

Community Investment Initiatives



AFL-CIO HOUSING INVESTMENT TRUST

DECEMBER 2005



Contents

	Page
Overview	1
ProLoan	3
Section 8 Community Investment Demonstration Program	4
Homeownership Opportunity Initiative	6
HIT Home	7
New Jersey Waterfront	8
New York City Community Investment Initiative	10
Chicago Community Investment Plan	14
Future Investment Initiatives in the Gulf Coast Region	17
Gulf Coast Reinvestment Plan	17
Jackson Investment Initiative	20

Overview

Initiative investing is a strategy that the AFL-CIO Housing Investment Trust (HIT) has developed to enhance its multifamily production capacity and at the same time meet urgent needs for affordable rental housing and homeownership opportunities in targeted communities. The strategy is particularly well suited to the HIT because it takes advantage of the Trust's demonstrated ability to network with community-based housing groups, labor organizations, developers, bankers, and local governments to generate housing production.

Historically, this investment strategy grew out of a number of creative HIT initiatives over the past decade and a half to address a range of specific housing needs. Forerunners to today's community investment initiatives include the following targeted programs:

- **ProLoan**, the HIT's innovative single family program offering forwarding commitments for homes in union-built subdivisions in St. Louis and Chicago (1991-1997).
- **Section 8 Community Investment Demonstration Program**, a nationwide pilot to expand affordable housing in partnership with HUD (1995-2001).
- **Homeownership Opportunity Initiative**, the HIT's mortgage loan program serving union members in the Pacific Northwest (1998-2002).
- **HIT Home**, a nationwide single-family mortgage program to expand homeownership opportunities for union members and certain municipal employees (2000-2005).
- **New Jersey Waterfront**, a targeted multifamily housing initiative that has helped transform a deserted warehouse district into a vibrant riverfront community (1993-present).

From these earlier programs, the HIT has evolved the strategy of targeted investing that served as the basis for its current community investment initiatives. Drawing support from area mayors, housing authorities, developers, and labor leaders, the high profile housing initiatives are proving to be effective in helping the HIT to expand its loan production activity while making a difference in communities with extraordinary housing needs and demonstrating to current and prospective participants the added value gained from an investment in the HIT.

- **New York City Community Investment Initiative.** The HIT first utilized initiative investing on a large scale with the AFL-CIO Investment Program's \$750 million New York City Community Investment Initiative (NYCCII), which was launched in January 2002 following the September 11 tragedy. Through the NYCCII, the HIT worked to develop a combination of multifamily and homeownership investments to meet the needs of working families in New York City. In just four years, the HIT has **exceeded its five-year goal of \$500 million by investing more than \$590 million** in New York. Although it has surpassed its initial goal, the HIT plans to continue actively seeking investment opportunities throughout New York's five boroughs and is prepared to extend the NYCCII for another three years.

- **Chicago Community Investment Plan.** Based on the success in New York, initiative-based investing is being expanded to new areas of the country. In mid-2005, the HIT announced its Chicago Community Investment Plan, with a \$500 million investment goal. This initiative is off to a fast start, with \$51.7 million already committed in 2005 for six multifamily development projects and \$28 million for homeownership loans to 189 union households in the Chicago area.
- **Future Investment Initiatives in the Gulf Coast Region.** Most recently, the HIT is exploring opportunities for two new initiatives that would address the desperate housing needs of hurricane-ravaged New Orleans and impoverished Jackson, Mississippi. These two initiatives are expected to leverage critically needed investments in housing while creating new loan production opportunities for the HIT in the Sunbelt.

The following provides a brief history of the Trust's investment initiatives, including an update on the status of current initiatives as of mid-December 2005 and plans for future initiatives.

ProLoan

An early example of the HIT's targeted investing is ProLoan, the single-family forward commitment program initiated by the Trust in 1991 in cooperation with the St. Louis Carpenters' District Council. This effort created an avenue for HIT to invest in the construction of single-family homes built 100% union. ProLoan, later expanded to Chicago and other areas, was successful in recovering considerable market share for union-built single-family housing.

Features included:

- ProLoan offered the “take-out” mortgage on single-family new construction in subdivisions or condominium projects.
- HIT provided a forward commitment on interest rates, which had the benefit of eliminating the uncertainty of fluctuating interest rates for homebuyers, builders, and union workers.
- Homebuilders participating in ProLoan agreed to use 100% union labor for the entire subdivision.



Lenders participating in ProLoan with the HIT included LaSalle Home Mortgage, HomeStreet Bank, and others.

Over a period of seven years, the HIT committed more than \$300 million for ProLoan financing in the Chicago and St. Louis metro areas, representing more than \$652 million in total development activity for 2,650 union-built single-family homes. This financing created an estimated 5 million hours of union construction work.

