



TITLE: Proposal for Sale of the Former Rogers
Elementary School Property
100 Pleasant Street, Fairhaven, MA

FROM: Marathon Development, LLC
580 Harrison Avenue, Suite 3-A
Boston, MA 02118

TO: Town of Fairhaven
Town Administrator
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Fairhaven, MA 02719
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Collaborating from Concept to Completion

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Rogers School Redevelopment Proposal

Workforce Housing, Education & Veterans Center

PROJECT SUMMARY

Marathon Construction & Development (“Marathon”) is a community-oriented developer of affordable and workforce housing. Our mission is to regenerate our neighborhoods through the development of sustainable multifamily housing utilizing public and private partnerships. We have assembled a team with a proven track record in historic rehabilitation and community development. While the intent of this Request for Proposal seems to address the proposed physical development, Marathon would like to offer its hand as a development partner for the Town of Fairhaven.

Our development goals, as outlined below, are intended to benefit the Town and neighborhood. Should the Town select Marathon as its development partner, we remain fully open to working with the Town to meet the needs of the neighborhood and local community. Our development team is based out of Boston and Providence with roots in the Southeastern Massachusetts. It would be our pleasure to contribute to the development of Fairhaven. Upon selection by the Town, Marathon would fully engage an architect to begin development schematics to help guide the development process.

Based on our background research and understanding of the Fairhaven community, Marathon proposes the following goals for the Rogers School redevelopment:

1. To historically preserve the entire Rogers School structure.
2. To preserve the greenspace in perpetuity for community use.
3. To minimize the potential traffic impact on the neighborhood.

We would accomplish these goals by:

- Renovating and restoring the entire school structure in compliance with the National Parks Service Historic Preservation Act
- Leasing the 1950s portion of the school (approximately 15,150 sq. ft.) to an established educational user
- Creating 12 new residential apartments and 6,300 sq. ft. of office space inside the 1880s portion of the school
- Building a new bike path from Center Street to the Phoenix Rail Trail
- Reconnecting Union Street to Friendly Street
- Building 6 new townhomes along the new Union Street extension

As the school space was originally designed for education, Marathon proposes updating the existing structure to serve a new educational user. Potential tenants to occupy the educational and daycare spaces include:

- Southeast Massachusetts Educational Collaborative (SMEC)
- Northeast Maritime Institute
- Fairhaven Veterans Agency
- A Day Care Provider
- Recreational Sports Leagues

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Critical to the development and preservation is achieving the Part 1 and Part 2 Historic Approvals from the National Parks Service. To ensure we meet these milestones, Marathon is prepared to engage MacRostie Associates, whose resumé we have included in this proposal.

The façade and roof line of the late addition would undergo treatments to improve its aesthetic quality to the extent allowed by the historic preservation office. The public park, located adjacent to the school, and the nearby beach offer two attractive amenities to new residents and users of the school.

The above grade commercial space in the 1950s portion would be designated for lease to a local school and/or day care and the below grade commercial space in the 1880s portion would be available for use as office space by a non-profit, like the local veteran's agency. Both buildings would be designed to be restored and meet the requirements of the National Parks Service, in order to generate federal and state historic tax credits. As such, an historical deed restriction would be executed that requires the original building details to be preserved on the exterior and the major portion of the interior.

We understand the park is integral to the community as a gathering space for children and families. Rogers School is often utilized as the starting point or the terminus for the Phoenix Bike Path and families in the neighborhood rely on the existing playground as a walkable option to get fresh air and socialization for their children. This location also serves as the bus stop for many children that reside in the vicinity of the Center of Fairhaven. Our proposal includes enhancements and improvements that can be made to this important community space already started by the Matty Oliveira Memorial Fund. Marathon will work with the Town to complete a subdivision of the green space to ensure it remains a benefit to the Town for years to come. Furthermore, Marathon will work with the town to create an extension of the bike path to Center Street, to allow and encourage bike and recreational access from the northern point of the neighborhood.

Utilizing the RFP feasibility study and our preliminary site analysis provided by our MacRostie Associates and Branch Architects, the 1880s portion of the Rogers School could accommodate 12 apartments total, comprised of:

- 2 x 1-bedroom apartments
- 9 x 2-bedroom apartments
- One 3-bedroom apartment

The brick lined basement is quite attractive, sitting partially above grade and offers high vaulted brick ceilings and archways that that could accommodate two residential apartments and commercial space.

The site also provides sufficient area to construct six (6) new 3-bedroom / 2-bath townhome apartments that would sit along the new street connecting Union and Friendship. The proposed townhomes help to add a critical number of apartments to the overall unit mix that make the project financially feasible from a funding standpoint.

The market rents in the neighborhood are considered "Workforce" rates, estimated between 115% and 121% AMI. Available rental units are extremely difficult to find. Rental rates between 80% and 120% AMI are to be Workforce rates and contribute to the vitality of a healthy economy. The development is an excellent candidate to preserve housing for workforce families and individuals.

