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LISC EXPANDS FUNDING FOR AFFORDABLE HOUSING NEAR TRANSIT

LISC is pleased to announce a new investment in the Equitable Transit-Oriented Development Accelerator Fund

BOSTON (February 11, 2020) – Local Initiatives Support Corporation (LISC) is pleased to announce an increase in the Equitable Transit-Oriented Development Accelerator Fund (ETODAF or the Fund). The Fund is a revolving loan fund that has seeded the preservation or development of more than 1,500 apartments located near transit throughout Boston and Massachusetts since 2014, 72% of them affordable to low-income households. The new investment will help the Fund support the development of more affordable housing with access to transit by providing critical early stage financing.

Fund Background. The Fund was created by **LISC Boston, The Boston Foundation, and the Hyams Foundation** in 2014 to provide developers of affordable housing with streamlined access to acquisition and predevelopment capital to acquire and advance key properties along transit corridors. The foundations each invested \$1.5 million for 10 years at a very low interest rate. LISC paired that with a \$1 million MassWorks grant from the Executive Office of Housing and Economic Development, through MassDevelopment for a total revolving fund of \$4 million. LISC has leveraged that capital with \$7 million of its own funds and a similar amount from other community development financial institutions. The resulting \$18 million of investment has seeded the acquisition and development of more than 1,500 apartments within walking distance of transit, 1,100 of them affordable to low-income tenants, and will attract over \$400 million of additional investment.

Why Transit-Oriented Development? ETODAF-funded projects must be located within a quarter to a half mile of a subway, train or major bus line, to ensure that residents have equitable access to affordable transit, which usually translates to access to jobs, education, health care, shopping, services, and other critical resources and amenities. Where done successfully by a community-focused developer, transit-oriented development also attracts businesses and jobs, maximizes existing infrastructure, and capitalizes on new investments to make neighborhoods more vibrant. The Fund can be used throughout the Commonwealth, and has invested in thirteen different neighborhoods, empowering developers revitalizing their communities in some cases, and those staving off displacement in others.

The Fund's Impact. The Fund has seeded the development of 22 affordable or mixed-income apartment properties near transit, all of them by nonprofit developers and most by local community development corporations. These developments will result in more than 1,500 housing units, with 72%

of those units restricted as affordable for at least 30 years. Construction and operation of the affordable units requires additional construction and permanent financing and subsidy, but ETODAF provides critical early stage financing that enables fast action to acquire parcels, and replaces the cash equity developers otherwise need to buy properties in a hot market and to finance the early, high-risk predevelopment costs that other lenders will not finance. The Fund has invested in both rental and homeownership units, in new construction and preservation, and in diverse communities including Gateway Cities, suburban communities, and Boston neighborhoods.

Catalyzing Community-Based Development by Sharing Risk. While most lenders will only lend a buyer 70 or 80 percent of the property's value, ETODAF lends more than the property value to empower affordable developers to secure these critical parcels. This means the Fund takes on some of the risk that a developer typically bears. This makes the Fund particularly useful for community-based nonprofit developers who lack cash reserves needed to put their own equity into an acquisition. All of ETODAF's borrowers to-date have been nonprofit organizations. For-profit affordable housing developers are eligible to borrow from the Fund for eligible projects, but they would pay a higher interest rate.

New Investment in the Fund. Partners HealthCare recently became the newest investor in the Fund, joining the two foundations as a low-cost investor, with a \$1.5 million investment that matches the foundations' initial investments, making it an equal investment partner. Partners HealthCare answered LISC's call for an investor at this level to increase the fund's impact quickly. The Fund has been fully deployed for some time, making new loans only when prior loans are repaid. Partners stepped in because it understands how fundamental affordable, stable housing is to health. Its investment enables LISC to achieve even greater leverage with this small but impactful fund.

A Growing Partnership Between Health Care and Community Development

With this investment, Partners HealthCare joins a growing list of healthcare institutions nationally that are partnering with community development organizations like LISC to support healthy, economically strong families and communities. Partners HealthCare, like many health institutions, understands that as much as 80% of health outcomes are determined by social factors such as whether one has safe, affordable housing, economic stability, access to healthy food and opportunities for recreation. These so-called social determinants of health are at the heart of comprehensive community development, the focus of LISC's work for 40 years. Partners joins ProMedica, Sentara Healthcare, Kaiser Permanente, Dignity Health, Atrium Health and other health systems around the country working with LISC to coinvest in healthy communities.

