Hyannis		350,000				350,000
Holcroft II, Beverly	29		5,136,307			5,136,307
Jaclen Tower, Beverly	100		2,662,000			2,662,000
LBB Housing, Boston	101	6,000,000	7,200,000			13,200,000
Learning Center at Bromley Heath, Boston				\$7,963,598		7,963,598
NSLF Bread and Roses, Lawrence	1				\$123,000	123,000
NSLF Buyer Assistance, Brockton, Lawrence, Springfield, Taunton, Worcester	17				373,214	373,214
NSLF Castle Rock Properties Inc., Boston					180,000	180,000
NSLF Chelsea Neighborhood Developers LLC, Chelsea, Revere	4				1,918,000	1,918,000
NSLF CRC Trust, Boston	1				195,000	195,000
NSLF DB Neighborhood Homes, Boston, Dorchester	7				2,186,066	2,186,066

PROJECT	UNITS	LOAN	HOUSING TAX CREDITS	NEW MARKETS	NSLF	TOTAL
NSLF HAP Inc., Springfield	2				74,000	74,000
NSLF HMB LLC, Boston	6				585,465	585,465
NSLF Lorilee LLC, Springfield	12				1,909,987	1,909,987
NSLF Main South CDC, Worcester					384,113	384,113
NSLF Rosebrook Community Development, Brockton	1				266,904	266,904
NSLF SJ Realty LLC, Worcester	4				377,456	377,456
NSLF Springfield NHS, Springfield	4				702,464	702,464
NSLF Stutman-Juhl LLP, Worcester	3				561,481	561,481
NSLF Taunton BID, Taunton	6				734,000	734,000
NSLF The Resource Inc., Falmouth, New Bedford	7				736,204	736,204
NSLF Twin Cities CDC, Fitchburg	21				1,641,663	1,641,663
NSLF Urban Neighborhood Homes LLC, Boston, Brockton, Lawrence, Worcester	3				227,465	227,465
NSLF Viet Aid, Boston	3				373,730	373,730
NSLF Worcester Common Ground, Worcester	10				500,136	500,136
Madison Park Line of Credit, Boston		250,000				250,000
Nuestra Line of Credit, Boston		500,000				500,000
Peter's Grove, Hudson	96		3,674,436			3,674,436
South Cove Manor Nursing, Quincy				14,550,000		14,550,000
Summerhill Glen, Maynard	120		3,354,000			3,354,000
Tapley Court, Springfield			512,365			512,365
TriTown Landing, Lunenburg	33	2,800,000				2,800,000
Wilkins Glen, Medfield	103		2,592,000			2,592,000
TOTAL	999	\$22,200,000	\$51,453,245	\$83,297,598	\$14,050,348	\$171,001,191

PARTICIPATING ORGANIZATIONS, 2012

MHIC's 36 member corporations have collectively committed more than \$1.15 billion to finance the development of affordable housing and community development. The status of these commitments, as of December 31, 2012, is displayed below.

MEMBER CORPORATION	LOAN	HOUSING TAX CREDITS	NEW MARKETS	TOTAL
Bank of America Merrill Lynch	\$12,750,000	\$193,079,260	\$ 22,963,598	\$228,792,858
US Bank			174,706,045	174,706,045
TD Bank	1,750,000	113,857,820	39,027,247	154,635,067
State Street	4,850,000	130,813,278	8,600,000	144,263,278
Freddie Mac		99,730,000		99,730,000
Fannie Mae		77,255,600		77,255,600
RBS Citizens Bank	4,000,000	41,886,658	6,000,000	51,886,658
AEGON USA Realty Advisors, Inc.			24,000,000	24,000,000
Eastern Bank	950,000	17,761,975	4,000,000	22,711,975
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
Chase Community Equity LLC			9,215,000	9,215,000
Brookline Bank		11,360,877		11,360,877
Institution for Savings		10,907,760		10,907,760
Berkshire Bank		2,000,000	8,000,000	10,000,000
East West Bank		7,000,000	2,500,000	9,500,000
People's United Bank	300,000	9,076,992		9,376,992
Cambridge Savings Bank		9,326,425		9,326,425
PNC Bank	1,500,000	6,358,900		7,858,900
Boston Private Bank and Trust	300,000	6,150,000	500,000	6,950,000
TD Bank USA, N.A.		6,000,000		6,000,000
PeoplesBank		2,420,000	2,806,188	5,226,188
United Bank		2,000,000	1,806,188	3,806,188
Sovereign Bank	625,000	2,440,000		3,065,000
Avidia Bank		3,000,000		3,000,000
Rockland Trust Company		1,702,958		1,702,958
Cathay Bank		1,100,000		1,100,000
First Trade Union Bank	1,000,000			1,000,000
Blue Hills Bank	350,000	500,000		850,000
Enterprise Bank And Trust Company		819,219		819,219
Middlesex Savings Bank		819,218		819,218
BankFive		568,000		568,000
The Life Initiative	375,000			375,000
Stoneham Bank	250,000			250,000
Total	\$29,000,000	\$773,470,539	\$353,674,266	\$1,156,144,805

*In addition, Bank of America Merrill Lynch has provided a Program-Related Investment (PRI) loan to MHIC with a balance outstanding of \$5.25 million.