The following tables illustrate the income levels and rental rates for Workforce households:

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Income Limits as of April 2021

| Household Size | Percentage of Area Median Income | | |
|----------------|----------------------------------|----------|-----------|
| | 80% | 100% | 120% |
| 1 | \$47,120 | \$58,900 | \$70,680 |
| 2 | \$53,840 | \$67,300 | \$80,760 |
| 3 | \$60,560 | \$75,700 | \$90,840 |
| 4 | \$67,280 | \$84,100 | \$100,920 |

Rent Limits as of April 2021

| Bedrooms | Percentage of Area Median Income | | |
|----------|----------------------------------|---------|---------|
| | 80% | 100% | 120% |
| 0 | \$1,178 | \$1,472 | \$1,767 |
| 1 | \$1,346 | \$1,682 | \$2,019 |
| 2 | \$1,514 | \$1,892 | \$2,271 |
| 3 | \$1,682 | \$2,102 | \$2,523 |

The development site has a surplus of land that can accommodate a sufficient number of parking spaces to satisfy the parking needs for all tenants, school staff and visitors. The landscaping will include low impact trees and shrubs to create a softer view from the street level and for the neighbors. Site lighting will be low intensity, directional and energy efficient to highlight the historic nature of the property and minimize impact on the neighbors.

The buildings will be equipped with bicycle rooms to encourage bicycle commuting and the latest Cat8 fiber optic cable to accommodate remote workers. We anticipate approximately 50% of the residents will work from home and walk or bike throughout the neighborhood to visit cafés and shops like Margaret’s, The Little Village or Minerva’s Pizza. Generally speaking, Workforce tenants own one car, and couples often share a car while utilizing ridesharing applications to reduce their expenses.

Meeting ADA standards in the 1880s portion of the school will be difficult to achieve based on the original construction. However, the 6 new townhomes will all be ADA accessible.

Both the adaptive reuse of the historic building and the new construction will incorporate many sustainable and green building features including debris and waste management and recycling, utilizing low emitting materials such as low VOC paints, adhesives, and flooring, using Energy Star Certified appliances, lighting and high efficiency HVAC systems.

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PROJECT TIMELINE

Marathon expects to break ground within 5 months of receiving conditional approval to proceed and 22 months to complete the project, pending Parts 1 and 2 Historic Approvals by the National Parks Service. The following is a list of activities to be conducted and milestones to be achieved to complete the project. Many of these items will be carried out simultaneously.

- Town of Fairhaven Conditional Approval
- Community Engagement – 1 month
 - Meetings with the Rogers School neighborhood and Community groups of Fairhaven.

- Due Diligence – 1.5 months
 - Phase 1 and/or 2 Environmental Site Assessments
 - Civil and Structural Engineering Inspections
 - Architectural Design

- Funding Applications - 4 months
 - Historic Certification Parts 1 & 2 Applications to the National Parks Service and State Historic Preservation Office
 - Massachusetts Housing Application for Workforce Investment
 - Town of Fairhaven Tax Stabilization and Community Preservation Investment

- Zoning and Building Design Review – 3 months
- Closing on Financing – 1 month
- Construction Period – 15 months
- Lease-Up Period – 3 months

RANKING CRITERIA

1. Purchase Plan (Significant)
 - a. What are you willing to pay to purchase the Rogers School?
 - i. We are prepared to pay only the closing costs which are currently estimated to be about \$30,000.
 - b. The Rogers School has been appraised for \$285,000. If your proposed purchase price is less than \$285,000, you must identify any mitigating factors which support your proposed price.
 - i. Our goal is to preserve the school and provide the highest beneficial impact to the community in the most cost-efficient manner. We intentionally are designating commercial space that has been identified for community-oriented tenants and we are only creating 18 workforce residences to provide what we feel would be the highest benefit to the neighborhood and town of Fairhaven, without creating an unnecessary disruption with increased noise and traffic. Our proposed use relies on a combination of public and private sources of capital that are only available for projects that a) meet the National Park Service historic rehabilitation standards to generate federal and state historic tax credits and b) income restrict the apartments to Workforce rents (from 80% AMI to 120% AMI) in order to qualify for Mass Housing's Workforce Housing investment.
 - ii. We could have pursued a use with a higher density that could generate more sources of capital and possibly afford a higher acquisition price. However, due to the historic preservation requirements and original configuration of the internal walls and windows, we are limited to the proposed 12 apartments in the 1880s structure.
 - iii. The current level of market rate rents in Fairhaven are not high enough to justify the costs to develop 12 market rate apartments in the 1880s structure, even with the historic tax credit equity.
2. Cash on Hand or Pre-Approved Financing (Highly Significant)
 - a. Do you have cash on hand or pre-approved financing from a financial institution?
 - i. Yes. Our development company is prepared to fund the required amount of cash for predevelopment expenses to design and permit the development for construction.
 - ii. We also have provided letters of interest for a construction to permanent loan from MA Housing and support from Massachusetts Housing Investment Corporation as a potential equity partner.
3. Other Economic Benefits (Significant)
 - a. What other direct revenue benefits does your development plan offer?

