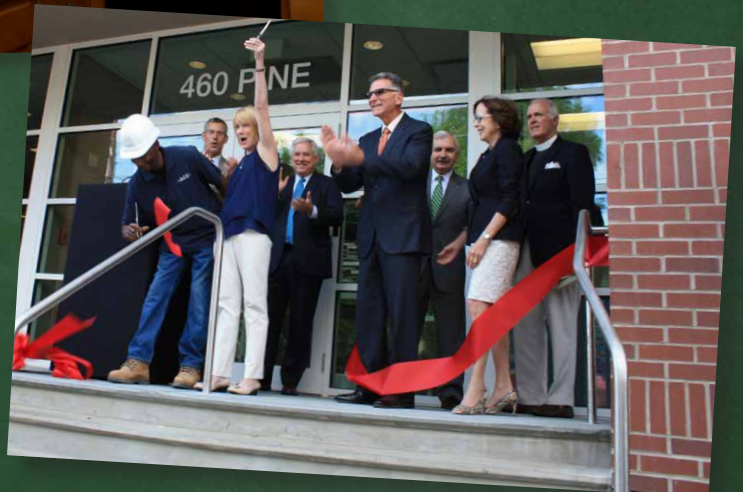




Massachusetts
Housing
Investment
Corporation

ANNUAL REPORT 2016

Innovative financing for
healthy communities





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.



Massachusetts
**Housing
Investment
Corporation**

ANNUAL REPORT 2016



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From the Chairman and President



2016 was a year that demonstrated the power of partnerships. Through collaboration with sponsors and investors, public officials, developers, lenders, and community-based groups, MHIC has been able to find creative ways to provide much needed capital to maintain a leadership position in affordable housing and community development finance.

Now well into our twenty-seventh year and with \$2.5 billion of cumulative investment throughout New England, we are facing challenges both old and new. That said, we entered 2017 in a strong position, with more than the usual number of projects ready to close.

Our \$70 million New Markets Tax Credit award in November gave us the capacity to immediately move forward on the high impact projects we identified in 2016 in urban and rural areas throughout New England. Those projects, among other benefits, will create and retain jobs, improve community facilities for low-income

children and families, and strengthen local economies and communities.

Our receipt of a \$1.8 million Capital Magnet Fund grant award in September gave us a core resource that we are leveraging to create a \$9 million Affordable Housing Fund. We will use the Fund to craft new financing products to support the emerging needs of our project sponsors. How MHIC is implementing this award represents the kind of out-of-the-box thinking that has characterized MHIC throughout its history.

Our Healthy Neighborhoods Equity Fund (HNEF) achieved important milestones in 2016 with successful fundraising, two more closings during the year, and three more closings scheduled for 2017. The purpose of HNEF – to provide gap financing for projects that are likely to have a transformative impact on the communities in which they are located – embodies one of the operating principles that has guided our work since our founding.

The end result of HNEF's and all of MHIC's work – building healthy and sustainable communities – is a challenging one to be sure. But we do see some encouraging trends. For example, now more than ever in our history, we are seeing various sectors, particularly those concerned with housing, community development, and public policy and health care, collaborating to develop new strategies for building healthier communities.

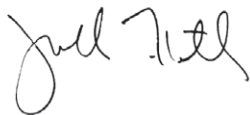
What it takes to build healthy communities isn't really anything new. We understand that neighborhood distress must be addressed to transform the life prospects of low-income residents. When selecting projects to finance, we have always considered their *context* to ensure that our financing will have the broadest and most transformative impact possible. What is new are the research and resulting data, and new partnerships, that support this more holistic view of what constitutes a healthy community.

Indeed, a lot more can be done when partners who share a common vision work in tandem. Since our founding, we have taken the word “partnership” very seriously, and we have worked hard to earn our reputation as a reliable long-term partner. We stay involved throughout the entire life cycle of the projects we finance to help sponsors make a smooth transition and ensure the future success of their project beyond its compliance period. For sponsors and investors alike, we aim to be there when you need us. At the same time, we know that we can’t do what we are doing without the continued support of all our partners – sponsors, investors, lenders, local partners and public officials at all levels who are mutually committed to the mission of building healthy communities.

Our review of 2016 cannot conclude without acknowledging that it was a year ending in an unusual amount of uncertainty. The possibility of tax reform, fewer public resources for development and for programs serving lower income communities surely could have a major impact on the work we do and the communities we serve. Even in the face of this uncertainty, much solid work continues on the ground. We may not know precisely what the future holds, but we know that we will be ready to do what we do best – looking at the bigger picture, developing new ways to craft innovative and flexible financing solutions, and building strength through partnerships.



Guillaem Aertsen
Chairman



Joseph L. Flatley
President and CEO





Somerville Honk Parade

The Year in Summary

2016 was a strong year for MHIC with major achievements in all key areas. Total financings for the year under all our programs reached \$94.5 million, and by the end of our 26th year we had provided a total of nearly \$2.5 billion to finance affordable housing and community development projects throughout New England. It is notable that entering 2017 we had an unusually strong pipeline of projects, many of which MHIC closed early in the year.

Excellent news came in November when MHIC received a New Markets Tax Credit allocation award of \$70 million, bringing our total NMTC allocations to \$807 million. Having utilized most of our authority from prior rounds, we now have the resources to move forward on many of the high impact projects we have identified.

MHIC also received a \$1.8 million Capital Magnet Fund grant award from a competitive grant program administered by the CDFI Fund to support affordable housing and economic development in low-income communities and underserved rural areas. To meet the leveraging requirement of this grant, we established the \$9 million MHIC CMF Affordable Housing Fund in early 2017. We will use the Fund to finance the development, preservation, rehabilitation, and purchase of affordable housing primarily for low-income families.

Our Healthy Neighborhoods Equity Fund (HNEF) gained considerable momentum with two projects closing in 2016 and three more proceeding to close in the first half of 2017. As the focus on developing real estate in transit-oriented communities grows, so will the need for HNEF financing to fill the equity gap and make those projects feasible. Using the HealthScore system developed by our HNEF partner, the Conservation Law Foundation, we are able to choose investments that are most likely to have the greatest impact in terms of creating healthy and sustainable communities.

In our low-income housing tax credit (LIHTC) business, we closed our largest housing tax credit equity fund ever. Given the competition for large projects developed by well-capitalized sponsors, MHIC continued to be relied on primarily to finance small to medium sized projects and those sponsored by CDCs, and we expect this to continue. As discussed elsewhere in this report, the LIHTC market has experienced some disruption as the prospect for tax reform remains in the news.

Total financings in 2016 under all our programs reached \$94.5 million. By program type, we provided \$43.8 million in low-income housing tax credit financing, \$26.3 million in loan financing, \$18.9 million in New Markets Tax Credit financing, and \$5.5 million in Healthy Neighborhoods Equity Fund financing. Our loans and investments supported 17 new projects representing 899 housing units and 276,840 square feet of commercial space.

In twenty-six years of operation, MHIC has provided a total of nearly \$2.5 billion in financing to 551 projects that created or helped preserve 21,286 housing units and over 4.8 million square feet of commercial space.





By program, MHIC has provided \$958 million under the LIHTC program, \$746 million under the NMTC program, \$674 under the loan program, and \$6.4 million under the HNEF program.

LENDING PROGRAM

In 2016 MHIC's loan program again had strong activity despite continued competition from more traditional lenders. We provided ten loans for a total of \$26.3 million. Our loans varied in size from \$150,000 to \$15 million and represented a broad geographic range including Boston, Framingham, Sheffield, Somerville and Westwood.

One way MHIC adds value to its sponsors and broadens the impact of its financings is to be innovative and flexible, and to work closely with partners to create financing products that suit their particular needs. Two of our loans, made to partners with whom we have long standing relationships, were unique in their purpose — to bridge contract payments for the future sale of state low-income housing tax credits.

MHIC's receipt of the \$1.8 million Capital Magnet Fund, and the establishment of the \$9 million MHIC CMF Affordable Housing Fund in early 2017, is a primary example of MHIC's achievement in seeking new opportunities to utilize both our loan

pool (MHIC, LLC) and loans made by MHIC. This Fund will allow MHIC to create additional new financing products such as longer term, low-cost predevelopment and acquisition funding for our sponsors.

Among our notable loans this past year was a large \$47.25 million acquisition loan for Beacon Communities that allowed them to acquire Highland Glen I, a project that provides 180 units of housing for low-income seniors and disabled residents. As the lead lender, MHIC and three other lenders teamed up and quickly executed this transaction to preserve its affordability.

We continue to provide financing for the Somerville 100 Homes Initiative, featured on pages 22–23, to help advance that program's goal to buy and rehabilitate homes in Somerville neighborhoods and rent them to middle- and low-income families.

2017 will be another very productive year for our loan program as we began with a strong pipeline of approved projects ready to close.

LOW INCOME HOUSING TAX CREDIT PROGRAM

Our 23rd housing tax credit equity fund was launched in September following the successful closing in April of Fund 22, our largest housing tax credit equity fund ever at \$86.8 million. Thirteen investors committed capital ranging from \$1 million to \$24 million. Fund 22 is already completely committed to eleven properties that will help preserve or create 833 affordable rental units throughout Massachusetts.

For the first three quarters of 2016 the LIHTC market remained vibrant with very aggressive competition. After the election, however, the market entered a period of instability and uncertainty not seen since 2009. The prospect of tax reform caused investors to hold back as they reviewed the impact of various potential corporate tax rates. That may result in fewer projects getting LIHTC financing in 2017 unless

the market regains stability. Overall, in 2016 MHIC provided \$44 million in LIHTC financing for eight projects, bringing our total LIHTC investment to date to \$958 million.

