

# Returns

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NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND REPORT

## Growing Community, Capital & Connections INSIDE NNEHIF'S COMMUNITY CAPITAL 2015 FUND

**N**orthern New England Housing Investment Fund (NNEHIF) has been raising capital to invest in affordable housing in Maine and New Hampshire since 1996.

NNEHIF currently manages seventeen multi-investor funds and three proprietary funds, and the combined capital raised by NNEHIF exceeds \$500MM. Year after year, the funds have performed close to or exceeded targeted yields.

The most recent offering is Community Capital 2015, a limited partnership structured to pool capital from multiple investors, which is then invested in affordable housing developments in Maine and New Hampshire.

As in prior funds, Community Capital 2015 will contain a mix of new construction and rehabilitation projects that will serve different populations: family, senior, and special needs. All projects will be eligible for Low-Income Housing Tax Credits and might include Federal Historic Tax Credits.

NNEHIF President Bill Shanahan is especially excited about the Community Capital 2015 offering because it builds upon the success



The Northern New England Housing Investment Fund team.

of Community Capital 2014. One of the larger funds created by NNEHIF, Community Capital 2014 included more investors than other recent funds; many of these contributors were the community banks that have played a vital role in the fund's growth and stability.

Since the first fund was created in 1996, the NNEHIF team has maintained a flexible approach to matching investment opportunities to investors' investment objectives.

In the beginning, for example, NNEHIF created funds that were state-specific and open for an extended period of time. Six years ago, in response to market

and investor needs, NNEHIF established a multi-investor fund that covered both Maine and New Hampshire.

In 2009, NNEHIF created its first proprietary fund. In addition, NNEHIF has always been flexible about working with investors on direct investments or side by side investments that are coupled with fund investments.

Shanahan noted that investors are

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# Affordable Housing Advocacy Finds a Home in New England

No New Englander is likely to forget the winter of 2015. For most of us, hurrying inside to shut the door against blowing snow and howling winds became a daily ritual that ended with an appreciation of just how good it feels to be in the place we call home. Many, however, are still denied that basic human need for shelter. And while it may be easy to forget those beyond our walls, a growing number of people are realizing the deeper warmth that comes from working on their behalf.

Housing Action New Hampshire (HANH) and the Maine Affordable Housing Coalition (MAHC) are the lead organizations in each of these two states for advocating for the development and preservation of affordable housing. Both organizations work to resolve the affordable housing crisis, to help the people behind the statistics.

In New Hampshire, 23% of renter households are extremely low income. (“ELI” is defined as 0-30% of the area median income or “AMI.”) There is a shortage of more than 23,000 units for this population, which translates into only 37 available units for every 100 households. Statistics in Maine are similar, with 24% ELI renter households, a shortage of 22,000 units, and only 44 available for every 100 families in need.

Advocating for solutions to the affordable housing crisis requires a

twin focus. One eye must be trained on securing the funding and housing resources needed for local development, the other on advancing the government policies that present the best chance for a systemic solution.

Low-income housing tax credits (LIHTC) are a powerful tool for



Centers of Advocacy: The statehouses in Maine (left) and New Hampshire

addressing the supply side of this formula, but LIHTC developments are typically structured to produce units that rent at 50-60% of AMI—far above the ELI population’s income. The cruel irony of this dilemma is that those in most desperate need are often left out in the cold. This group is composed largely of our most vulnerable citizens: the mentally ill, physically disabled, and the elderly.

HANH and MAHC champion these and other affordable housing needs through the efforts of their broad stakeholder base, a group comprised of many of the regional leaders in the housing industry.

These include architects, engineers, community action agencies, lenders, and a host of other businesses and organizations that work to finance, design, build, and maintain affordable housing and tend to the social service needs of its tenants.

Both organizations combine regional force through the New England Housing Network. Their ability to scale efforts to embrace the concerns of their members and capture the attention of state and federal legislators points to the diverse strengths and flexibility required to address both halves of the affordable housing problem.

HANH’s executive director, Elissa Margolin, shared how developing resources solves not only the immediate needs of the homeless, but can also stimulate a powerful wave of regional prosperity.

“When you develop housing, you not only provide well paying jobs during construction, but in its wake you leave a new economy,” said Margolin. “The tenants of these buildings buy the goods and services of their neighbors, strengthening the economic and social value of their revitalized communities.”

When it comes to government policy, MAHC Executive Director Greg Payne has a different revelation about how one of the prime tenets of advocacy—a consistent defense

Continued on pg 4–

# INDUSTRY NEWS BRIEFS

## UNITED FOR HOMES GAINS SUPPORT

The New Jersey State Senate passed a resolution in December, urging the U.S. Congress to convert the mortgage interest deduction to a tax credit and dedicate the resulting revenue to the National Housing Trust Fund. It is the tenth government body to support the United for Homes campaign. So far, more than 2,000 national, state, and local organizations and local governments are in support.

<http://nlihc.org/unitedforhomes/>

## RURAL SENIORS FACE HOUSING CHALLENGES

The Housing Assistance Council (HAC) recently released a report highlighting housing issues facing seniors in rural communities. "Housing an Aging Rural America" finds that rural seniors have lower incomes and are more likely to live in poverty than seniors nationally. They are less likely than city or suburban seniors to have access to quality, affordable rental housing. According to 2010 U.S. Census data, the Northeast has the second greatest percentage of its rural population over age 65 (15.9%).