- i. Our proposal provides the Town of Fairhaven with annual property taxes estimated to at \$17,000 per year and increasing thereafter.
 - ii. The Town of Fairhaven will eliminate its operating costs associated with maintaining the building and premises.
 - iii. Users and tenants of the building will visit cafes, stores, shops and farms and spending money locally which will contribute to the local economy.
 - b. What other indirect revenue benefits does your development plan offer?
 - i. The preservation of one of the Town’s historic assets and preservation of the parks and greenspace to contribute to the Town’s rich historic culture and community life.
 - ii. New workforce restricted apartments will contribute to the Town’s housing stock and secure the long-term affordability of apartments in Fairhaven.
 - iii. The space will accommodate school children and veterans to gather, educate and build relationships. The school will have the option to sublease the gym for recreational sports leagues and community events.
- 4. Developer Experience (Significant)
 - a. What demonstrated production, management experience, and capability does your development team have?
 - i. Our development team brings professional expertise in the development, design, construction and property management and we are locally based out of Boston, MA, Providence RI and Warwick, RI with family roots in the New Bedford area. We have provided examples of our projects previously completed, professional references and our property manager has a wide portfolio of properties located regionally but concentrated in Massachusetts.
- 5. Experience with Historical Restoration (Significant)
 - a. Do you have any experience in redevelopment of historical buildings?
 - i. Yes, as we noted in the application, our construction company has completed several historic renovations including the distinguished Arcade redevelopment in Providence, RI. This project involved converting America’s oldest shopping mall into micro-loft apartments in downtown Providence, RI.
- 6. Developer Financial Capacity to Design/Construct (Highly Significant)
 - a. What evidence can you show of financial commitment to undertake design and construction of the project?
 - i. Until we obtain site control, obtaining financial commitments are preliminary or conceptual in nature. We have provided a preliminary commitment letter from MA Housing for construction to permanent financing as well as Workforce funding. The Federal Historic Tax Credits are available once we achieve National Parks Service Historic approvals for Parts 1 & 2. Similarly, State Historic Tax Credits may be available and awarded to the project by the State of Massachusetts once we achieve the historic approvals. Additional sources of funding will likely be made available by the State as the project is ready to close

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on its financing. Finally, once we have site control, we can begin to negotiate a commercial lease on the 1950s structure which will help underwrite the project.

7. Developer Financial Capacity to Manage Site (Significant)
 - a. What evidence does the development team have to manage this site?
 - i. Included in our application is a management agreement and operating budget from Phoenix Property Management, Inc.
8. Preliminary Design Plans (Significant)
 - a. When will the design of your Proposal be prepared?
 - i. Within 4 months of the RFP award.
 - b. When can your development team commence construction?
 - i. Within 5.5 months of the RFP award.
9. Employment Initiative (Moderately Significant)
 - a. What Initiative for employment of Fairhaven residents, minorities, and women does your proposal include during both the construction and the operation phases of the development?
 - i. Marathon is committed to employing up to 10% of the subcontractor base with certified MBE and WBE organizations.
10. Original Historic Building (Highly Significant)
 - a. Does your plan retain the original historic building for 1885 Rogers School?
 - i. 100%
11. Deed Restrictions (Highly Significant)
 - a. Would you consider deed restrictions that would carry over to future sales of the property to retain and maintain the historic building?
 - i. Yes – the historic tax credit financing will require an historic deed restriction.
12. Short and Long Term Vision (Significant)
 - a. Do you have a vision for the property for the short-term (less than two years) and long-term? Please explain
 - i. Short Term Vision: The property will be under construction and completed within 20 months.
 - ii. Long Term Vision: The 1885 Rogers School and later addition are preserved and occupied by residents, a school and the Veterans' agency. Children are playing outside, and the park is visited by residents of Fairhaven.

FINANCIAL SUMMARY

As the Town's developer and partner, it is our challenge to formulate the development that both a) achieves the optimal outcome for the community and b) qualifies for the financial resources that are available and sufficient to complete the project. The matrix on page 2 details the potential Sources and Uses of capital we have identified to execute the proposed development.

Mass Housing has provided a preliminary commitment letter for a loan with terms and conditions considered to be competitive with other lenders. Mass Housing is not the only lender we intend to solicit, but the agency is the optimal lender to support the project at its infancy stage. Mass Housing has a deep understanding of community-oriented developments that involve public and private sources of capital.

Mass Housing has also provided a preliminary commitment letter for a Workforce Housing loan to help fund the proposed workforce housing apartments. The Workforce loan will come with a restriction on the apartments to guarantee their affordability for Workforce residents.