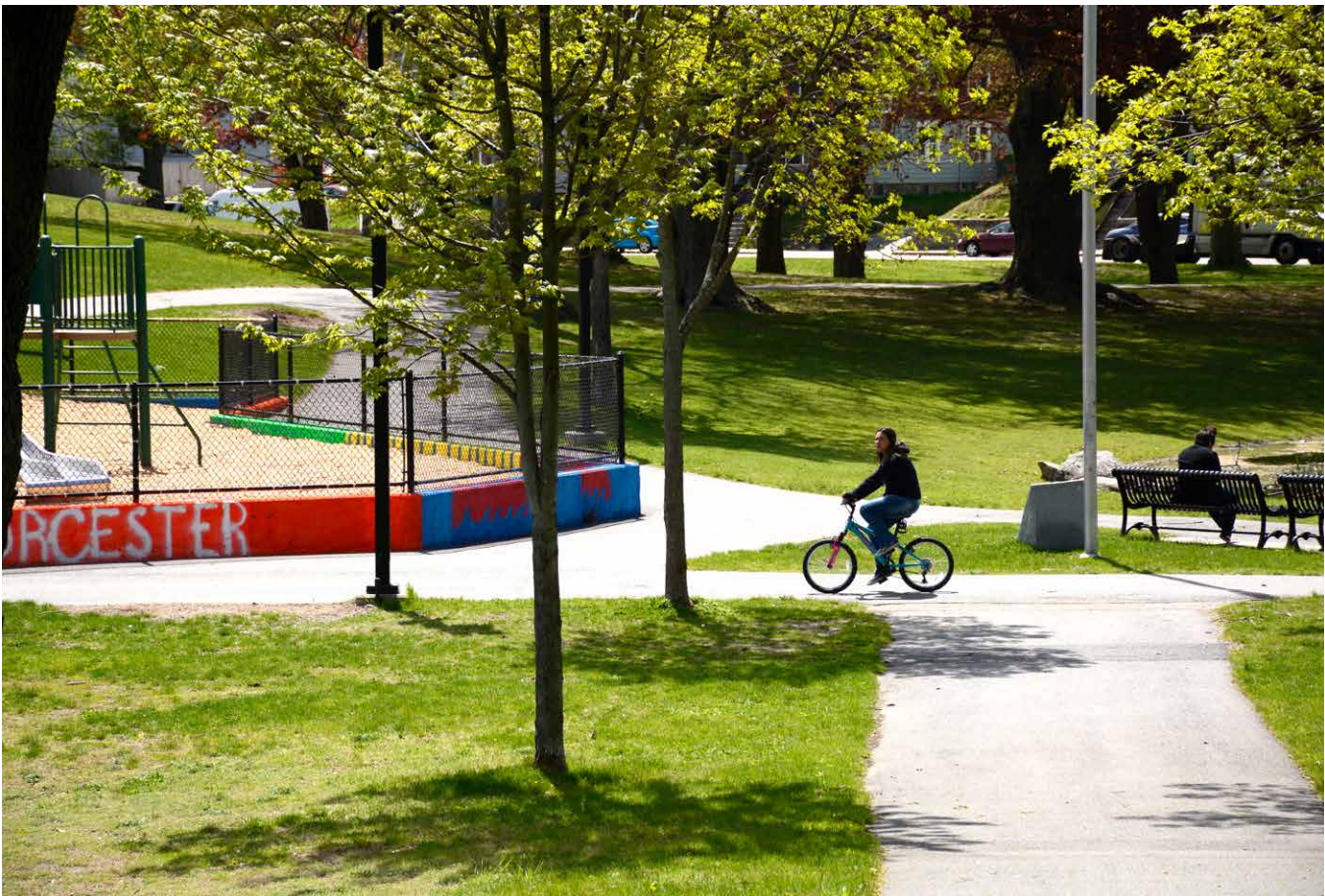
Most of the projects we financed using LIHTCs in 2016 were for preservation of affordable housing. One of the preservation projects also involved the construction of new units. In the case of Live 155 in Northampton, building a completely new facility for residents of a deteriorating building is helping to revitalize a downtown neighborhood.

We were also very pleased with the geographic range of LIHTC projects in 2016. MHIC financed developments in Boston, Northampton, Lenox, Hyannis, Cambridge, Worcester, and Framingham, thus adhering to our mission of meeting the critical affordable housing needs across the Commonwealth.

NEW MARKETS TAX CREDIT PROGRAM

As noted above, MHIC's \$70 million Round 13 NMTC award received in November was great news. Having not received an allocation in 2015, the impact on 2016 was a decline in our activity as we could only utilize remaining authority from prior rounds, plus \$9 million of our new award. However, we continued to maintain and grow a robust pipeline in preparation for the Round 13 award.

As a result, our new \$70 million allocation has already been targeted to the most promising opportunities we identified and expect to close in 2017. Unique to this round, MHIC made a commitment to allocate \$7 million to unusually small transactions, one of which has already been approved. MHIC also committed \$14 million (20%) of its allocation to non-metro/rural projects, such as Chroma Technology — approved





in December 2016 and closed in early 2017. Based in Bellows Falls, Vermont, this employee-owned company is a leading manufacturer of optical filters and related products. MHIC's \$7.5 million NMTC investment, which will enable the company to expand and increase its manufacturing and research and development facility by over 150%, will also create at least 28 new, high-quality jobs in this economically challenged rural community.

MHIC's total NMTC investment in 2016 was \$18.9 million, creating 218,513 square feet of commercial space, for a total to date of \$746 million. Though we closed only two projects in 2016, those projects are particularly notable in terms of the impact they will have on their respective communities.

Melnea Hotel, summarized on page 25, is expected to have an enormous economic impact both in terms of job creation and neighborhood revitalization in

the Roxbury neighborhood of Boston. It will create new full time and part time jobs with comprehensive benefits, bring vitality to a long vacant and underutilized site, and it will serve as an anchor for a mixed-use development that will transform this part of Dudley Square. Finally, Melnea Hotel, together with an adjacent development utilizing financing from HNEF, represents the first investment of significant private capital in any real estate development project in Dudley Square in over a decade.

HEALTHY NEIGHBORHOODS EQUITY FUND

It is no secret that zip codes matter for health, and that housing and health are closely linked. A growing body of evidence confirms that stable, safe and affordable housing is a key determinant of a person's health and well-being. We also know that housing is just one piece of the challenge and that healthy people and communities also need safe and affordable transportation, access to good jobs, local green spaces, and easy access to fresh, healthy food.

As this understanding has taken root in the housing and health care fields, and has been the focus of much attention across the country, HNEF has made great progress and is gaining national recognition as a pioneering real estate equity investment fund. HNEF was launched in 2014 by MHIC and CLF specifically to address what is needed to develop and maintain healthy communities: mixed-use, mixed-income, transit-oriented development projects in historically disinvested neighborhoods that have begun the process of revitalization.

We knew that development projects in such communities could be transformative, but they are often financially challenging to complete. So MHIC and CLF created HNEF to be a source of patient capital for developers who need this critical gap funding to help finance their projects, and we sought out investments in neighborhoods in the early to mid-stages of transformational change where they could make a real difference.



Over the past year we closed two HNEF investments, one in Braintree (Landing 53, page 28) and another in Boston (Treadmark, page 29), for a total investment of \$5.5 million and a total to date of \$6.4 million. Two additional investments were approved in 2016, both in Boston, and in early 2017 another investment was approved for Beverly. When all six project investments have closed, total investment will equal \$17.7 million.

These six current HNEF projects will have leveraged an additional \$121.4 million of private and public investment in low- and moderate-income neighborhoods. In total, they will create 528 new housing units of which 26 percent will be affordable to households earning 80 percent of Area Median Income or less. These projects will create more than 106,000 square feet of commercial space, including retail and office space, and generate over 140 new

permanent jobs and nearly 1,100 new construction jobs. In addition, these investments will support three new or improved parks and trails, a new grocery store, and several healthy food outlets. Equally important, they will contribute to safer and more walkable neighborhoods with new jobs and amenities that benefit current as well as future residents.

Funding for HNEF is a unique blend of public, major foundation and private sector funds totaling \$22.35 million. Class C funds of \$2 million are from the Commonwealth of Massachusetts and MHIC, with MHIC's funding via a CDFI grant. Class B funds total \$5 million and have been raised from Program Related Investments from the Northern Trust Company and the Boston Foundation for \$4.6 million, and \$400,000 from MHIC. The Northern Trust Company PRI is supported by guarantees from both the Robert Wood Johnson Foundation and The Kresge Foundation.

THE YEAR IN SUMMARY

Class A investors totaling \$15.35 million are financial institutions, private individuals and Boston Medical Center.

ASSET MANAGEMENT AND FUND MANAGEMENT

Over the years, as MHIC's portfolio of assets under management has grown — and now stands at \$1.12 billion — we have focused on building an experienced and skilled Asset Management department. As a result, MHIC's portfolios ended in exceptionally strong operating condition at the end of 2016. One indicator of this performance is that the Department's "Watch List" is the smallest it has ever been.

While much of their work goes on behind the scenes, Asset Management is critical to ensuring the best possible asset and overall fund performance. On a day-to-day basis, Asset Management has oversight of the NMTC, LIHTC and HNEF portfolios and is responsible for optimizing and preserving the investor's benefit stream and protecting the real

property generating these benefits. This work is done against a backdrop of changing regulations and tax issues — with Asset Management having to determine the possible impact those changes could have on MHIC's assets.