ProLoan serves as a model for increasing unions' market share of single-family residential construction. When the HIT first started financing single-family developments in St. Louis in 1991, only six area homebuilders were able to meet its 100% union labor requirements. Ultimately the HIT signed up more than five times that number, significantly expanding union market share in the single-family sector. ProLoan continues to operate under the auspices of the St. Louis District Council of Carpenters.

Section 8 Community Investment Demonstration Program

Through a national competition in 1994, the HIT was selected by the U.S. Department of Housing and Urban Development (HUD) to participate in the congressionally enacted Community Investment Demonstration Program. The HIT was HUD's largest partner in the five-year demonstration. HUD awarded HIT \$115 million in Section 8 project-based rental assistance in 1994 and 1995, and HIT used the rental assistance – plus over \$64 million of its own financing – to leverage more than \$130 million of additional financing for the development of 18 affordable housing projects across the country. These projects created 1,970 housing units for low and moderate income households.

The HIT conducted a national competition to identify housing projects to be included in the demonstration. The total development costs of these projects exceeded \$240 million, representing more than 2 million hours of union construction work.

The scope and variety of the 18 projects are indicative of the HIT's success in meeting the affordable housing needs of diverse communities, while continuing to provide secure, productive investments. Examples include:

- **Texas Border Housing:** To help relieve the miserable housing conditions on the Texas border with Mexico, the HIT provided financing to build two apartment developments: Corona del Valle in El Paso and El Azteca in Laredo. Together, these projects created 150 units of affordable housing, providing an attractive alternative to the squalid barrios along the border. The combined development costs of the two projects exceeded \$10.3 million, and the HIT's financing totaled \$4 million.



Corona del Valle

- **New Jersey AIDS Scattered Site Housing:** Through this innovative housing project, the HIT was able to improve the quality of life for low-income persons with HIV/AIDS by rehabilitating 64 HUD inventory properties in seven New Jersey cities. The project was recognized as the first of its kind in the United States to create Section 8 housing at scattered sites so families with members having HIV/AIDS could be integrated into their communities. The HIT provided \$3.6 million in financing for the rehabilitation of these homes and directed another \$8.4 million to the project through HUD's Section 8 assistance.
- **Imperial Hotel, Atlanta:** The HIT helped transform Atlanta's historic Imperial Hotel into service-enriched housing for 120 low and very low-income persons through a \$9.5 million gut-rehabilitation. The HIT provided \$1.7 million in financing for the project and \$7.1 million in Section 8 assistance. Among the HIT's partners in this project were the Georgia Housing Finance Authority and other public agencies and nonprofit groups. The Corporation for Supportive Housing assisted in creating on-site social services for the building's residents.

- **Umoja Apartments, Los Angeles:** Following the civil disturbances in South Central Los Angeles in 1992, many investors shunned redevelopment opportunities in that impoverished neighborhood. The HIT, however, reached out to local labor, government, community groups



Umoja Apartments

and nonprofit organizations to develop a plan to help the community rebuild. The Umoja apartment complex grew out of those efforts, providing housing and on-site social services to foster self-sufficiency for 30 South Central families with children who were homeless or at risk of homelessness. The HIT provided \$1 million in permanent financing for the development of this \$6.5 million project as well as \$3 million in Section 8 assistance.

- **Anna Bissonnette Apartments, Boston:** The \$5.9 million conversion and expansion of an abandoned industrial warehouse in Boston’s South End has created a new residential facility for elderly persons who were formerly homeless. The HIT provided \$500,000 in permanent financing and \$4.6 million in Section 8 budget authority for the project. Skilled staff is available on-site to assist residents with impairments and promote maximum independence, and residents receive a range of social services including counseling and appropriate referrals on issues such as health care, nutrition, substance abuse, and others.