To qualify for the Federal and State Historic Tax Credits, Marathon will engage MacRostie Historic Advisors to assist us with the project's application for Historic Preservation Certification by the National Parks Service and MA State Historic Preservation Office. The consultant is well known in the Historic Tax Credit space and will provide a valuable service to the project. The historic approvals are requested in three parts, of which, parts 1 & 2 are required to close on the project funding. Part 3 is approved upon project completion. The historic approval process will take approximately 5 months to achieve the Part 2 approval and allow the project to break ground.

The Federal and State Historic Tax Credits generated from the development will be sold to investors through a selected tax credit syndicator in order to realize cash equity to fund the project. Marathon has not solicited tax credit pricing for the Rogers School as it has not received Part 1 approval. Marathon has included its best estimate based on its current historic development and associated tax credit pricing. The anticipated proceeds are identified in the Sources and Uses matrix.

Marathon has received a letter of interest from the Massachusetts Housing Investment Corporation ("MHIC") to provide a potential source of equity from their Healthy Neighborhood & Retail Equity Funds to this development as outlined in their letter of support. MHIC provides financing to developments that will improve the health outcomes of the development's residents.

To complete the capital stack, Marathon has requested the Town of Fairhaven to support the project through two contributions:

- a. A 20-Year Tax Stabilization Agreement: The agreement would allow for a gradual realization of the full tax rate over 20 years. This benefit would allow for an increase in the size of the senior loan to raise more capital to fund the project.
- b. A direct capital investment of \$840,000 from Fairhaven's Community Preservation fund.

The following pages summarizes the estimated sources and uses and operating statement.

| USES | % | Total | \$/GSF |
|-------------------------------|-------------|---------------------|---------------|
| Acquisition | 0% | \$35,000 | \$1 |
| Soft Costs | 5% | \$577,750 | \$11 |
| Site Work | 5% | \$650,000 | \$12 |
| Construction | 73% | \$9,103,239 | \$174 |
| Financing Fees | 3% | \$403,300 | \$8 |
| Reserves & Escrows | 3% | \$326,400 | \$6 |
| Developer Fee - Paid | 10% | \$1,232,249 | \$24 |
| Construction Interest Reserve | 1% | \$170,000 | \$3 |
| Total Uses | 100% | \$12,497,938 | \$239 |

| SOURCES | % | Total | \$/GSF |
|--|-------------|---------------------|---------------|
| Permanent Loan | 44% | \$5,440,000 | \$104 |
| Federal Historic Tax Credit Proceeds | 13% | \$1,586,975 | \$30 |
| State Historic Tax Credit Proceeds | 15% | \$1,931,455 | \$37 |
| MA Workforce Housing | 14% | \$1,800,000 | \$34 |
| MA CATNHP Funds | 7% | \$900,000 | \$17 |
| Fairhaven Community Preservation Funds | 7% | \$839,508 | \$16 |
| Total Sources | 100% | \$12,497,938 | \$239 |

| | | | |
|------------|-----------|------------|------------|
| Gap | 0% | \$0 | \$0 |
|------------|-----------|------------|------------|

| INCOME & EXPENSE PROJECTION | \$/Month | \$/Year |
|---|-----------------|------------------|
| Gross Potential Rent - Workforce | \$30,546 | \$366,546 |
| Workforce Vacancy (enter as negative) | -\$2,138 | -\$25,658 |
| Commercial Below Grade | \$4,034 | \$48,408 |
| School - Main | \$9,050 | \$108,600 |
| School - Gym | \$3,140 | \$37,680 |
| Commercial Rate Vacancy (enter as negative) | -\$1,622 | -\$19,469 |
| Other Revenue | \$144 | \$1,728 |
| Other Revenue Vacancy | -\$10 | -\$121 |
| EFFECTIVE GROSS INCOME | \$43,143 | \$517,714 |
| OPERATING EXPENSES | | |
| Administrative Expenses | \$5,099 | \$61,193 |
| Electricity - Charges | \$686 | \$8,226 |
| Water - Charges | \$911 | \$10,926 |
| Gas - Charges | \$164 | \$1,962 |
| Ops. & Maint. Expenses: | \$2,259 | \$27,108 |
| Taxes & Insurance: | \$2,982 | \$35,786 |
| Replacement Reserves | \$638 | \$7,650 |
| TOTAL OPERATING EXPENSES | \$12,738 | \$152,851 |
| NET OPERATING INCOME | \$30,405 | \$364,864 |
| First Mortgage Debt Service | \$25,337 | \$304,047 |
| TOTAL MORTGAGE DEBT SERVICE | \$25,337 | \$304,047 |
| Debt Service Coverage Ratio | | 1.20 |
| NET CASH FLOW AFTER DEBT SERVICE | \$5,068 | \$60,817 |

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New Construction or Adaptive Reuse

HUD-Insured* Loan

MassHousing recognizes the significant need for new affordable housing in the Commonwealth and welcomes the opportunity to work with developers to finance new construction and adaptive reuse proposals. Depending on the type of deal, MassHousing can provide taxable or tax-exempt financing and can be your construction and permanent lender or can take-out your third-party construction lender. The Agency has a long history of working in partnership with developers and their public and private partners to increase the supply of quality affordable housing in the Commonwealth.