Increasingly, a core function of the Asset Management department is to manage the process of projects "exiting" at the end of their compliance periods — ensuring investment and financing structures wind down smoothly and supporting our developer partners as they deal with how to manage their projects into the next phase. On this front, MHIC is very proactive. Asset Management engages all stakeholders well in advance to initiate exit discussions and to manage the process of developing a smooth and workable transition plan.

In 2016 Asset Management again spent considerable time focused on the exit function. The department transitioned nine NMTC properties as they reached the end of their 7-year compliance period for a total of 38 exited properties over the past four years, and



Project Highlights



Building new affordable homes where they are most needed



Port Landing CAMBRIDGE

In a city where rents are among the highest in the country, Capstone Communities and Hope Real Estate Enterprises built this 100% affordable housing complex on the edge of Kendall Square in The Port neighborhood of Cambridge. Financed by MHIC in 2015 with \$3.6 million in LIHTC financing and completed in late 2016, Port Landing was built on a parcel of land that had been vacant and underutilized for 17 years. It provides 20 high quality rental apartments to hard working families and individuals who would have been priced out of Cambridge. Rents at comparable market rate apartments in this neighborhood are four to six times higher than those at Port Landing.



Live 155 NORTHAMPTON

HAP Housing, now known as Way Finders, demolished a deteriorating, single-room occupancy building on Pleasant Street in downtown Northampton to make way for a 70-unit apartment building with 2,800 square feet of retail space. Way Finders temporarily relocated lodging house residents in September 2016 and completed demolition in October. The new 4-story development will have 47 affordable and 23 market rate rental apartments. The retail space can accommodate up to four stores. Live 155 is within easy walking distance to downtown Northampton. Residents will also enjoy the bike trail and easy access to public transportation, including the Amtrak platform directly across Pleasant Street. This project, which transforms an underutilized property into new affordable housing, was in the works for more than a decade while the city of Northampton sought a nonprofit developer for the troubled property. MHIC provided \$8.5 million in LIHTC financing for this project. Completion is scheduled for early 2018.



Auburn Court I **CAMBRIDGE**

This rental apartment complex, in the Cambridgeport section of the city, is located on an enviable site. It is adjacent to Central Square, a diverse, walkable and bike-friendly neighborhood and commercial center with many public transportation options including the MBTA Red Line subway station. Harvard Square and Kendall Square are one stop away. Many other amenities are within walking distance.

The apartment complex, being renovated and developed by Homeowner's Rehab Inc., consists of 86 apartments in eight buildings – 77 built in 1995. It will be moderately rehabilitated (along with conversion of an office into a residential unit), and eight new apartments will be constructed. Thirty-nine of the existing 77 apartments and all eight of the newly-constructed units are affordable for low-income residents. Seven of the remaining 38 apartments are for moderate-income residents and 31 are market rate units. MHIC provided \$9.6 million in LIHTC financing for Auburn Court I. This project represents MHIC's eighth investment with HRI, another of MHIC's long-term partners.



Coppersmith Village **BOSTON**

This multi-phase project, being developed by Neighborhood of Affordable Housing (NOAH), will transform a former industrial site a few blocks from Maverick Square into a mixed-use, transit-oriented development. It will give area residents more housing options and breathe new life into this neglected but well situated corner of East Boston. Coppersmith Village will feature 56 rental apartments, 15 for-sale townhomes, and 3,000 square feet of commercial space. MHIC's \$7.6 million LIHTC financing is being used for the 56-unit rental portion of the development. Of the 56 apartments, 41 will be affordable and 15 will be market rate. This property is 0.2 miles from the Maverick Square MBTA Station providing direct access to downtown Boston in less than 10 minutes. Nearby Maverick Square offers a variety of amenities including restaurants, banks, grocery stores, and the East Boston Neighborhood Health Center, which was financed in 2012 with MHIC New Markets Tax Credit financing. The development plan includes new streetscaping, lighting and a park adjacent to the community room. East Boston Savings Bank is also a LIHTC investor with MHIC.

Preserving the past...and creating new modern homes



Lyman School Apartments BOSTON

The Lyman School opened in 1837 as one of the first schools built in East Boston. It was a pre-vocational school – offering what was called “domestic science” courses for girls. It also held evening vocational classes for immigrants. When the school closed in 1980 it remained vacant until 1986 when the Lyman School Housing Committee, Inc. converted it to housing for low-income frail seniors and people with disabilities. Original financing came from a HUD 202 Direct loan.

The project’s sponsor, East Boston Community Development Corporation (EBCDC) used MHIC’s \$3.6 million LIHTC financing for prepayment of the existing HUD loan, acquisition, renovations and preservation of the 5-story historic building. The former schoolhouse contains 45 apartments and 2,706 square feet of commercial space that will be leased by the East Boston Neighborhood Health Center (EBNHC), a partner in this venture, and the Lyman School Housing Committee. In addition to housing, EBCDC provides services to residents based on their individual health needs in coordination with EBNHC.

Like Coppersmith Village, Lyman School Apartments is within walking distance to the Maverick Station on the Blue Line of the MBTA and provides direct access to downtown Boston in less than 10 minutes.



Lenox Schoolhouse Apartments LENOX

Lenox is a small vibrant town in western Massachusetts, the site of Tanglewood – the summer home of the Boston Symphony Orchestra – and many other cultural and recreational attractions. Here, a historic schoolhouse that had previously been converted into a 44-unit assisted living facility for frail seniors is being converted into 38 affordable rental apartments for independent 55+ seniors. HallKeen, Inc. has relocated residents from the assisted living facility and is converting and rehabilitating this property through a resyndication and recapitalization plan. MHIC provided \$5 million in LIHTC financing.

Lenox Schoolhouse Apartments comprise a main building that was constructed in 1908 plus a large addition that is connected to the main building by a common hallway and elevator. Residents of the renovated facility will have benefit of lounges on every floor, a vaulted ceiling lounge/library room, an exercise room, dining room, community room, a central lobby and laundry facilities. The grounds are well appointed with attractively landscaped seating areas. The property is within walking distance to shopping, restaurants, the public library, several houses of worship, municipal services and the Lenox Community Center which houses the Lenox Council on Aging.

Harborlight House

BEVERLY



When you walk into Harborlight House at 1 Monument Square in Beverly, you feel a sense of warmth and friendliness. Residents are engaged – smiling, chatting, drinking tea – and they welcome you into their home.

Now an independent living facility for seniors of limited means on the North Shore, Harborlight House was originally constructed in the late 1880s as two beautiful Victorian single-family homes, one of which was the home of the first mayor of Beverly.

In 1963, the First Baptist Church of Beverly bought the homes, which became Harborlight House, and for many years operated it as a single-room occupancy facility providing meals, housekeeping and other assistance for seniors on a fixed income. To meet the changing needs of the senior population in this community, the church later joined the two buildings and rehabilitated the facility using historic and

low-income housing tax credit financing provided by MHIC. The work involved considerable renovation to create 35 units. That project was completed in 1999.

As the demand for regional affordable housing and services for the senior population continued to grow, several organizations on the North Shore serving those needs combined to leverage their years of experience into a regional housing organization, Harborlight Community Partners (HCP). By focusing on the housing needs of the region's growing underserved population, HCP works to make quality, safe housing and support services available to low-income residents across Southern Essex County. HCP currently owns, manages, or supports 366 housing units for 500 residents, including fixed-income elders and those with disabilities. Over the years, HCP has formed strong partnerships with several other service and health care organizations to expand the range of support services available to North Shore residents in need.

A place where frail, fixed-income seniors can age in place

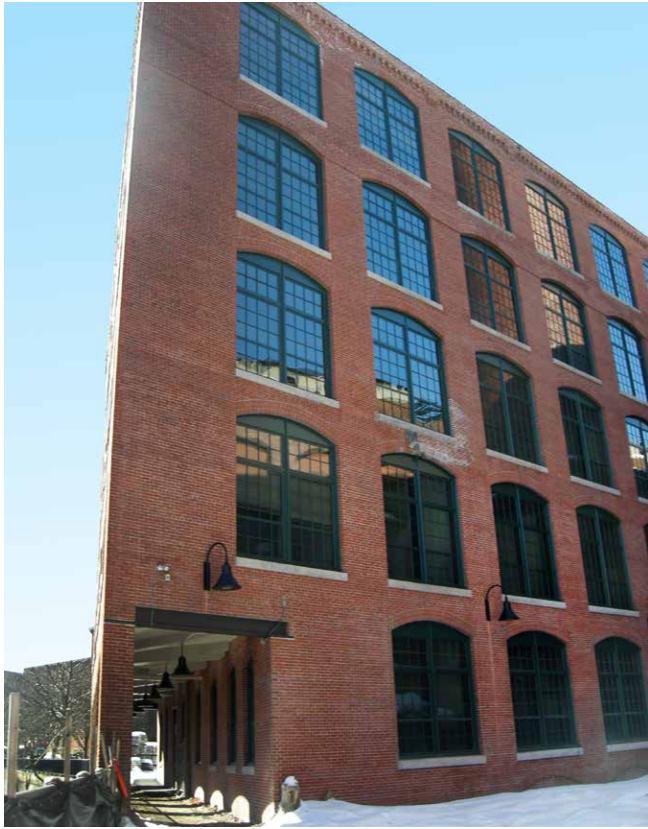


In 2015 Harborlight House embarked on renovations that were required as the age and, consequently, the needs of its residents have changed, to improve the facility's operations, and to meet industry standards. HCP used MHICs \$2.3 million in LIHTC financing to reduce the number of units from 35 to 30, add bathrooms and kitchenettes to each room, and expand the dining room and community spaces. That work began in 2015 and was completed in December 2016.