**Affordable Housing Financed by HIT Through the
Section 8 Community Investment Demonstration Program**

Project	Location	Total	HIT	Section 8	Housing	
		Development	Loan	Budget	Total	Sec. 8
		Cost		Authority	Units	
		(\$ millions)	(\$ millions)	(\$ millions)		
Androscoggin Village	Auburn, ME	\$3.0	\$1.7	\$3.4	70	55
New Jersey AIDS I	4 cities in NJ	5.7	1.0	4.5	34	34
Woodland Springs	District Heights, MD	34.8	11.0	16.9	506	121
Imperial Hotel	Atlanta, GA	9.5	1.7	7.1	120	73
Market Heights	San Francisco, CA	10.0	2.3	3.6	46	22
Rio Vista Village	Los Angeles, CA	16.7	1.2	2.9	75	18
Umoja Apartments	Los Angeles, CA	6.5	1.0	3.0	30	30
West End Plaza	Boston, MA	31.7	11.0	7.0	183	58
Corona del Valle	El Paso, TX	6.8	2.8	8.9	100	80
El Azteca Housing	Laredo, TX	3.4	1.1	4.9	50	50
Bernal Gateway	San Francisco, CA	14.4	6.5	3.6	55	18
Anna Bissonnette House	Boston, MA	5.9	.5	4.6	41	40
Daly Avenue Apts.	Bronx, NY	15.9	2.9	6.7	84	42
Carl Mackley Apts.	Philadelphia, PA	20.9	5.0	12.7	184	92
Heritage Homes	San Francisco, PA	28.0	7.4	6.9	148	33
Jefferson Place Apts.	Marrero, LA	7.4	2.5	8.5	112	77
NJ AIDS Housing II	Four cities in NJ	6.1	.8	3.9	30	30
New Pennley Place	Pittsburgh, PA	15.0	3.6	3.5	102	38
TOTAL		\$241.8	\$64.1	\$115.6	1,970	911

Homeownership Opportunity Initiative

Early in 1998, the HIT launched the Homeownership Opportunity Initiative (HOI), a single-family mortgage program targeted to union members and public employees in the Pacific Northwest and Hawaii. Recognizing that the economic benefits of homeownership create one of the best avenues for working families to increase their wealth, the HIT sought through HOI to provide a model for expanding homeownership opportunities for union households.

The HIT partnered with Fannie Mae and HomeStreet Bank to offer the following favorable mortgage terms through HOI:

- Permanent buydown of .50% on mortgage loans requiring only a 3% down payment. The savings amounted to \$18,000 on a \$150,000 loan held for ten years.
- Preferential mortgage insurance premium. The savings for a typical borrower were \$3,000 over ten years on a \$150,000 loan.
- Flexible underwriting ratios and closing cost savings.
- Homebuyer education and credit counseling through partners. Matched savings program through Federal Home Loan Bank.
- Market rate FHA products also available, with reduced closing costs.

During the five years that the HIT actively sponsored this initiative, it purchased more than \$120 million in mortgage securities through the HOI, representing approximately 700 mortgage loans to union and public employee households in Washington State, Oregon, and Hawaii. HomeStreet Bank has continued to maintain the special HOI mortgage loan program for union members in those states.

HIT Home

Late in 2000, the HIT established HIT Home, a new program offering single-family mortgage loans to union members and municipal employees as a means of opening up new opportunities for homeownership for working families. The HIT partnered with Countrywide Home Loans, Inc., and Fannie Mae to make this a nationwide program. HIT Home complemented the HIT’s community investment activities and provided greater access for union members to enjoy the economic benefits of owning a home.



By the time this demonstration program was completed at the end of 2005, HIT Home had served more than 10,800 households. The volume of loans exceeded \$1.6 million, with an average of approximately \$150,000 per loan.

HIT Home reached out to groups that have traditionally been underserved in the homeownership market, with special focus on minority families and female-headed households.

The program offered savings on closing costs, homebuyer education, including information for first-time homebuyers, and a wide selection of competitively priced home loans.

Luis and Jannette Basurto, shown at left with their son, purchased their Los Angeles condominium through HIT Home in 2004. As Mr. Basurto put it, “Owning your own place gives you a true sense of stability and a great feeling of satisfaction.” Mr. and Mrs. Basurto are members of SEIU Locals 535 and 660, respectively.

HIT Home Mortgage Loans

	Mortgage Loans	No. of Transactions
2001	\$18,060,694	198
2002	218,568,999	1,793
2003	530,101,481	3,585
2004	459,961,960	2,968
2005 YTD	412,546,782	2,326
HIT HOME TOTAL	\$1,639,239,916	10,870

Data through November 2005.

New Jersey Waterfront

HIT Financing:	\$608.9 Million
Number of Multifamily Projects:	13
Number of Housing Units:	3,697
Total Development Activity:	\$703.9 Million

With commitments of more than \$600 million over the past decade, the HIT has helped finance the dramatic rebirth of the New Jersey waterfront, turning an abandoned and decaying industrial area into a thriving residential community. This remarkable renaissance comes after decades of urban decline following the collapse of the area’s traditional economic underpinnings. Although the decline of the waterfront’s economic base appeared to many to be irreversible, a vigorous rejuvenation is now underway, bringing new development, new residents, new commerce and new jobs to the waterfront.

The HIT has played an important part in this renewal, having invested in 13 waterfront multifamily projects stretching from Jersey City up the Hudson River to Hoboken. The projects represent more than \$700 million of development activity. HIT-financed projects have revitalized the area’s housing stock with the development of more than 3,600 units of housing.