The following general lending terms and additional requirements apply:

| General Lending Terms | |
|-----------------------------------|---|
| Loan Type | Construction-to-permanent or permanent only |
| Interest Rate Index | Tax-Exempt: 30-year MMD Taxable: 10-year Treasury |
| Debt Service Coverage | Minimum 1.10x |
| Loan-to-Value Ratio | Up to 90% LTV |
| Term/Amortization | Up to 40 years, plus construction. Fully amortizing. |
| Affordability Restrictions | Minimum of 20% at 50% of AMI (Area Median Income) or 40% at 60% AMI |
| Prepayment Lockout | No prepayment in whole or in part is permitted for first 15 years without MassHousing's consent. |
| Application Fee | 0.3% of loan amount plus third-party costs |
| Financing Fee | 2.0% of loan amount |
| Mortgage Insurance Premium | 25-45 basis points, depending on HUD insurance tier |
| Construction Security | Sponsor completion guaranty; 100% P&P and lien bonds* |
| Third-Party Reports | Appraisal, Phase I ESA |
| Replacement Reserves | Minimum \$360/unit annually for new construction or \$425/unit annually for adaptive reuse, plus initial deposit to replacement reserve account if deemed necessary |
| Operating Security | 6% of loan amount |
| Construction Wages | Higher of Prevailing or Davis-Bacon wages** |

| Additional Requirements | |
|--------------------------------------|--|
| Limited Dividend Requirement | Annual distributions of cash flow are limited to 10% of equity |
| Asset Management Requirements | MassHousing-approved Tenant Selection Plan and Affirmative Fair Housing Marketing Plan, along with 3% DMH/DDS set-aside*** |

* Please see HUD-Insured Loan Features information sheet for more details.

** These requirements apply if MassHousing is the construction lender.

*** 3% of units must be set aside for residents receiving services from the MA Department of Mental Health or MA Department of Developmental Services

For more information, please contact a Rental Relationship Manager:

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March 10, 2022

Mr. Michael Liberatore
Director of Development
Marathon Development
Via: E-mail

Re: Rogers School (the "Project")

Dear Mr. Liberatore:

Thank you for your interest in having Massachusetts Housing Investment Corporation ("MHIC") provide financing for the proposed mixed-use redevelopment of the historic Rogers School in Fairhaven, MA. Based on the information provided to us, we understand that the purpose of the Project is the adaptive rehabilitation and expansion of the existing Rogers School into 18 affordable workforce apartments, a 15,000 square foot commercial space, preferably to be leased to an educational user, and an additional 6,000 square foot commercial space, preferably leased to local non-profit tenants. Four (4) apartments will be reserved for households earning at or below 80% AMI and 14 apartments will be reserved for household earning at or below 100% AMI. The redevelopment plan includes renovating the historic school into 12 apartments and commercial space for non-profits. There is currently a single-story structure on the property site that was built in the 1950's, which will be renovated into the new space for an educational user. You will also construct six (6) new townhomes.

According to the information provided to us, total development cost for the Project is estimated to be approximately \$12.5 million. Your capital stack includes the following sources:

- A permanent first mortgage loan of \$5,440,000,
- Federal historic tax credit proceeds of \$1,586,975,
- State historic tax credit proceeds of \$1,931,455,
- A subordinate workforce housing loan from MassHousing of \$1,800,000 (\$100,000 per workforce unit),
- A subordinate loan from DHCD's CATNHP funds of \$900,000, and
- A subordinate loan from the town of Fairhaven Community Preservation Fund of \$839,508.

We have reviewed your financial projections with the underlying assumptions and believe this Project may be a great fit for MHIC's Healthy Neighborhood Equity Fund II ("HNEF II"). HNEF II was formed to invest in high-impact, transit-oriented real estate developments that have the potential to transform neighborhoods, strengthen community and environmental health, and promote regional equity while providing attractive risk-adjusted returns for investors. HNEF II prioritizes developments that it expects will bring lasting benefits for local residents and contribute to advancing the community's vision for the future. Conservation Law Foundation ("CLF"), who is MHIC's partner for HNEF II, will conduct a preliminary HealthScore analysis to determine if the project would be a good fit for the fund. The preliminary assessment determines whether the project's location, scale, uses, and financing needs are generally compatible with the community impact objectives and requirements of HNEF II. Based on our conversation, the site has great access to walking paths and local bus routes. There is also potential for the MBTA Commuter Rail to expand to the adjacent towns by the end of 2023.

This letter is an offer to provide HNEF II financing subject to completion of normal and customary due diligence by both MHIC and CLF, and approval of our Board of Directors.

[Signature Page to Follow]

21 Custom House Street
8th Floor
Boston, MA 02110
(617) 850-1000

Guilliaem Aertsen
Chairman

Joseph L. Flatley
President and CEO

Sincerely,

A handwritten signature in blue ink that reads "Spencer Thornley". The signature is written in a cursive style with a large, stylized initial 'S'.