A few blocks from historic downtown Beverly and two blocks from the ocean, Harborlight House allows seniors in this community to live independently with social programs, meals, housekeeping, and personal assistance. The average age of current residents is 82 and several residents are in their 90s. Among the 30 residents you will find many different backgrounds and personalities, but one thing residents clearly have in common is that they are happy and proud to call Harborlight House home.

"Harborlight House is a special place that allows frail, fixed income seniors a chance to age in community. Preserving it for future generations required special partners like MHIC. The ongoing support and counsel of the excellent MHIC staff are key reasons Harborlight House was able to transition, establish financial stability for the future, and improve the quality of life for the residents. This is a great example of why reliable, skilled, and mission aligned partners are so important. THANK YOU MHIC."

— ANDREW DEFranza, EXECUTIVE DIRECTOR



Mass Mills III **LOWELL**

The last undeveloped and long vacant historic mill in downtown Lowell has been transformed into beautiful new mixed-income housing. R-M Developer LLC, a partnership between Rees-Larkin Development LLC and Picker Partners LLC developed this project which contains 57 affordable and 13 market rate apartments. This complex is a short walk to shops, food stores, restaurants and everyday neighborhood conveniences in downtown Lowell. The Merrimac River, a pedestrian river-walk path, and many other places for outdoor recreation are nearby. The Lowell Regional Transit Authority bus routes and commuter rail are within one mile.

MHIC financed this development in 2015, providing one-third, or \$6.2 million, of the total construction loan, and \$14 million of LIHTC and HTC equity. The project was completed in early 2017.



Cable Mills **WILLIAMSTOWN**

Three abandoned historic mill buildings on a 9-acre site have been transformed by Mitchell Properties into a vibrant community of attractive rental apartments with tall ceilings, massive windows, exposed brick and beams, and open floor plans. Cable Mills is within the town center and a few blocks from Williams College, giving resident's access to shops, restaurants, green space, and other amenities within walking or biking distance. As part of the project, a river walk along the Green River, running the full length of the site's border, was created and is open to the public.

Cable Mills was financed in part from Community Preservation Act funds from the town of Williamstown. MHIC and the Property and Casualty Initiative, in a 50/50 partnership, each provided construction financing of \$7.5 million. The project was financed in 2015 and was completed in 2016.

Preserving and improving affordable housing



Founders' Court **HYANNIS**

Founders Court Apartments is a 32-unit family development located just off Rte. 28, approximately 2.5 miles from Hyannis town center and within walking distance to the Cape Cod Regional Transit bus service and the middle/high schools. These rental homes are in four 3-story buildings, and a fifth building contains a management office, community room, laundry space and a commercial space leased to a daycare provider.

The property was built in 1989 under a 40B Comprehensive Permit by a private developer and, following foreclosure, was bought in 1994 by Founders Court Corporation, a nonprofit that has served low- and moderate-income households on Cape Cod for 25 years. POAH Communities, the property management arm of Preservation of Affordable Housing (POAH), has managed the property since 2013. Twenty-seven of the 32 units are LIHTC qualified with five units reserved for households earning up to 50% of the Area Median Income. Two units are assisted under a Section 8 contract and four units provide homes for mentally ill or developmentally disabled residents.

POAH used MHIC's \$1.4 million in LIHTC financing for renovations such as new siding and insulation, new windows and exterior doors, improvements for better ventilation and emergency egress, high-efficiency furnaces, and kitchen and bath updates. It is unlikely any other syndicator would undertake an investment of this small size.



Tribune Apartments **FRAMINGHAM**

To ensure the long-term affordability of Tribune Apartments, Preservation of Affordable Housing (POAH) purchased this property in 2013 with a \$5.3 million acquisition loan from MHIC. In 2016, MHIC provided a permanent loan of \$1.3 million and \$5.6 million in LIHTC financing for the rehabilitation of the development. Under its previous ownership, the affordability provisions would have expired in less than a decade.

Tribune Apartments consists of two adjoining 4-story buildings, one built in 1910 and the other, which housed the former Tribune newspaper, in the 1880s. The buildings were later combined and converted into affordable housing for seniors and disabled persons in 1982.

Under POAH's ownership and management, Tribune Apartments has received a new 20-year project based Section 8 contract that will continue to cover 100% of the units. The property includes two community rooms, onsite management, and is about 100 yards from the commuter rail and MetroWest transportation service. Residents of the building have the benefit of onsite resources such as crisis intervention, health care services, and coordination of home support.



Highland Glen I **WESTWOOD**

Beacon Communities LLC preserved 180 affordable rental apartments for seniors and disabled residents by acquiring this property in Westwood, about 12 miles southwest of Boston. To make that possible, MHIC provided \$15 million as the lead lender and participant in a \$47.25 million acquisition loan. The three other lenders were the Property and Casualty Initiative, Eastern Bank, and Boston Private. This experienced lending group very quickly underwrote, approved and closed the loan.

Highland Glen was originally built in 1980 under a 40B Comprehensive Permit, and was then sold to another owner from which Beacon Communities LLC bought the property. There is strong demand for Highland Glen's affordable rental apartments with a waiting list of over two years.



Boston Bay Apartments **BOSTON**

Boston Bay Apartments is a scattered site project owned by United Housing Management (UHM) in the Grove Hall section of Dorchester with 88 rental apartments in ten 3-story walkup buildings. All of the properties are located between two major arteries, Blue Hill Avenue and Columbia Road, close to public transportation as well as to a wide variety of retail stores, restaurants, schools, health care services and recreational facilities. One hundred percent of the units are affordable and covered by a 20-year, Project-based Section 8 contract.

For this project, MHIC provided a \$1.96 million bridge loan to UHM while the sponsor put together a recapitalization plan to raise funds for substantial rehabilitation.

UHM is a minority-owned business (MBE) with an exceptionally strong record of support for local businesses, especially local MBEs. Last year the company was presented with MassHousing's highest award for achieving the highest rate of participation with M/WBEs compared with any other large management company in MassHousing's portfolio.

Using creative financing for unique situations



730 Main Street **SHEFFIELD**

This single family home in western Massachusetts had been placed into receivership when it was abandoned by its owner. MHIC provided a \$75,000 construction loan and a \$75,000 subordinate loan to the receiver and developer, Paul Supranowicz, who gutted the property and made major improvements to get the home ready for sale.

MA LIHTC Bridge Loan— Hunter Place **SPRINGFIELD**

MHIC's \$867,819 loan to a state tax credit broker will bridge the future payments on the purchase of state LIHTCs to his company for Hunter Place, an affordable housing complex for seniors in Springfield.

Dorfman Capital MA LIHTC Bridge Loan—Live 155 **NORTHAMPTON**

MHIC provided a \$2,184,000 bridge loan to Dorfman Capital to bridge contract payments on the future sale of the state LIHTCs generated by the Live 155 project in Northampton described on page 13. The innovative structure of this transaction resulted in \$125,000 of additional state LIHTC proceeds for the project.



2201 Washington Street **BOSTON**

This 3-story commercial property in the heart of Dudley Square houses the Massachusetts Department of Transitional Assistance, Alternatives for Community & Environment, and Boston Plan for Excellence. To retain current tenants and attract new ones, Madison Park Development Corporation is improving and reconfiguring the interior space with the help of a \$730,000 loan from MHIC. In addition to the tenants mentioned above, Best Corp., a nonprofit hospitality training center, moved into the building in late 2016. Daily Table, a nonprofit retail store that sells affordable fresh foods, will occupy the ground floor. Previously, MHIC had provided NMTC financing for redevelopment of this building.

Spike Segundo Permanent Loan **GREENFIELD**

In this unique transaction, MHIC provided a \$1.67 million term loan to Spike Segundo, LLC, owned by Jordi Herold, a valued MHIC sponsor. The loan was structured to help Mr. Herold refinance existing hard debt, provide liquidity, and unwind the NMTC financing provided by MHIC for Mr. Herold's development of three historic buildings in downtown Greenfield. That development, which created rental apartments, office space and retail establishments, has had a major, positive impact on downtown Greenfield.

SPECIAL REPORT

Somerville 100 Homes Initiative

SOMERVILLE



Somerville is hot. The city used to be called “Slummerville,” a name it got in the 1950s when students fled there to escape high rents in Cambridge. But over the past decade real estate prices have skyrocketed in this small city north of Boston. Now, Somerville is one of the top ten cities in Eastern Massachusetts where the “home market is soaring.”

It should come as no surprise that Somerville would be a desirable place to live, given its proximity to Boston and Cambridge, walkability, good public transit – which will be enhanced with the planned extension of the MBTA Green Line – its active arts community, vibrant entertainment scene, and exceptional variety of shops.

The problem is that there’s little room to grow in Somerville. With just over four square miles and a population of nearly 79,000, it is the most densely populated municipality in New England and the sixteenth most densely populated municipality in the country.

Given its popularity, there are the problems of unchecked growth, gentrification, the displacement of people who have lived here for decades, and the loss of 2- and 3-family homes to speculation. Of equal concern is preserving the special character of Somerville’s neighborhoods in this city with 50 languages spoken in its public schools.

With a well-earned reputation as a well-managed city, Somerville has the advantages of a receptive government and an engaged public to tackle these challenging issues. Starting in 2009, residents and city planning staff engaged in a planning process with the goal of creating “SomerVision: Somerville’s Comprehensive Plan 2010-2030” which would reflect community-based values and vision.

