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Massachusetts Housing Investment Corp. and Conservation Law Foundation close second Healthy Neighborhoods Equity Fund totaling \$42m

June 02, 2023 - Owners Developers & Managers

Boston, MA Massachusetts Housing Investment Corp. (MHIC) and Conservation Law Foundation (CLF) completed the closing of the second Healthy Neighborhoods Equity Fund (HNEF), securing commitments from nine diverse investors, including health systems, banks, and foundations. Doubling the size of HNEF I, the \$42 million HNEF II is expected to finance over 450 homes in Massachusetts, Connecticut, and Rhode Island.

“Healthy Neighborhoods Equity Fund helps revitalize neighborhoods,” said Moddie Turay, MHIC’s president and CEO. “Traditional models of investment in housing tend to exclude low-income communities and reinforce the cycle of disinvestment, perpetuating disparities in health, wealth, and sustainability across generations. In order to have a real impact, we need patient, longer-term investments.”

HNEF II invests in real estate developments in historically disinvested communities in Massachusetts, Connecticut and Rhode Island, areas that often endure significant health and economic disparities. The fund pairs lower-cost equity and longer investment periods with rigorous screening for community, health, and environmental benefits using CLF’s HealthScore tool. These investments offer a range of housing choices for low- and moderate-income residents, and are intended to strengthen communities, improve the environment, spark economic growth, and positively impact community health over time.

HNEF is structured so the benefits of community investments flow to people of color and minority business enterprises (MBEs) in those communities. MHIC collaborates with project sponsors to set racial equity and inclusion goals to increase the participation of MBE and workers of color in the construction contracts. HNEF properties aim for up to 30% participation of workers of color. If the fund achieves their expectations, for every \$1 of HNEF investment, \$1.13 will be directed to MBE general contractors and subcontractors.

“For too long, certain communities have been excluded from critical investments in housing and business,” said Gina Foote, director of impact investment at CLF. “The Healthy Neighborhood Equity Fund will transform historically disinvested communities with healthy and sustainable housing and small business space. More vibrant and inclusive neighborhoods benefit everyone.”

HNEF developments create new low-carbon housing, often cleaning up environmentally degraded

properties and repurposing abandoned locations.

The vision is to build more walkable neighborhoods near public transportation, safe walking and biking options, with access to green space and healthy food, supporting both health and climate well-being. Some HNEF II developments are also built to Passive House standards, so developments use 70 percent less energy for heating and cooling, including electric heat and cooling pumps in every home, lowering emissions as well as utility bills. The HNEF model shows that climate-smart construction can be achieved alongside long-term affordability.

So far, three HNEF II transactions have closed for developments in Brockton, Dorchester, and Hamilton, MA. The HNEF II equity in these three properties will help create 102 mixed-income homes, 24% affordable at 80% of Area Median Income (AMI) or below, and 25% deed restricted between 80% and 100% AMI. Each development includes neighborhood-serving ground floor retail space.

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