<http://tinyurl.com/ghlqarn>

## WHITE HOUSE PROPOSES LIHTC CHANGES

In its FY2016 budget, the Obama administration proposed several significant policy changes to the Low Income Housing Tax Credit (LIHTC). One change would allow states to convert some of their private activity bond (PAB) volume cap received for a calendar year into tax credits applicable to the same year.

<http://tinyurl.com/ovsrctv>

## NNEHIF FUNDS AFTER TAX YIELDS AND 10 YEAR TREASURIES



### Community Capital (Continued from the cover)

motivated to invest for different reasons. While all investors expect a return that competes favorably with alternative investments, some investors have CRA goals that they need to achieve. Over time, NNEHIF has consistently helped investors reach their goals.

The expectation is that the CRA Q&A changes in 2013 will be viewed as providing regulators wider latitude in qualifying CRA investments. According to Shanahan, community banks are becoming much more comfortable with the fact that if they don't have an investment in their assessment area, then they will be credited for investments in a broader area that might be covered by the fund.

NNEHIF has long prided itself as a local tax credit syndication firm with solid partners in communities throughout Maine and New Hampshire, including developers, managers, lenders and housing agencies in both states. Every year NNEHIF participates in the process that produces the Quali-

fied Allocation Plan (QAP) in both states. NNEHIF works with groups in both states on a variety of affordable housing advocacy issues.

NNEHIF's long-term relationships and deep knowledge of local markets continue to set it apart from other tax credit syndicators—and has earned a steadfast base of loyal investors and development partners.

In the end, all investors are looking for a sound real estate investment; investments in tax credit properties have the added benefits of providing much-needed housing and positively contributing to broader economic and community development. Community Capital 2015 presents this kind of investment opportunity. ♦

**If you have any questions about the Community Capital 2015 Fund, contact NNEHIF President Bill Shanahan at: [bshanahan@nnehif.org](mailto:bshanahan@nnehif.org), or (207) 772-8255.**

## In the Next Issue of *Returns*

Take a closer look at NNEHIF's portfolio and tax credit properties, their characteristics, and how they operate.

### Developers Collective (Continued from pg 2)

of policies benefitting those most in need—will be needed to maintain a win at the federal level.

“The National Housing Trust Fund was a major victory for low-income people,” said Payne. “Funds are slated to flow next year, but groups like ours must ensure that this program designed to fund housing for our most vulnerable population doesn’t fall victim to political whims.”

A look at a member of each of these coalitions and their work with a common partner provides insight into the collaborative power responsible for the growth of both organizations and the efficacy of their members.

NeighborWorks Southern New Hampshire is a low-income home developer with a focus on home ownership education. According to Executive Director Robert Tourigny, the Northern New England Housing Investment Fund (NNEHIF) is rare in the world of syndicated tax credits.

“Most national syndicators lobby strictly for the low income housing tax credits that are the lifeblood of their industry, but NNEHIF’s efforts also embrace the ELI population that can’t afford LIHTC-financed

housing. That mission reflects a compassionate commitment to providing affordable, safe housing for everyone in need,” he said.

Tourigny also noted that NNEHIF plays a critical, behind-the-scenes role with their financial support of MAHC and HANH.

Richard Whiting, Auburn (Maine) Housing Authority’s executive director, observed that his own advocacy efforts were enhanced through his association with NNEHIF president, Bill Shanahan.

“Working with Bill taught me what I needed to leverage the full power of low-income housing tax credits,” said Whiting.

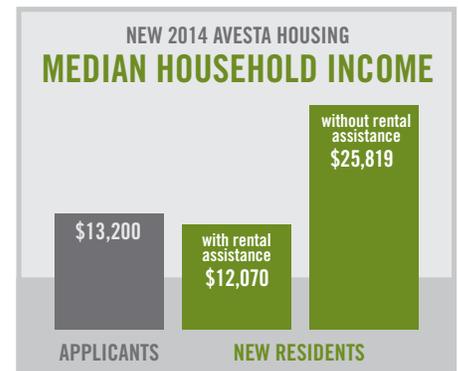
Whiting combined NNEHIF’s technical knowledge with the broader principles of public advocacy that he learned from another member of MAHC, Cullen Ryan, the executive director of Community Housing of Maine.

“Cullen’s model of doing the research, developing a consistent message, and countering resistance with facts to defend your position is the key to any successful advocacy campaign,” Whiting added.

The growth of both HANH and MAHC are a testament to such success. In just six years, HANH has expanded to a coalition of 73 mem-

ber organizations. From its roots as a small regional association with 25 members fifteen years ago, MAHC has become a statewide coalition of nearly 125 organizations.

Margolin summed up the spirit that’s sparked this growth,



pointing to our best hope for channeling it to serve New England’s needs:

“When nation-sized budgets are negotiated by a handful of people, it’s easy to get cynical about the chance to affect positive change, but I’ve been witness to daily evidence that residents care deeply about the social justice of affordable housing. We’ve seen a small, but significant decrease in our homeless population over the last three years. I believe it’s a sign that more people are realizing that we each share a responsibility for making sure everyone has a place they can call home.” ♦

WWW.NNEHIF.ORG



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*The Northern New England Housing Investment Fund (NNEHIF) is a private, non-profit 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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