After many public meetings and input from a wide range of stakeholders, in early 2012 the city adopted the final SomerVision plan. This comprehensive, long-range strategic plan is, broadly speaking, aimed at helping to ensure that “the city continues to be an exceptional place to live, work, play, and raise a family.”

From late 2013 to late 2014, Somerville’s Mayor Curtatone convened the 30-member Sustainable Neighborhoods Working Group (SNWG) to specifically address the affordability challenges identified in SomerVision. The *Somerville 100 Homes Initiative*, launched by the city in late 2015, was an outgrowth of the SNWG report, which called for creation of 100 new units, as well as for comprehensive zoning reforms that support construction of inclusionary housing.

The 100 Homes Initiative was designed to have the city support Somerville Community Corp.’s (SCC)

Helping a city realize its vision: preserving affordable homes and its unique character



ability to purchase properties on the market that are being lost, often to speculators. Once the properties are acquired, SCC rehabilitates them and acts as owner and landlord, ensuring a diversity of units affordable to a range of incomes. As a result, current tenants can stay in place after the sale of their homes rather than face possible eviction, or escalating rents in the case of a property being renovated and resold by another buyer.

MHIC worked closely with the city and SCC to design procedures to make the program work. MHIC's role is to provide a line of credit so that SCC can quickly acquire multi-family residential properties with the ultimate goal of permanently stabilizing rents at affordable levels.

Drawing on MHIC's \$5 million line of credit, SCC can make offers on properties like a cash buyer, competing with many other buyers. In some cases, SCC can quickly acquire a property below full market value before it even hits the market. The city funds the program primarily through subsidies provided under the Community Preservation Act (CPA).

So far, SCC has acquired 20 apartments in seven buildings scattered across the city. Five of those properties, with a total of 13 units, were purchased and are being improved using MHIC's line of credit,

two units in 2015 and 11 in 2016. The other properties acquired by SCC were funded through the CPA and city block grants.

Somerville has demonstrated an ability to think outside the box and forge strong partnerships – with SCC, MHIC, and the community at large – to ensure that it will continue to be “an exceptional place to live, work, play and raise a family,” for residents old and new.

“Somerville used to be a place where housing was inexpensive everywhere, but those days are gone. The 100 Homes program is our attempt to capture some of the thousands of apartments in Somerville's old two- and three-family housing stock to preserve their long-term affordability. We've already acquired seven buildings and 20 apartments. More importantly, we've proven that the original concept crafted with MHIC and the City of Somerville can work. Now other cities and CDCs are seeking to replicate the 100 Homes concept in their neighborhoods.”

DANNY LeBLANC, CHIEF EXECUTIVE OFFICER,
SOMERVILLE COMMUNITY CORPORATION

Expanding health care = healthy people and healthy communities



Greater Danbury Community Health Center

DANBURY, CONNECTICUT

The new Greater Danbury Community Health Center (GDCHC) will not only enable the health care provider to expand services and serve a larger number of patients, but it will also give a boost to downtown Danbury.

GDCHC provides comprehensive pediatric and adult primary care to residents of Danbury and nine surrounding towns. Serving a primarily low-income and underserved population, this federally qualified health center employs about 40 providers and annually sees approximately 40,000 patients regardless of their ability to pay.

Using New Markets Tax Credits GDCHC built a new 4-story building which was completed in October 2016. The health center can now consolidate operations, add new services, and provide headquarters for its parent organization, the Connecticut Institute for Communities. It is also taking over ambulatory services from the local hospital.

The health center gives a substantial economic boost to downtown Danbury. The new building transformed a vacant lot into a major community asset, and it will bring new jobs to downtown Danbury. In 2015 MHIC provided \$8.3 million in New Markets Tax Credit financing for this project as one of three CDEs. Chase is a co-CDE and is also the NMTC investor.



Lawrence General Hospital

LAWRENCE

In late 2016 Lawrence General Hospital (LGH) completed its new \$56 million state-of-the-art building that more than doubles its surgical space and distinguishes LGH as having the most modern surgical facility in the region. The addition supports highly complex procedures with seven suites including the only hybrid operating room in the region.

LGH is a regional hospital providing high quality, affordable care to residents of the Merrimack Valley and Southern New Hampshire. Serving nearly 300,000 patients annually, LGH is the largest employer in the city with approximately 1,800 employees. With strong ties to the community, LGH participates in local workforce development programs to provide training and work opportunities for area residents. This project is part of a \$73 million Master Facility Plan to modernize and expand the hospital, thereby giving area residents better access to high quality and cost effective health care. In 2015 MHIC provided \$11.8 million in New Markets Tax Credit financing. Bank of America Merrill Lynch is a co-CDE and is the NMTC investor.

Creating new jobs, building new homes, and bringing new business to Roxbury

Melnea Hotel

BOSTON

After a two-year delay while the sponsors sought financing, gained multiple approvals, refined their local hiring strategy, and addressed community feedback, construction began on the Melnea Hotel in December 2016. This hotel – a Marriott Residence Inn – will be the first hotel to be built in Roxbury in over a decade. It will serve as an anchor for the multi-use development consisting of 135 hotel rooms, 50 rental apartments, and commercial/retail space being built on a long vacant parcel at Melnea Cass Boulevard and Washington Street owned by the city and state. MHIC's \$13.6 million New Markets Tax Credit investment, which is part of a total of \$29.5 million NMTC commitment, is being used to finance the 6-story hotel portion of this project. The housing portion, to be owned and financed separately with an investment from MHIC's Healthy Neighborhoods Equity Fund (HNEF), is scheduled to close and begin construction in the spring of 2017.

This new development will bring vitality to what has long been a vacant site along a busy and highly visible thoroughfare and connect Dudley Square to the South End. Emphasizing strong outreach to, and recruitment from the surrounding community, the project creates good construction jobs, permanent jobs with attractive wages, benefits, training and advancement potential, and opportunities for minority and other local business enterprises. In addition, the hotel owner will contribute \$400,000 to local workforce development organizations. The new hotel will bring thousands of additional visitors to Dudley Square to frequent neighborhood businesses, increasing prosperity and safety. MHIC provided NMTC financing to this project as one of three CDEs. Chase is the NMTC investor.



SPECIAL REPORT

G.S. Precision

BRATTLEBORO, VERMONT

When you look at the buildings in these pictures, it's hard to imagine what's going on inside. First you drive up what at first appears to be a country road that turns out to be a Vermont version of an industrial park. The road is lined with neat, mostly one-story industrial buildings spaced far apart from one another with rocky cliffs and forest behind them.

Then you arrive at G.S. Precision (GSP) – a leading manufacturer of high-precision components primarily for the aerospace and defense industries and one of the largest manufacturing employers in Brattleboro. When you enter the building, it is relatively quiet. Large machines and equipment operated by skilled employees looking intent, many behind computer screens, occupy 123,000 square feet of industrial space in two buildings. The whole scene looks like a huge Swiss watch operating in sync.

George Schneeberger, who now serves as chairman of the board, founded GSP in 1958 and moved the company to Brattleboro in 1985. With five manufacturing plants in North America – two in Brattleboro – the company has done well and is well-positioned for continued growth. The company currently employs over 350 people in Brattleboro, an increase of forty-plus jobs since the NMTC project's inception.

In 2015, when the company concluded that it needed more capital, space and equipment to enable its growth and hold its competitive position in the industry, it even considered a move out of state. That is when

“This project allowed for the retention of 300 high paying, quality precision manufacturing jobs and the creation of up to 100 new jobs here in Brattleboro. The expansion will help offset the impacts from the closure of Vermont Yankee Nuclear Power plant.”

ADAM GRINOLD, EXECUTIVE DIRECTOR
OF BRATTLEBORO CREDIT DEVELOPMENT
CORPORATION



state and local government – which has been striving to reverse the long-term decline of average earnings, employment, and working age population in the region – made retaining GSP in Brattleboro a top priority. The Brattleboro Development Credit Corporation (BDCC), a private, nonprofit economic development organization, along with state and local government and regional planning agencies, sprang into action.

BDCC took the lead in assembling a package of incentives to make it feasible for GSP to stay. At the request of BDCC, MHIC and Vermont Rural Ventures were asked to provide NMTC financing to fill the gap between total costs – construction and new equipment – and bank loans, state and local resources, and cash equity from the company. The lack of sufficient cash equity to support a major expansion is a common problem among manufacturers in northern New England given high construction costs, low values for industrial property, and the need to purchase state-of-the-art equipment. To solve this problem for GSP, MHIC provided \$5.3 million in NMTC financing with TD bank as the NMTC investor. As a co-CDE, Vermont Rural Ventures also provided NMTC financing. As a result, two additions to the GSP buildings, totaling 23,000 square feet, and installation of \$4.8 million of new equipment were made possible, positioning GSP to grow in this rural community for many years.

Preserving and creating new jobs in rural New England



The retention and creation of jobs was particularly important because of the closing of the Vermont Yankee Nuclear Power Station in 2015. For over 40 years, Vermont Yankee had been a major source of employment in this rural region, with over 600 employees. Before its closure, the plant annually pumped \$100 million of wages, purchases and charitable contributions into this area where most of its workers lived, paid taxes and were part of the local social fabric.

The expansion of GSP means retention of its jobs and addition of at least 100 new jobs over the next five years. The jobs at GSP are of good quality, with an above-average starting salary and benefits package and ample opportunity for advancement through on-the-job training.

To assure a consistent flow of new, trained workers, GSP has partnered with Vermont Technical College to open the G.S. Precision School of Manufacturing

Technology. The BDCC, which owns the property and is leasing it back to GSP, is working with high schools and technical schools to attract more young people into the profession, and with the Vermont Department of Labor and other local workforce development organizations to prepare and link low-income people to jobs at GSP.