FINANCIAL SUMMARY 2012

BALANCE SHEETS

Assets	DECEMBER 31, 2012	DECEMBER 31, 2011
Cash	\$ 9,030,767	\$ 7,837,150
Investments in marketable securities	2,533,053	3,685,004
Grant income receivable	435,506	1,595,586
Notes receivable	13,856,835	16,612,200
Amounts receivable and other assets	5,724,497	3,717,093
	<hr/>	<hr/>
Total assets	\$31,580,658	\$33,447,033
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and net assets		
Unearned fees	\$ 4,182,425	\$ 5,218,301
Notes payable and other liabilities	16,213,292	19,274,909
Net assets	11,184,941	8,953,823
	<hr/>	<hr/>
Total liabilities and net assets	\$31,580,658	\$33,447,033
	<hr/> <hr/>	<hr/> <hr/>

STATEMENTS OF ACTIVITIES

Revenues		
Loan program revenue	\$ 1,007,247	\$ 993,371
Equity program revenue	4,421,533	4,137,711
New markets program revenue	4,078,248	3,465,869
Other program revenue	594,606	710,884
Grant income	15,218,147	14,407,482
	<hr/>	<hr/>
Total revenue	25,319,781	23,715,317
Expenditures		
Salaries and benefits	5,647,599	4,979,969
Professional services	1,122,368	1,025,547
Other expenditures	1,227,532	1,101,139
Grant expenses	15,091,164	14,309,819
	<hr/>	<hr/>
Total expenditures	23,088,663	21,416,474
	<hr/> <hr/>	<hr/> <hr/>
Change in net assets	2,231,118	2,298,843
Net assets at beginning of year	8,953,823	6,654,980
	<hr/>	<hr/>
Net assets at end of year	\$11,184,941	\$8,953,823
	<hr/> <hr/>	<hr/> <hr/>

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 2012

ASSETS UNDER MANAGEMENT

as of December 31, 2012

BY FUND	HOUSING TAX CREDITS	NEW MARKETS	LOANS	NSLF	TOTAL
US Bank		\$ 174,706,045	\$	\$	\$174,706,045
Bank of America Merrill Lynch		22,963,598			22,963,598
WICOR America Inc.		14,550,000			14,550,000
Chase Community Equity LLC		9,215,000			9,215,000
481 Corporation	49,787,695				49,787,695
Brookline Bank	10,054,028				10,054,028
Institution for Savings	9,926,062				9,926,062
Cambridge Savings Bank	8,255,861				8,255,861
Avidia Bank	2,640,000				2,640,000
Enterprise Bank and Trust Company	720,912				720,912
Middlesex Savings Bank	720,192				720,192
MHIC, LLC			43,711,131		43,711,131
MHEF 1993-1994 LP	3,196,659				3,196,659
MHEF 1995 LP	9,555,869				9,555,869
MHEF 1996 LP	14,145,656				14,145,656
MHEF 1997 LP	25,105,254				25,105,254
MHEF 1998 LP	35,897,851				35,897,851
MHEF 1999 LP	29,989,490				29,989,490
MHEF 2000 LLC	40,360,899				40,360,899
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	19,277,550				19,277,550
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	18,133,868				18,133,868
MHEF XVIII – Rockland MHEF Fund	3,218,452				3,218,452
MHEF XVIII	24,290,944				24,290,944
MHEF XIX	26,322,399				26,322,399
MHIC 481 Corp. NMTC Investment Fund II LLC		18,042,000			18,042,000
MHIC 481 Corp. NMTC Investment Fund LLC		20,515,500			20,515,500
MHIC New Markets Fund I		19,574,281			19,574,281
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		21,916,192			21,916,192
MHIC NMTC Western Massachusetts Fund LLC		11,979,500			11,979,500
NSLF				7,883,701	7,883,701
NSP-1				9,541,954	9,541,954
NSP-2				18,254,016	18,254,016
Total	\$551,175,420	\$555,059,256	\$43,711,131	\$35,679,671	\$1,185,624,759

BY LOCATION	HOUSING TAX CREDITS	NEW MARKETS	LOANS	NSLF	TOTAL
Other	10,105,015	62,475,485			72,580,500
Greater Boston	270,461,390	265,001,056	12,913,047	17,009,996	565,385,484
North	67,669,641	40,092,657	2,604,607	312,000	110,678,905
South	54,315,442	12,589,016	8,789,935	4,735,463	80,429,856
West	148,623,932	174,901,042	19,403,542	13,622,213	356,550,728
Total	\$551,175,420	\$555,059,256	\$43,711,131	\$35,679,671	\$1,185,625,479

BY DEVELOPMENT TYPE	HOUSING TAX CREDITS	NEW MARKETS	LOANS	NSLF	TOTAL
Assisted Living	17,861,834	19,236,496	1,011,146		38,109,476
Commercial (including non-profit)	11,391,228	474,750,608	726,979		486,868,815
Cooperative	4,551,060	17,440,866			21,991,926
Other			178,000		178,000
Ownership	7,718,628	4,800,422	280,856		12,799,906
Rental	468,207,046	38,830,864	41,514,151		548,552,061
Rental, Senior Housing	26,535,556				26,535,556
Rental, Single Room Occupancy	14,910,068				14,910,068
Foreclosure Stabilization Initiative				35,679,671	35,679,671
Total	\$551,175,420	\$555,059,256	\$43,711,131	\$35,679,671	\$1,185,625,479

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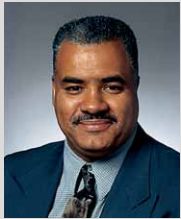
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Barre City Place:
Banwell Architects

Front and back cover
photographs were taken
by Marc Shom at the
construction site of the
Dudley Municipal Center,
described on page 27.





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