Spencer Thornley
Investment Officer



HEALTHY
NEIGHBORHOODS
EQUITY FUND II LP

Investing in the building blocks
of healthy communities

www.hnefund.org



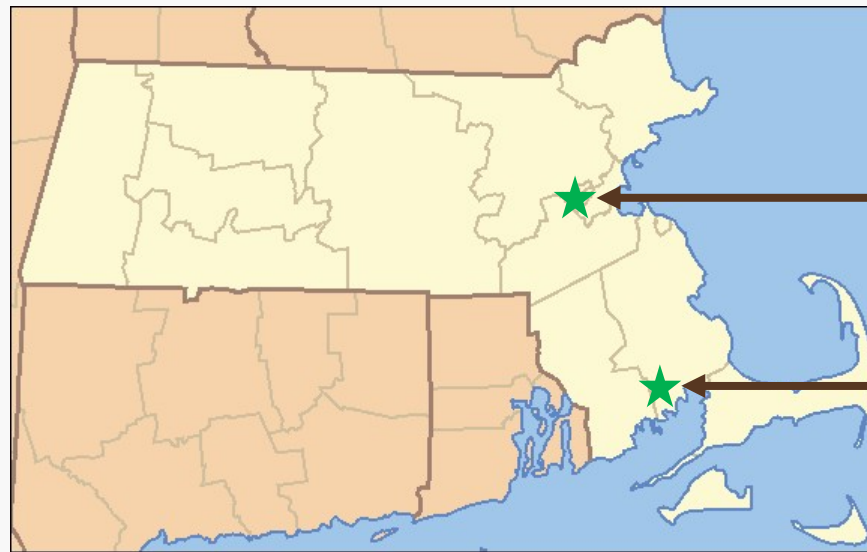
What is HNEF II?

- Healthy Neighborhoods Equity Fund II is a \$50 million real estate private equity fund
- HNEF will invest in transformative mixed-use, mixed-income developments in MA, RI & CT with potential to:
 - Transform neighborhoods
 - Strengthen community and environmental health
 - Promote regional equity
- Fills equity funding gap for developments in transitional neighborhoods and drives affordability in areas of opportunity

Public Health Challenge: Neighborhoods Matter for Health

“When it comes to health, your zip code matters more than your genetic code.” – Dr. Anthony Iton

Where people live, work, play, and learn—including the natural environment around them, available community resources, economic opportunities, and access to public transportation—dramatically shapes health and life expectancy.