Housing and Health Partnerships in Communities. Most recently, the Fund invested, together with LISC and Community Economic Development Assistance Corporation (CEDAC), in an acquisition loan to The Neighborhood Developers, Inc. (TND), a nonprofit community development corporation that works in Chelsea, Revere and Everett. TND used the financing to purchase 181 Chestnut Street, a 32-unit market-rate multifamily building in Chelsea near Bellingham Square, on the MBTA's Silver Line. Given the pace of development in the neighborhood, the building would otherwise have sold to a profit-motivated purchaser who would likely have raised the existing below-market rents, resulting in displacement or financial instability for the existing tenants.

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Instead, TND will make modest repairs and commit to keeping most of the units affordable long-term to tenants of low- and moderate-income levels. The Fund and LISC provided flexible, low-cost capital via a participation in a loan originated by CEDAC, a public-private community development finance institution. The Fund's investment would not have been possible without the recent infusion of capital from Partners. Partners was particularly excited for the Fund to support stable, affordable housing in Chelsea where it is deeply invested at a property that is walking distance from the Mass General Hospital's Chelsea HealthCare Center.



181 Chestnut Street in Chelsea, the Fund's most recent investment, will create restricted affordable and workforce units with limited public subsidy.

According to LISC Executive Director Karen Kelleher, there is great demand for additional flexible, low-cost financing for properties like this one, particularly where the city or town is willing to invest public dollars to support long-term affordability. "The Commonwealth, particularly Greater Boston, is facing both a housing affordability crisis and a transit crisis. We are eager to work with more civic leaders like Partners to step up and invest in solutions that prioritize community health and equity and link housing and transit."

"Developing and protecting affordable housing within reach of transit is a game-changer for thousands of people in Greater Boston," said Paul S. Grogan, President and CEO of the Boston Foundation. "These developments not only provide and sustain affordable housing that is so critical for individuals, workers and families, they also provide easier access to jobs and services that have a powerful impact on quality of life. We welcome Partners' addition to the Fund."

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About LISC

Local Initiatives Support Corporation (LISC) provides grants, financing, and technical assistance to community development corporations (CDCs), nonprofit developers, grassroots organizations, as well as policy and advocacy organizations throughout Massachusetts. Working with local leaders, we invest in affordable housing, health, education, public safety and employment. As part of a national organization with deep local roots, LISC Boston is uniquely positioned to share resources, develop best practices, and craft innovations with the communities we serve. To learn more, visit <http://www.lisc.org/boston>.

About The Boston Foundation

The Boston Foundation, Greater Boston's community foundation, seeks to bring the collective power of our region's people and resources together to drive real change. Established in 1915, it is one of the largest community foundations in the nation—with net assets of \$1.3 billion. In 2019, the Foundation received \$151 million in contributions and the Foundation and its donors paid \$153 million in grants to nonprofit organizations. The Foundation has many partners, including its donors, who have established more than 1,000 separate charitable funds for the general benefit of the community or for special



purposes. With support from the Annual Campaign for Civic Leadership, the Foundation also facilitates public discourse and action, commissions research into the most critical issues of our time and advocates for public policy that advances opportunity for everyone.

About The Hyams Foundation

The Hyams Foundation is a private, independent foundation with a mission of increasing economic, racial and social justice and power within low-income communities in Boston and Chelsea, Massachusetts. Our vision for the future is a society in which systems and structures are transformed to create the conditions for increased collective well-being and produce equitable power, access, opportunities and outcomes, regardless of race. For more about Hyams, visit www.hyamsfoundation.org.

About Partners HealthCare

Partners HealthCare is an integrated health care system, founded by Brigham and Women's Hospital and Massachusetts General Hospital, that offers patients a continuum of coordinated and high-quality care. In addition to its two academic medical centers, the system includes community and specialty hospitals, a health insurance plan, a physician network, community health centers, home health and long-term care services, and other health care entities. Partners is a non-profit organization that is committed to patient care, research, teaching, and service to the community. In addition, Partners is one of the nation's leading biomedical research organizations and is a principal teaching affiliate of Harvard Medical School.

About The Neighborhood Developers

The Neighborhood Developers (TND) promotes economic diversity, opportunity and quality of life in struggling communities. TND's mission is to bring its core strengths—building homes, engaging neighbors, and fostering economic mobility—to community partnerships that create great neighborhoods where all people can thrive. Our work deepens the impact and scale our strengths through strategic growth, community leadership, strong partnerships, and refined programming. For additional information on TND, please visit [www.http://theneighborhooddevelopers.org](http://theneighborhooddevelopers.org).

About CEDAC

CEDAC is a public-private community development finance institution that provides financial resources and technical expertise for community-based and other non-profit organizations engaged in effective community development in Massachusetts. CEDAC's work supports two key building blocks of community development: affordable housing and early care and education. CEDAC is also active in state and national housing preservation policy research and development and is widely recognized as a leader in the non-profit community development industry. For additional information on CEDAC and its current projects, please visit www.cedac.org.