“G.S. Precision is in the midst of a major growth phase that requires significantly more equity capital than GSP could access on its own. The underwriting of the New Markets Tax Credit financing by MHIC and others was the single biggest financial driver behind our ability to move forward.”

**JOHN HANLEY, CHIEF FINANCIAL OFFICER,
G.S. PRECISION**

Investing in transformative projects to create healthy, diverse and sustainable communities



Landing 53 BRAintree

Landing 53 is a mixed-use, transit-oriented project that will give a significant economic boost to a neighborhood in transition.

The property, being developed by Joshua Katzen, is under construction on a 2-acre lot that was formerly occupied by old, semi-vacant buildings. The property was ideally suited for redevelopment because of its proximity to public transit, strong community support and other revitalization efforts already under way. MHIC's \$5 million Healthy Neighborhoods Equity Fund investment provided crucial equity gap financing which enabled the developer to move forward.

With 2½ stories on the front and five stories on the back, Landing 53 will consist of 172 rental apartments affordable to middle income households. The building will include amenities such as a health club, lounge, common space, elevated patio and indoor storage for bicycles, kayaks and canoes. On the ground floor the property will contain 3-4 retail stores occupying 12,000 square feet of commercial space.

Just 12 miles south of Boston, Braintree is a community with a strong residential character, a deeply rooted business community, and great potential for growth. The MBTA's Weymouth Landing-East Braintree commuter rail stop, located across the street from Landing 53, transports people to Boston by rail in 30 minutes. This area, formerly a thriving industrial and commercial district at the mouth of the Monaquot and Fore Rivers, is poised to once again become a vibrant mixed-use neighborhood.

Landing 53 will enhance the environment and encourage outdoor activity. The developer will connect the pedestrian pathways around the property to the network of paths of the Monaquot River and canoe launch, encouraging people to exercise and enjoy nature.



Treadmark BOSTON

Treadmark is a transformative project that will significantly advance the revitalization of Boston's historic Ashmont neighborhood, an area with a rich past but until recently marked by disinvestment. It is being developed by Trinity Financial Inc. and is currently under construction. The development consists of two separately financed projects within a single newly constructed building, directly across from the recently reconstructed, state-of-the-art Ashmont MBTA station at Peabody Square. MHIC's \$486,130 Healthy Neighborhoods Equity Fund investment is in the moderately priced 32-unit homeownership condominiums that will be on the 5th and 6th floors. The rental portion (not financed by HNEF) consists of 51 low-income housing tax credit apartments and 5,000 square feet of ground floor retail.

When considering this project as a potential investment, HNEF found many factors, including strong public and community support and growth potential, that would likely make it a high impact project. It will improve the overall walkability of the



surrounding streets, bring new affordable housing to the neighborhood and create approximately 15 new permanent jobs in retail and property management. More than a quarter of the region's jobs are accessible within a 45-minute transit commute. With excellent access to public transportation and proximity to Boston, the Ashmont neighborhood has, in recent years, experienced considerable new growth with the opening of new restaurants, cafes, a bookstore and other retail establishments. Adjacent to Treadmark is the Carruth building, a 116-unit mixed-income residential building, also developed by Trinity Financial, which opened in 2008. This is an attractive Boston neighborhood perfectly suited for major revitalization.

Nuestras Casas

WORCESTER



In 1988 Worcester's Main South neighborhood was a very different place. Formerly beautiful Victorian homes, alongside triple-deckers, were in disrepair. Vacant, deteriorating industrial facilities, once a source of jobs for people in this formerly thriving neighborhood, dotted the landscape. Crime and poverty were pervasive and affordable housing was in short supply. Clearly, this was a neighborhood suffering from disinvestment, one that had never recovered from the post-World War II decline and exodus of people and businesses to the suburbs that also plagued many other industrial cities across New England.

In 1985 Clark University, a major presence in the Main South neighborhood, became concerned about the ongoing disinvestment in the area that was negatively impacting the quality of life for residents and the university. Under new leadership, Clark University made a commitment to the philosophy that "Clark is part of the community," and began to take the first of numerous proactive steps that earned

trust for the university among people concerned with revitalizing Main South.

Around the same time, a group of community residents and activists came together to craft strategies and, broadly speaking, figure out how to reverse the decline and improve the quality of life for Main South residents and businesses. Inevitably, Clark and the community group teamed up and formed a working group to tackle the issue. Soon thereafter, it was evident that they needed a development entity dedicated to improving the neighborhood, and Main South CDC was created.

Since 1988, Main South CDC and Clark University have enjoyed a long and successful working partnership with tangible benefits – over \$50 million of new investment within the Main South area. These investments were made as part of a comprehensive neighborhood revitalization plan that included such community projects as clearing an industrial brownfield site and building a new Boys & Girls Club, and building a track facility to be owned by the

Main South—A Worcester neighborhood transformed



University but shared with the Boys & Girls Club. Clark's track facility was completed in 2016 and is a tremendous asset to the community.

MHIC has been working with Main South CDC since 1993 when it provided low-income housing tax credit financing for Freeland Apartments, a project next to the Clark's campus. That project involved rehabilitation of three adjacent vacant buildings to create 26 affordable rental apartments and six commercial spaces on the ground floor. Between 1993 and 2016, MHIC has provided a total of \$24.8 million to Main South CDC for the acquisition and rehabilitation of 267 housing units for six low-income housing tax credit projects, as well as the acquisition and rehabilitation of 69 formerly foreclosed properties containing 184 housing units under MHIC's Neighborhood Stabilization Loan Program.

Another project – Beacon/Oread – for which MHIC provided debt and equity financing – targeted entire blocks for comprehensive redevelopment. In 2000

Main South CDC completed the renovation of nine abandoned and fire-damaged buildings on the corner of Beacon and Oread Streets. That project facilitated the demolition of substandard property, the acquisition of vacant and blighted lots, the renovation of existing buildings, and the construction of new affordable housing units that were aesthetically and architecturally compatible with the surrounding properties. The result was the transformation of these troubled streets in the neighborhood.

MHIC's most recent investment with Main South CDC was in 2016. For this project, Nuestras Casas, MHIC provided \$2.4 million in low-income housing tax credit financing for the rehabilitation of 80 housing units (73 affordable, seven market rate) in

Nuestras Casas

WORCESTER



14 buildings, most of which are 3- and 4-story walkups dating back to the early 20th century. The project also involves rehabilitation of five commercial spaces. Improvements, which vary from building to building, are moderate but necessary to maintain and improve the buildings and make them energy efficient. MHIC's financing will allow Main South to lower its debt payments on its current loans and allow it to cover the true costs of properly managing and maintaining the units as quality affordable housing. Completion is expected in July 2017.



The transformation of the Main South neighborhood since the late 1980s could only come about with a community's vision rooted in neighborhood pride, commitment from private and public stakeholders, and partners who share a commitment and have the resources to help make the vision a reality. Main South Executive Director Steve Teasdale noted that the neighborhood has regained a sense of pride, a sense of identity, and a sense of community.

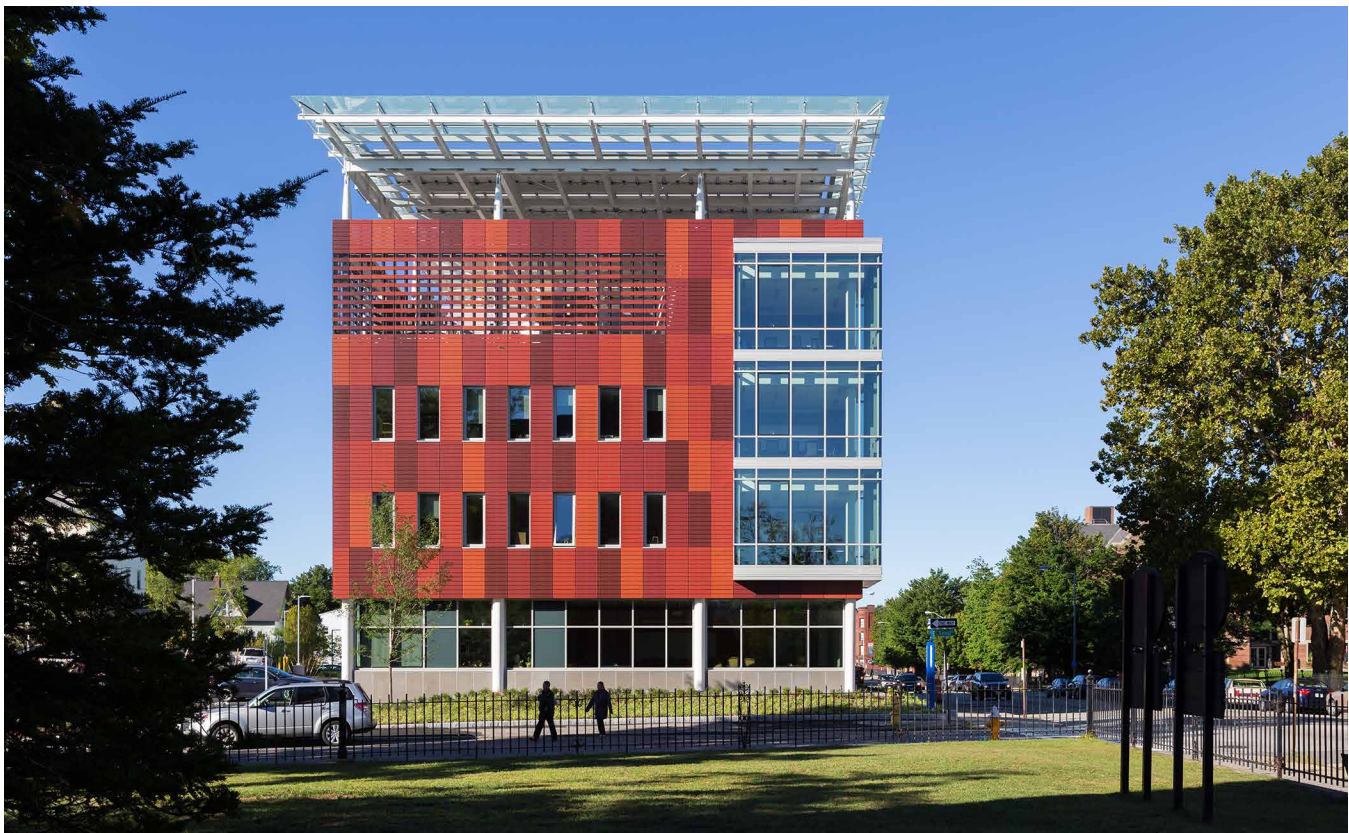
“Over the last 15 years we have seen a transformation of the Kilby-Gardner-Hammond section of Worcester’s Main South neighborhood. The Main South CDC and its partners, Clark University, the Boys & Girls Club, and the City of Worcester have invested over \$70 million in new housing developments, recreational facilities and infrastructure improvements within this previously severely distressed section of the city. Thank you, MHIC, for providing an extensive variety of grants, tax credit equity and access to loan capital to help fund this effort. You have been an invaluable resource and steadfast supporter of our work!”