Newton, MA:
Life Expectancy =

94.2 Years

New Bedford, MA:
Life Expectancy =

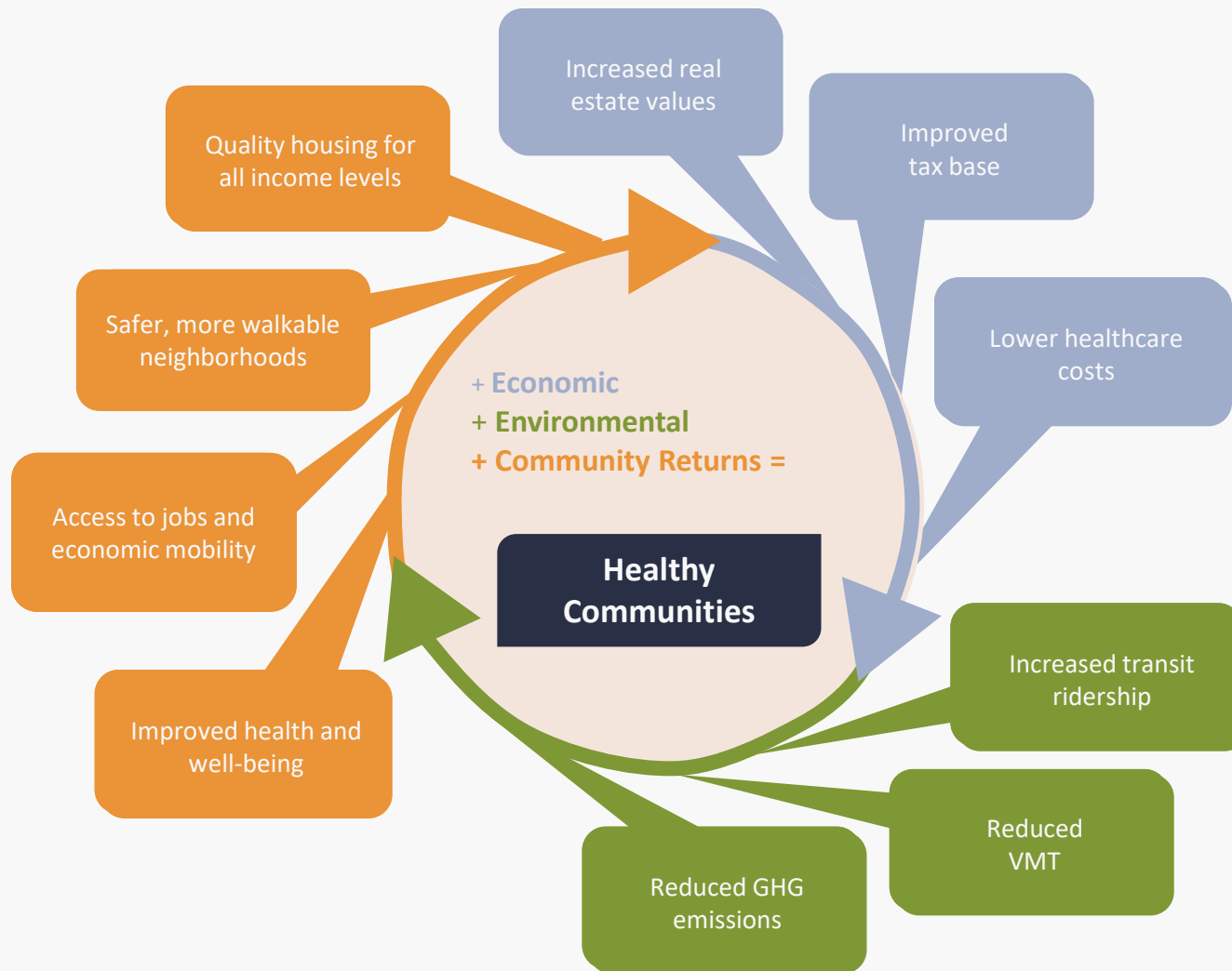
68.1 Years

National Center for Health Statistics. U.S. Small-Area Life Expectancy Estimates Project (USALEEP): Life Expectancy Estimates File for {Jurisdiction}, 2010-2015]. National Center for Health Statistics. 2018. Available from: <https://www.cdc.gov/nchs/nvss/usaleep/usaleep.html>.

HNEF II Financial Terms

- Investments will typically be made at **construction closing**, with a maximum holding period of **10 years**
- HNEF will typically take an **ownership interest** as a limited partner or investor member; mezzanine debt is possible
- Developments are expected to deliver an **IRR of at least 8%** over the life of the investment, including cash flow and back-end proceeds
- HNEF investments will typically provide **5 to 25% of TDC** and **up to 90% of equity**
- Developments have a **defined plan to take out HNEF equity** at end of investment period

HNEF: More than Financial Returns



HealthScore 2.0 Rating System

- **Location:** Community of Need or Community of Opportunity
- **HealthScore range:** 0 – 100
- **Neighborhood score** = 25% of total
- **Development score** = 75% of total
- **Minimum HealthScore** required for investment: 50
- Developments also receive a **tier rating**:
 - Low Impact: <50
 - Moderate Impact: 50-65
 - High Impact: 65-75
 - Very High Impact: 75+

