HNEF Overview

• Healthy Neighborhoods Equity Fund (HNEF) is designed to provide patient capital for transformative mixed-use, mixed-income real estate projects in Massachusetts.

• HNEF investments will enable and accelerate projects that would not otherwise be feasible in transitional or unproven markets.

• To qualify for an HNEF investment, projects must have a demonstrated ability to generate the following benefits:
  • Financial Returns
  • Community Benefits
  • Environmental Benefits
  • Health Benefits
HNEF: Neighborhoods Matter for Health

• Health outcomes—including life expectancy—vary sharply by neighborhood.
• Between 2003 and 2007, life expectancy varied by as much as 33 years between census tracts in Boston.
• The census tract with the lowest life expectancy (in Roxbury, 58.9 years) is shorter than the life expectancy of Cambodia, Gambia, and Iraq.

Life Expectancy by Census Tract, Boston, 2003-2007

91.9 years

58.9 years

HNEF Fund Structure Supports Social Impact Goals & Vice Versa

• HNEF’s social impact goals have attracted $7 million in subordinate capital from public and philanthropic sources

• Blended capital stack reduces downside risk to Class A investors who are willing to take below market returns (8%)

• 10-year investment term supports neighborhood transformation and value creation
HNEF: Subordinate Capital is Essential

**Capital Structure**

- **Senior Return**
  - **Class A**
    - Private Investors: 69%
  - **Class B**
    - Foundations: 22%
  - **Class C**
    - Public Funds: 9%

- **Subordinate Return**

**Notes**:
- 100% repaid prior to any distributions to Class B or Class C
HNEF Project Eligibility

To be considered for an HNEF investment, projects must meet the following threshold criteria:

- **Demonstrated neighborhood and community support.**
- **Location:** Within ½ mile of transit, or in a mixed-use neighborhood with significant potential for increased walkability.
- **Scale:** Minimum $5 million TDC.
- **Uses:** Residential with any combination of market-rate and moderate-income units (rental or ownership); mixed-use; commercial office, retail, and industrial space.
# HNEF: Neighborhood Health Determinants

<table>
<thead>
<tr>
<th>Health Determinant</th>
<th>Health Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Walkability/Active Transport</td>
<td>Physical activity, mental health, chronic disease</td>
</tr>
<tr>
<td>Safety from Crime</td>
<td>Injury, physical activity, mental health, real and perceived safety</td>
</tr>
<tr>
<td>Economic Opportunity</td>
<td>Economic stability</td>
</tr>
<tr>
<td>Food Access</td>
<td>Nutrition, chronic disease</td>
</tr>
<tr>
<td>Safety from Traffic</td>
<td>Injury, air quality, real and perceived safety</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>Economic stability</td>
</tr>
<tr>
<td>Green Housing</td>
<td>Exposure to environmental contaminants, chronic disease</td>
</tr>
<tr>
<td>Green Space</td>
<td>Physical activity, mental health, air quality</td>
</tr>
<tr>
<td>Social Cohesion</td>
<td>Mental health</td>
</tr>
<tr>
<td>Displacement/Gentrification</td>
<td>Mental health, economic stability</td>
</tr>
<tr>
<td>Air Quality</td>
<td>Air quality</td>
</tr>
<tr>
<td>Environmental Contamination</td>
<td>Exposure to environmental contaminants</td>
</tr>
</tbody>
</table>

Source: Healthy Neighborhoods Equity Fund Health Impact Assessment: Metropolitan Area Planning Council, 2013
HNEF: HealthScore Rating System

• **HealthScore range**: 0 – 100
• **HealthScore rating** is a weighted average of the following:
  - **Neighborhood score**: measures the need and opportunity for healthy development (25% of total HealthScore)
  - **Project score**: measures how well the project meets the need and captures the opportunity (75% of total HealthScore)
• **Minimum HealthScore** to be considered for investment: 50
• Projects meeting the minimum receive a **tier classification**:
  - Moderate Impact: 50-65
  - High Impact: 65-75
  - Very High Impact: 75+
The Holmes at Beverly HealthScore: HNEF Neighborhood Criteria

<table>
<thead>
<tr>
<th>Neighborhood Screening Criteria:</th>
<th>Score:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community support and growth potential (30%)</td>
<td>29</td>
</tr>
<tr>
<td>Opportunity to reduce health disparities (30%)</td>
<td>16.75</td>
</tr>
<tr>
<td>Transportation access and utilization (20%)</td>
<td>12.5</td>
</tr>
<tr>
<td>Opportunity to advance regional equity (20%)</td>
<td>11</td>
</tr>
<tr>
<td>TOTAL Neighborhood Score:</td>
<td>69.25</td>
</tr>
</tbody>
</table>
The Holmes at Beverly HealthScore: HNEF Project Criteria

<table>
<thead>
<tr>
<th>Project Screening Criteria</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighborhood walkability (20%)</td>
<td>10</td>
</tr>
<tr>
<td>Transformative Impact (15%)</td>
<td>12</td>
</tr>
<tr>
<td>Housing choice and affordability (10%)</td>
<td>6.25</td>
</tr>
<tr>
<td>Community safety (10%)</td>
<td>10</td>
</tr>
<tr>
<td>Economic opportunity (10%)</td>
<td>4.25</td>
</tr>
<tr>
<td>Green space and recreational access (10%)</td>
<td>5.5</td>
</tr>
<tr>
<td>Transit-supportive development (10%)</td>
<td>5.5</td>
</tr>
<tr>
<td>Healthy food access (5%)</td>
<td>2</td>
</tr>
<tr>
<td>Indoor air quality (5%)</td>
<td>5</td>
</tr>
<tr>
<td>Building and site performance (5%)</td>
<td>2.75</td>
</tr>
<tr>
<td><strong>TOTAL Project Score:</strong></td>
<td><strong>63.25</strong></td>
</tr>
</tbody>
</table>

**TOTAL WEIGHTED SCORE:** **64.75**

**OVERALL RATING:** MODERATE IMPACT
TOD in the City of Beverly

Beverly Depot Commuter Rail
- 2200 Commuters per Day
- New 500 car MBTA parking Garage
- 72 Trains per Day – 3rd Busiest on MBTA system
Meeting the HNEF Criteria

City of Beverly Pre-Zoning for Special Permit

- Height, Density, Parking Ratio 1:1
- MassWorks Grant for Rantoul’s Complete Street

Affordable Housing

- Exceeds Beverly’s Inclusionary Zoning of 12%
- MassHousing Workforce Funds - $100K Per Unit
- Providing 22% Aff - 14 units 60-80% AMI; 2 Units at 110% AMI

Mixed-Use

- Maximizing Ground Floor Retail (5,188 sf)
- Healthy Food Use Anticipated

Green Living

- Meeting Indoor Air Quality Plus Standards
- LEED Certifiable
HNEF as Equity Investor

$21 Million TDC

• Required $4.9 Million in LP Equity
• Met Threshold Criteria
• Underwriting to a Market Return
• Predevelopment Loan
• Straightforward Process to Approve and Close
• Pairs well with MassHousing’s Workforce Funds
• Five-Year Hold
• Requires Strong Property Management