

Returns

4TH QUARTER, 2015 | VOL. 2 ISSUE 4

NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND REPORT

For Residents, *Affordable Housing Means Home*

For our final Returns of 2015, we're pleased to introduce a few of the people who call a NNEHIF-funded residence home.

Nick Brown, 19, and his fiancée Cora Carlock, 22, moved into Newport Village in Newport, New Hampshire just one week before their daughter Nataliana ("Natty") was born.

The couple had recently moved to New Hampshire from North Carolina. Nick was staying on friends' couches and Cora was staying with her parents until they could find a place of their own.

Even before Nick heard that there was an apartment available in Newport Village, a property owned by The Caleb Group, he had a lot of misgivings about moving into affordable housing, fearing "drug dealers, fights, and noise at all hours."

"The truth is it's very quiet here and very clean. I'm glad to say, I was so wrong," he admits.

Cora especially appreciates how helpful their neighbors and the community has been. The family arrived at their apartment with one suitcase and now they have "everything they need" because neighbors pitched in to help them set up housekeeping.

One neighbor drives Cora to the grocery store, Natty's doctor appointments, or to run errands.



Nick, Cora and Natty celebrate their first Christmas together in their new home.

Nick and Cora have both been on their own since they were fourteen, and they value their independence. For them, having their own home in which to raise their one month-old baby means the world.

"Having this place means security to me," said Nick. "I have a family that loves and cares for me – and I love and care for them and now I know they're safe."

Tammy Tait O'Brian, 51, is a nurse at a rehab facility in Newport, NH. She's lived at Newport Village for two years with her 13 year-old son Cody and his service dog, a German Shepherd named Buddy.



Tammy's grandsons Brady (left) and Blake (along with dog Buddy) also live in Newport Village.

Tammy had a major health challenge this year. At the end of 2014, she was diagnosed with cancer when her doctor found 11 tumors on her thyroid and one on her lymph node. She had to undergo radiation therapy, which meant no physical contact with anyone for at least a week. A month later, however, she was cancer free.

"Now I wake up with a whole new appreciation for life and I just want to do something for someone else every day," she said.

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The Life Cycle of a Housing Investment Fund

“The fund performed exactly as it was supposed to perform.”

Those are the sentiments that Northern New England Housing Investment Fund (NNEHIF) President Bill Shanahan has been hearing from investor partners about the MHEF '96 fund.

2016 will mark the official end of NNEHIF's first-ever multi-investor fund, which was a new kind of product when the syndicator proposed it in 1996.

“Back when the Housing Credit industry was just coming of age, it was like the wild west,” remembered Shanahan. “Investors were looking at Housing Credit investments for the first time, and there was little to no experience with this particular asset class—and some uncertainty as to how these assets would actually perform.”

As it turns out, MHEF '96, an equity fund made up of 10 affordable housing properties, performed just as expected for its original investors.

Housing Credit investments are a long-term proposition, and these Housing Credit investments have proven to be stable and to perform consistently, especially when compared to other types of investments. The public/private partnership that is inherent in the Housing Credit program has created the most successful rental housing production program in history.

What is the life cycle of a housing investment fund?

The fund starts as a shell, which is filled up with a variety of housing property investments. An intermediary between investors and property developers (often a credit syndicator, such as NNEHIF) forms a limited partnership to pool the capital of multiple investors. That capital is invested in exchange for the Housing Credits.

The shell analogy is an apt one, as the “filling of the shell” is a bit of a chicken and egg proposition. While the syndicator is looking for appropriate projects to bundle into a fund, developers are also bringing their projects to the syndicator—project initiation, fund creation, and investor involvement can happen almost simultaneously.

NNEHIF is thoughtful about what projects fit into the funds. The projects are selected based upon Investment Criteria and NNEHIF carefully vets each project to ensure that the projects match the investors' expectations and goals. Investors who agree to invest in the fund do have final approval of the investments, but when they first sign on, they usually do not know which projects will be included.