HNEF II HealthScore Criteria

NEIGHBORHOOD



COMMUNITY
VISION AND
PRIORITIES



OPPORTUNITY TO
REDUCE HEALTH
DISPARITIES



TRANSPORTATION
ACCESS AND
UTILIZATION



OPPORTUNITY TO
ADVANCE REGIONAL
EQUITY

PROJECT



NEIGHBORHOOD
WALKABILITY



RESPONSIVE
AND INCLUSIVE
DEVELOPMENT



HOUSING
CHOICE AND
AFFORDABILITY



ECONOMIC
OPPORTUNITY



HEALTHY FOOD
ACCESS



GREEN SPACE
ACCESS



LOW-CARBON
BUILDINGS



SUSTAINABLE
TRANSPORTATION



CLIMATE-RESILIENT
SITES



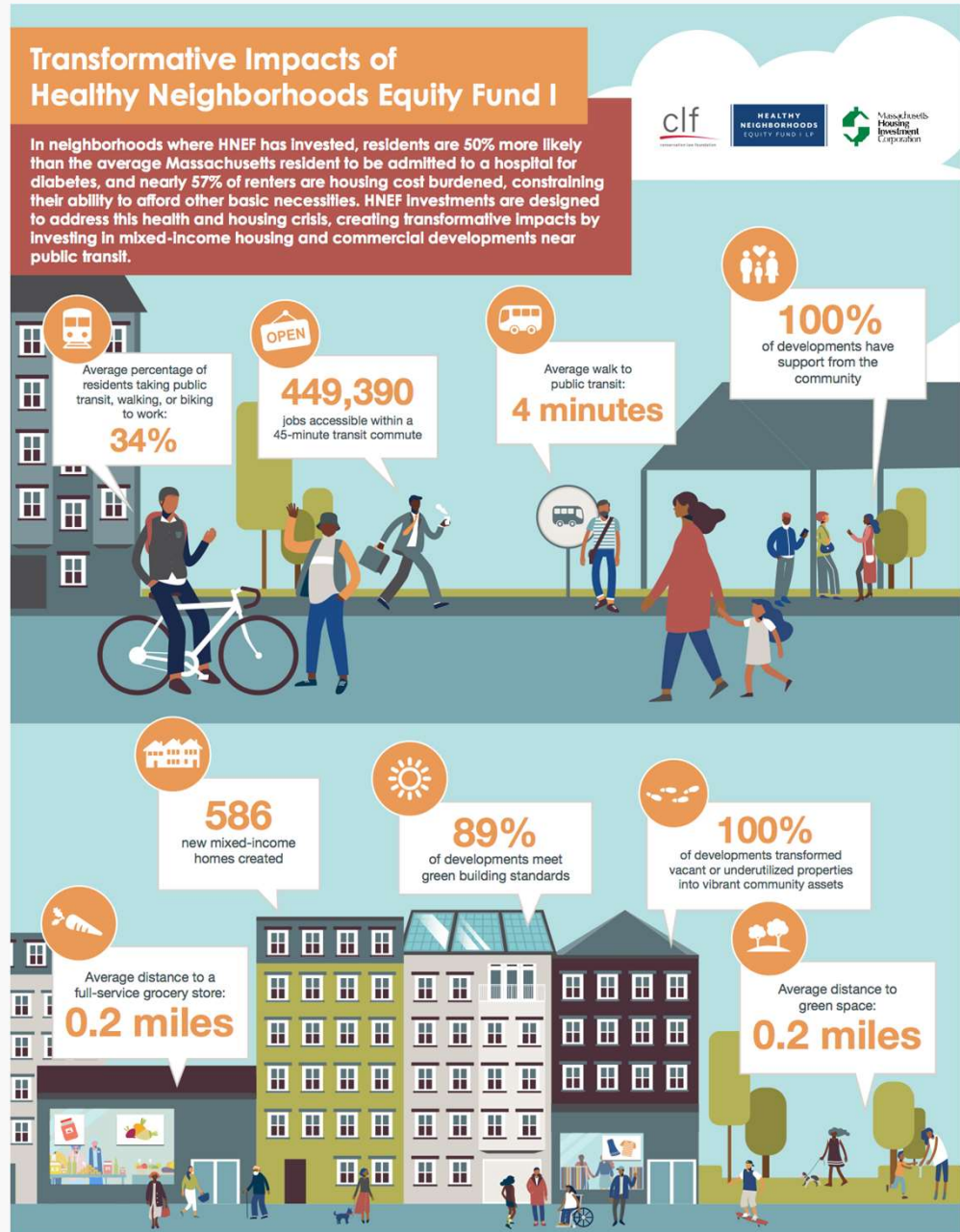
OPERATIONAL
HEALTH AND
SAFETY



HNEF I Investments

- HNEF II builds on the track record of our first fund
- HNEF I has closed 9 project investments in Chelsea, Braintree, Haverhill, Beverly, and Boston (5)
- Investment total: \$21.5 million
- The 9 investments have leveraged an additional \$144 million of private and public investment (6.7x)
- Developments have created 586 new mixed-income housing units, 139,423 sq. ft. of commercial space, and 612 construction jobs
- Nearly 30 percent of the HNEF I portfolio is deed-restricted affordable housing; the balance of units have starting rents between 70 and 110 percent of Area Median Income

HNEF I Impacts



Chelsea Flats, Chelsea



HNEF Investment: \$894,536

Completed: Feb. 2015

Total Weighted Score HIGH IMPACT: 70.3

Treadmark, Boston



HNEF Investment: \$486,130

Exited: May 2019

Total Weighted Score HIGH IMPACT: 67.88

Landing 53, Braintree



HNEF Investment: \$5 million

Completed: Feb. 2018

Total Weighted Score HIGH IMPACT: 70.13

Bartlett Station, Building B, Boston



HNEF Investment: \$2.9 million

Completed: June 2019

Total Weighted Score VERY HIGH IMPACT: 90.63

Holmes Beverly, Beverly



HNEF Investment: \$4.9 million

Completed: Sept. 2018

Total Weighted Score MODERATE IMPACT: 64.75

Melnea Residences, Boston



HNEF Investment: \$3.85 million
Completed: May 2019
Total Weighted Score HIGH IMPACT: 74.5

87 Washington Street, Haverhill

87 WASHINGTON ST | HAVERHILL, MA
10/12/2016

RENDERINGS



7

RODE ARCHITECTS INC

HNEF Investment: \$1.4 million

Completed: Nov. 2019

Total Weighted Score MODERATE IMPACT: 52.44

191 Talbot Ave., Boston



HNEF Investment: \$1.2 million

Completion: Nov. 2020

Total Weighted Score HIGH IMPACT: 65.13

UHOMES, 90 Antwerp Street, Brighton



HNEF Investment: \$900,000

Completion: April 2021

Total Weighted Score HIGH IMPACT: 65.56

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**HEALTHY
NEIGHBORHOODS**
EQUITY FUND II LP

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November 2019