STEVE TEASDALE, EXECUTIVE DIRECTOR, MAIN SOUTH COMMUNITY DEVELOPMENT CORPORATION

Turning a vacant site into a community asset and an anchor for neighborhood renewal

Clark University WORCESTER

In August 2016, Clark University officially opened its new Alumni and Student Engagement Center. Located on Main Street across from the main campus, the stunning new 4-story building serves as a cornerstone for Clark's recently launched Liberal Education and Effective Practice program. It brings the student support services into one building with offices, classrooms and meeting spaces for alumni activities and community programs. This project, built on a formerly vacant parcel in Worcester's Main South neighborhood, transforms an underdeveloped site into an anchor for the entire block. It links the main campus green with University Park, providing a continuous greenway that unifies the campus and will serve as a catalyst for additional investment in this neighborhood. MHIC financed this project in 2015 with \$7 million in New Markets Tax Credit financing as one of two CDEs. U.S. Bank is the NMTC investor.



EXCELLENCE AWARDS

GREAT BRIDGE PROPERTIES

BILL CASELDEN

CHRIS DAVIES



*Bill Caselden (left) and
Chris Davies*

MHIC is pleased to honor Great Bridge Properties and its principals, Bill Caselden and Chris Davies, for their continued partnership in building quality affordable housing and their efficient stewardship of public resources in a rising cost environment.

Based in Portsmouth, New Hampshire, Great Bridge Properties, LLC has been providing housing for working families and seniors in Massachusetts and New Hampshire since 2000. Founded by Bill Caselden and Chris Davies, Great Bridge develops high quality rental housing communities and provides development consulting services to nonprofits. To date, the company has developed 503 units of housing in 12 low-income housing tax credit properties in Massachusetts and New Hampshire.

Great Bridge Properties has been MHIC's partner since 2002 when MHIC provided debt financing for Auburn Apartments in Haverhill. With that project, Great Bridge gave Haverhill's downtown revitalization efforts a boost and provided much needed affordable housing. They demolished a vacant, run-down structure and built 30 new affordable and handicapped accessible rental apartments.

Also with MHIC financing, Great Bridge transformed a vacant historic school in Attleboro into affordable rental apartments, turned the site of an old drive-in theater into a multi-phase affordable rental housing development, and is now building a new affordable rental apartment community on the site of two industrial buildings in North Attleboro.

In all its projects, Great Bridge works closely with local government and community leaders to build support and ensure that the housing it builds will address the most pressing community housing needs.

VICENTE'S SUPERMARKET

JASON BARBOSA

BRIAN VICENTE

ALINO RODRIQUEZ

KEVIN BARBOSA

AND MANY OTHER FAMILY MEMBERS



*Left to right: Brian Vicente, Alino Rodriguez,
Manuel Vicente, Jason Barbosa, Kevin Barbosa*

It is a privilege this year to honor Vicente's Supermarket and its owners for building on family values, embracing innovation, and working tirelessly to beat the odds and launch a thriving independent supermarket that is transforming the community.

The Vicente's family has operated a full-service grocery store that has been a Brockton staple for more than 20 years. In September 2015, with New Markets

Tax Credit financing, the family opened a new store built on a five-acre former supermarket site that had been vacant for many years.

The new store brings healthy food choices to a neighborhood adjacent to a federally-designated “food desert” and transforms an underutilized property just blocks from downtown. It is a key part of the revitalization of downtown Brockton and neighborhood residents report that its presence has already made a big improvement in their quality of life.

Not only is Vicente’s bringing fresh, healthy food to this neighborhood, but the supermarket also has teamed up with Brockton Neighborhood Health Center, a nonprofit community health center, which built and opened a satellite facility adjacent to Vicente’s. Together, they offer programs to provide food-related education classes, nutrition lessons, guided shopping, cooking classes, and a rewards program for healthy purchases.

Vicente’s collaboration with Brockton Community Health Center is a model for how community facilities and health care organizations can work together to prevent health problems and build healthy communities.

AMOS HOUSE

EILEEN HAYES, PRESIDENT/CEO

Amos House and Eileen Hayes are being honored this year for the steadfast execution of its vision to build a new home to meet the needs of the community by “helping more people help themselves.”

Based in Providence, Amos House provides direct support for persons in Rhode Island who are hungry, homeless or in crisis, and operates the largest soup kitchen in the state. With NMTC financing, the nonprofit built a new facility to expand its dining area, add classrooms, community rooms and training centers, consolidate staff offices, and create additional housing. Amos House now can seat 20% more people at each meal, serve more clients in a spacious Service



Andrea Daskalakis (left) and Eileen Hayes

Center, and accept 50% more students into training programs. Every night, Amos House provides safe housing for more than 175 people, and in the last year the nonprofit served more than 150,000 warm and nutritious meals.

The training and education programs offered by Amos House offer individuals and families a fresh start and new opportunity by giving them skills, real life experience, and job placement assistance. The Carpentry and Maintenance Training Program, which is nationally recognized, and the Culinary Education Program are particularly notable. Graduates of the carpentry program receive OSHA certification, and 75% of the culinary program graduates secure employment within three months of graduation.

Through all of its services, Amos House gives formerly homeless people or those struggling with unemployment the support and tools they need to be stronger and healthier, to give them confidence, and to become part of the greater community.

The MHIC picture



PROJECTS FINANCED IN 2016

PROJECT	UNITS	LOAN	HOUSING TAX CREDITS	NEW MARKETS	HNEF	TOTAL
2201 Washington Street, Boston	0	730,000	0	0	0	730,000
730 South Main Street, Sheffield	1	150,000	0	0	0	150,000
Auburn Court I, Cambridge	86	0	9,631,100	0	0	9,631,100
Boston Bay Apartments, Boston	88	1,960,000	0	0	0	1,960,000
Coppersmith Village, Boston	56	0	7,605,476	0	0	7,605,476
Dorfman Capital MA LIHTC Bridge Loan— Live 155, Northampton	0	2,184,000	0	0	0	2,184,000
Founders' Court, Hyannis	32	0	1,400,574	0	0	1,400,574
G.S. Precision, Brattleboro, Vermont	0	0	0	5,335,000	0	5,335,000
HAC Line of Credit, Hyannis	0	350,000	0	0	0	350,000
Highland Glen 1, Westwood	180	15,000,000	0	0	0	15,000,000
Landing 53, Braintree	172	0	0	0	5,000,000	5,000,000
Lenox Schoolhouse Apartments, Lenox	38	0	5,047,745	0	0	5,047,745
Live 155, Northampton	70	0	8,459,154	0	0	8,459,154
Lyman School Apartments, Boston	45	0	3,589,858	0	0	3,589,858
MA LIHTC Bridge Loan—Hunter Place, Springfield	0	867,819	0	0	0	867,819
Melnea Hotel, Boston	0	0	0	13,580,000	0	13,580,000
Nuestra Line of Credit, Boston	0	500,000	0	0	0	500,000
Nuestras Casas, Worcester	80	0	2,435,212	0	0	2,435,212
Somerville 100 Homes Initiative Line of Credit, Somerville	13	1,500,000	0	0	0	1,500,000
Spike Segundo Permanent Loan, Greenfield	6	1,665,000	0	0	0	1,665,000
Treadmark, Boston	32	0	0	0	486,130	486,130
Tribune Apartments, Framingham	0	1,343,500	5,648,666	0	0	6,992,166
TOTAL:	899	\$26,250,319	\$43,817,785	\$18,915,000	\$5,486,130	\$94,469,234

PARTICIPATING ORGANIZATIONS 2016

MHIC's 43 member corporations have collectively committed more than \$1.4 billion to finance the development of affordable housing and community development. The status of these commitments, as of December 2016, is displayed below.