Once the fund is created, there is a “gearing up” phase that can last about one to two years. Projects begin to go through construction (either new or rehabilitated properties), which is followed by a lease-up phase. At this point in the cycle, Housing Credits will begin to flow to investors

Housing Credits usually begin to flow in year two of the fund and



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will run for 10 years for each individual property. Sometimes Historic Tax Credits are also part of a project. If there are Federal Historic Credits, those may be claimed in the first year, while Maine State Historic Credits are claimed over a four-year period.

Statutorily, investors are obligated to hold the investment for 15 years, though the fund itself lasts for closer to 20 years, as properties are built and go “offline” at different times. As each project enters the end of the compliance period, there's a flurry of activity as each project exits the partnership. Once every project has dropped off, the partnership collapses and the shell is no longer. The housing asset lives on, but the fund has completed its cycle.

Throughout a fund's duration, NNEHIF closely manages the housing investments and sends quarterly performance reports to investor partners. Given that year after year NNEHIF funds have performed close to—or exceeded—targeted yields, it's no surprise that investors who invest in a multi-investor fund, typically invest in subsequent funds.

Shanahan considers the conclusion of MHEF '96 a complete success. The fund did exactly what they said it would do, and everyone is satisfied that their investment has met or exceeded their expectations. ♦

INDUSTRY NEWS BRIEFS

CBO REPORT REVIEWS FEDERAL HOUSING PROGRAMS

The Congressional Budget Office (CBO) published a report reviewing federal housing assistance for low-income households. The report outlines current low-income housing programs; offers ideas on program reforms and their potential costs or savings; and notes that the low-income housing tax credit accounts for most of the assistance provided indirectly to low-income households.

<http://tinyurl.com/ovfskye>

HOUSING SUMMIT INJECTS ISSUE INTO PRESIDENTIAL RACE

On October 16th, 200 housing industry officials gathered in Manchester, NH for a Housing Summit at the New Hampshire Institute of Politics. The event, sponsored by the J. Ronald Terwilliger Foundation for Housing America's Families, was intended to highlight the shortage of housing for low- and middle-income Americans—an issue rarely discussed on the Presidential campaign trail. Several presidential candidates addressed the need for more affordable housing, as did local and out-of-state officials, including former U.S. Sen. Scott Brown and former Bill Clinton administration HUD Secretary Henry Cisneros.

<http://tinyurl.com/qjd46u3>

For Residents, Affordable Housing Means Home (Continued from the cover)

When Tammy isn't working or volunteering at the local VNA & Hospice, she loves to keep busy making home improvements. This year she planted a flower garden with the help of a neighbor, an avid gardener.

Before Tammy and Cody moved to Newport Village they were sharing one room at her mother's house. They were both thrilled when Cody got a room of his own, decorated for a teenage boy. "Cody loves his sports-themed 'man cave' and he loves to show it off," laughed Tammy. "We always talk about how wonderful our apartment is."



Two years ago, Teresa Harjula, 55, owned a home and a business. But then difficult times hit and she had to close her business and she lost her house through foreclosure. Her daughter Harley gave birth to twins four months early, an expense that proved to be "the straw that broke the camel's back."

Teresa found herself homeless for more than six months until she moved into Campbell Creek Village in Boothbay Harbor, Maine this past

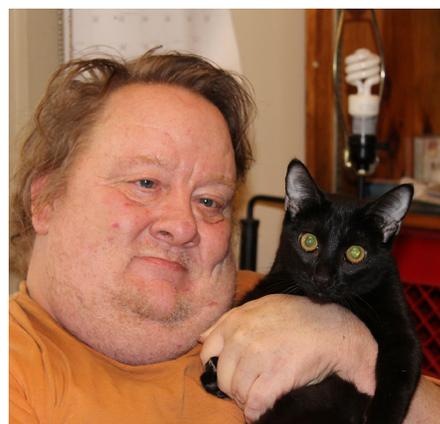
spring. Campbell Creek was bought and rehabilitated by Community Housing of Maine in 2012.