MEMBER CORPORATION	LOAN	HOUSING TAX CREDITS	NEW MARKETS	HNEF	TOTAL
Bank of America Merrill Lynch	\$12,750,000	\$226,829,260	\$20,698,386	\$	\$260,277,646
State Street	4,850,000	178,813,278	14,000,000		197,663,278
TD Bank	1,750,000	142,029,144	48,977,268	1,000,000	193,756,412
Freddie Mac		99,730,000			99,730,000
Citizens Bank	4,000,000	75,221,660	14,357,908		93,579,568
US Bank			80,263,564		80,263,564
Fannie Mae		77,255,600			77,255,600
Wells Fargo Community Lending & Investment		43,643,742	3,495,960		47,139,702
Eastern Bank	950,000	29,212,182	5,000,000	1,000,000	36,162,182
Santander Bank	125,000	20,740,000		5,000,000	25,865,000
Institution for Savings		24,039,331			24,039,331
AEGON USA Realty Advisors, Inc.			24,000,000		24,000,000
People's United Bank	300,000	22,076,992			22,376,992
TransCapital			20,000,000		20,000,000
Chase			19,922,043		19,922,043
Brookline Bank		18,086,424			18,086,424
Cambridge Savings Bank		15,792,744		1,000,000	16,792,744
BNY Mellon		15,535,600			15,535,600
Citibank			15,000,000		15,000,000
WICOR America Inc.			15,000,000		15,000,000
United Bank		10,700,000	2,785,478		13,485,478
Cathay Bank		11,100,000			11,100,000
Berkshire Bank		2,000,000	8,000,000		10,000,000
Boston Private	300,000	7,150,000	1,500,000	1,000,000	9,950,000
East West Bank		7,000,000	2,500,000		9,500,000
PNC Bank	1,500,000	6,358,900			7,858,900
PeoplesBank		2,420,000	3,785,478		6,205,478
The Northern Trust Company	2,500,000	3,000,000			5,500,000
Blue Hills Bank	350,000	3,500,000			3,850,000
Rockland Trust Company		3,701,094			3,701,094
Webster Community Development Corporation			3,247,675		3,247,675
Avidia Bank		3,089,205			3,089,205
Cambridge Trust Company	1,000,000	2,000,000			3,000,000
East Boston Savings Bank		1,957,308			1,957,308
Needham Bank		1,000,000			1,000,000
Radius Bank	1,000,000				1,000,000
Capital One			828,750		828,750
Enterprise Bank and Trust Company		813,715			813,715
Middlesex Savings Bank		813,714			813,714
BankFive		568,000			568,000
NJ Enterprises, LP				250,000	250,000
Salem Five	250,000				250,000
The Life Initiative	125,000				125,000
Total	\$31,750,000	\$1,056,177,893	\$303,362,510	\$9,250,000	\$1,400,540,403

FINANCIAL SUMMARY 2016

BALANCE SHEETS

Assets	DECEMBER 31, 2016	DECEMBER 31, 2015
Cash	\$5,694,346	\$19,041,318
Investments in marketable securities	418,576	564,064
Program related loans	7,774,348	2,009,744
Program related investments	6,197,935	801,253
Amounts receivable and other assets	4,864,465	4,438,404
Total assets	<u>\$24,949,670</u>	<u>\$26,854,783</u>
Liabilities and net assets		
Unearned fees	\$1,419,275	\$2,683,630
Notes payable	2,000,000	1,750,000
Other liabilities	1,664,154	3,529,644
Net assets	19,866,241	18,891,509
Total liabilities and net assets	<u>\$24,949,670</u>	<u>\$26,854,783</u>

STATEMENTS OF ACTIVITIES

Revenues		
Loan program revenue	\$784,367	\$875,363
Equity program revenue	3,444,061	5,044,926
New markets program revenue	2,968,979	3,587,709
Other program revenue	630,593	539,929
Grant income	877,464	—
Total revenue	<u>8,705,464</u>	<u>10,047,927</u>
Expenditures		
Salaries and benefits	6,036,280	6,304,224
Professional services	841,427	925,392
Other expenditures	789,182	1,349,918
Grant expenses	63,843	322,775
Total expenditures	<u>7,730,732</u>	<u>8,902,309</u>
Change in net assets	974,732	1,145,618
Net assets at beginning of year	18,891,509	17,745,891
Net assets at end of year	<u>\$19,866,241</u>	<u>\$18,891,509</u>

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

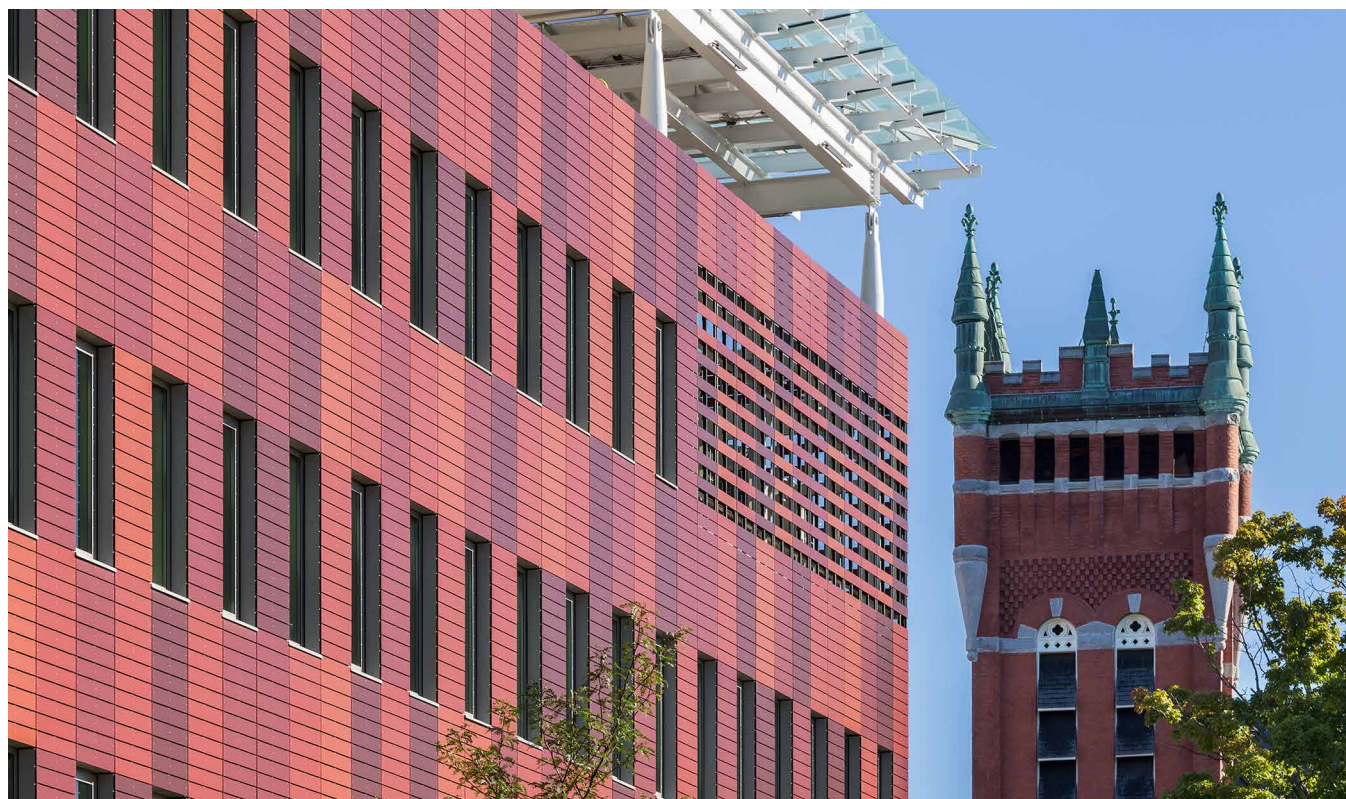
FINANCIAL SUMMARY 2016

ASSETS UNDER MANAGEMENT

as of December 31, 2016

BY LOCATION	LIHTC	NEW MARKETS	LOANS	HNEF	TOTAL
Greater Boston	\$312,631,757	\$148,722,086	\$24,073,829	\$6,380,666	\$491,808,338
Remainder of Massachusetts	323,834,664	145,734,979	17,335,605	0	486,905,248
Vermont	0	54,755,139	0	0	54,755,139
New Hampshire	0	4,331,814	0	0	4,331,814
Connecticut	10,001,222	50,094,965	0	0	60,096,187
Rhode Island	3,936,116	14,319,400	0	0	18,255,516
Maine	0	11,111,804	0	0	11,111,804
Total	\$650,403,759	\$429,070,187	\$41,409,434	\$6,380,666	\$1,127,264,046

BY DEVELOPMENT TYPE	LIHTC	NEW MARKETS	LOANS	HNEF	TOTAL
Rental Housing (not senior/SRO)	\$612,912,822		\$38,655,523	\$5,894,536	\$657,462,881
Rental Housing for Seniors	25,738,621				25,738,621
Rental Housing SRO	7,480,854				7,480,854
Rental Housing Assisted Living	4,271,462				4,271,462
Homeownership			130,128	486,130	616,258
Nonprofits/Community Service		142,515,102			142,515,102
Business and Manufacturing		43,882,349	844,975		44,727,324
Health Care and Health Related		80,246,965			80,246,965
Neighborhood Revitalization		162,425,771	1,778,808		164,204,579
Total	\$650,403,759	\$429,070,187	\$41,409,434	\$6,380,666	\$1,127,264,046



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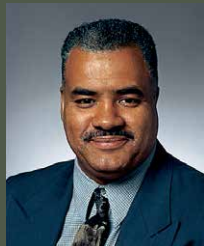
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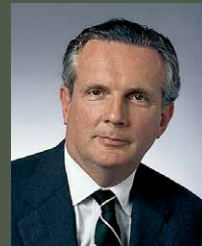
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