She now lives in a two-bedroom apartment that she shares with her three year-old grandson Logan. Harley and her twins Luke and Grant (now healthy two year-olds) will be moving into a neighboring apartment at Campbell Creek before the end of the year.

Despite the tough times, Teresa has learned to appreciate what she has, not taking anything for granted. "We have a ways to go, but every day is a new day and we try to stay positive and laugh," she said.

Teresa is grateful to have such an attractive home, noting how bright and sunny the apartment is. But mostly, she can't wait for the rest of her family to have a stable place to live. Her daughter and grandsons will probably be in their new home by Christmas. "What a great present that would be!" she said.

Larry Pitcher, 55, got two Bengal therapy cats a few months ago, Razz and Tazz. Sadly, they replaced his black cat Whitey who was put to sleep after 19 years. It hasn't been an easy year for Larry, but even though he's had to cope with illness and relatives passing away, he is "just thankful for a nice place to live."



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In the Next Issue of Returns

We introduce *Community Capital 2016*, NNEHIF's 19th multi-investor fund, and discuss the positive effects of participating.

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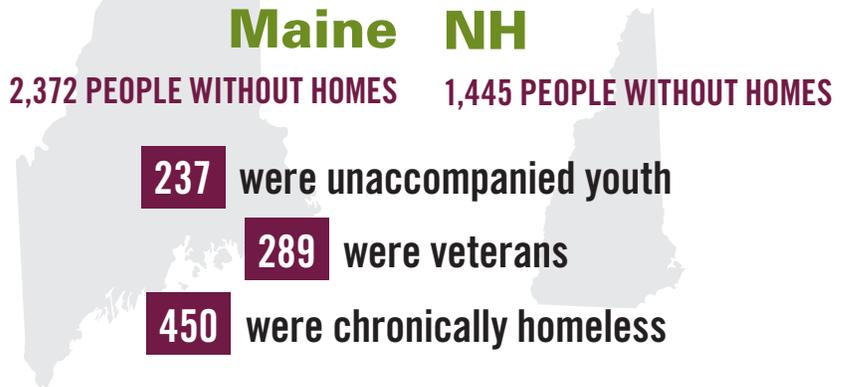
The Campbell Creek resident has lived in his apartment for about seven years, before and after major renovations to the property. Partially disabled, Larry needed some handicap accessible adaptations to his living space, and management was happy to oblige.

“The management here always works with you instead of against you,” said Larry. “If something goes wrong or if you make a mistake, they don’t jump all over you—they give you ideas to solve the problem.”

Larry also has high praise for the maintenance crew who “do a good job of getting things done.” He also appreciates the events that take place at Campbell Creek’s community center, as well as the lunch program for kids during the summer.

As for any stigma that might exist about living in affordable housing, Larry sees none: “Affordable housing is for everybody that needs a little help, and it’s okay to admit that you need a little help.” ♦

HUD'S 2015 POINT-IN-TIME SURVEY



The Housing and Urban Development (HUD) 2015 Annual Homeless Assessment Report to Congress found that 56,708 people were homeless in the U.S., about a quarter of which were children. Despite severe spikes of homelessness in several major cities, the overall number is two percent lower than last year, and reflects an 11 percent decrease since 2007. HUD’s point-in-time survey serves as a “snapshot” of homelessness on a single night in January each year.

The 2015 report showed a 13 percent drop for Maine, from 2,726 people last year to 2,372. Compared to the national decrease, however, Maine’s homeless population has stayed flat over five years. (For the first time in Maine, the survey was conducted on two separate evenings because of dangerous blizzard conditions.) In New Hampshire the number of people without homes measured 1,445, a five percent increase from 1,376 people in 2014.

<http://tinyurl.com/pb47woz>

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The Northern New England Housing Investment Fund (NNEHIF) is a private, nonprofit 501(c)(3) corporation that promotes housing and community development by providing equity capital, technical assistance and consulting to affordable housing developers throughout Maine and New Hampshire.

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