Waterfront Revitalization, Hoboken, NJ

The latest HIT-financed project rising on the waterfront is The Sovereign, shown under construction on the next page. This \$72 million apartment building is located in Hoboken – a city directly across the Hudson River from New York City’s Lower Manhattan. With \$66 million in HIT financing, The Sovereign will provide 250 residences at The Shipyard, a master-planned residential community along the Hudson. The Shipyard has earned numerous “Community of the Year” awards from housing and construction-related organizations for its builder, Applied Development Company. The HIT has worked closely with Applied to structure project financing for New Jersey waterfront projects since the early 1990s.



“Before and after” at site of new Sovereign Apartments, Hoboken, NJ

According to Applied’s president, Michael Barry, “Our solid, long-term relationship with the HIT has made this rebirth possible. We’ve done very well with the HIT in northern New Jersey, revitalizing communities and providing high-quality housing for thousands of residents. We’re helping to bring back an urban center.”

Next in the HIT’s New Jersey pipeline is Columbus Towers, a \$92 million, 392-unit apartment project to be built in Jersey City, for which the HIT recently committed \$75 million.

HIT Financing on New Jersey Waterfront

Project	Location	Total Development Cost (\$ millions)	HIT Commitment (\$ millions)	Housing Units
Columbus Towers	Jersey City	\$92.0	\$75.0	392
Constitution North	Hoboken	26.0	23.4	138
Constitution South	Hoboken	32.0	28.8	172
Hudson Square South	Hoboken	19.9	19.9	150
Independence North	Hoboken	46.4	46.0	185
Independence South	Hoboken	34.3	29.1	150
Pacific at Newport	Jersey City	59.3	51.2	336
The Siena	Jersey City	39.5	35.5	220
South Waterfront (333 River St.)	Hoboken	119.7	90.6	526
Southampton at Newport	Jersey City	53.9	47.1	409
Sovereign at the Shipyard	Hoboken	72.1	66	260
Tower of America East	Jersey City	62.3	54.2	444
Tower of America West	Jersey City	46.5	41.8	315
TOTAL		\$703.9	\$608.6	3,697

New York City Community Investment Initiative

Date Launched: January 2002
Five-year Investment Goal: \$750 million: HIT \$500 million; BIT \$250 million
Actual Commitments to Date: \$847 million: HIT \$591 million; BIT \$256 million

The AFL-CIO Investment Program’s New York City Community Investment Initiative (NYCCII) has achieved outstanding success, surpassing its five-year, \$750 million investment goal in less than four years. As part of the NYCCII, the HIT has exceeded its \$500 million investment target with actual commitments of \$591 million for New York housing during this period, including investments in multifamily housing and homeownership opportunities. Joining with the HIT in the NYCCII, the AFL-CIO Building Investment Trust has made its own investments of more than \$140 million in New York City real estate development and expects to close before year-end on two major projects that should put the BIT over its goal of \$250 million in equity real estate investments.

The NYCCII was launched in January 2002 to help meet the City’s urgent need for investment capital following the tragic events of September 11, 2001. At the announcement ceremony held at the offices of the New York Central Labor Council on January 17, 2002, AFL-CIO President John Sweeney joined New York City Mayor Michael Bloomberg and Central Labor Council President Brian McLaughlin and other labor leaders to outline an ambitious investment commitment of labor capital to finance housing and commercial development and to expand homeownership opportunities for working families. The event also marked the opening of the HIT’s New York City office. The HIT received strong support for this initiative from the City Comptroller and the New York City Employee Retirement Systems.

Multifamily Housing

Five-year Investment Goal: \$250 million
Actual Investments to Date: \$248 million

Soon after the launch of the NYCCII, the HIT and BIT joined forces with the New York City Housing Development Corporation and a private developer to invest in the \$75 million Hudson Crossings apartments project – the first multifamily project for the NYCCII and the **first residential construction in Manhattan after September 11th**.

The Initiative has made a positive difference in the lives of thousands of New Yorkers. The HIT’s multifamily housing investments totaled \$248 million through the third quarter of 2005. These investments have **leveraged over \$970 million** from other sources and created hundreds of union construction jobs.



**Hudson
Crossings**

The HIT’s NYCCII investments have created or preserved **12,337 units of housing**. Because affordable housing is a vital issue to working families, HIT investments have focused on the preservation and rehabilitation of Mitchell-Lama rental cooperative and apartment buildings. Of

the multifamily units financed by HIT, more than **90% represent the development or preservation of low- and moderate-income housing.**



West Village Houses

Six of the housing developments that have received HIT financing to date are projects originally constructed under New York State’s Mitchell-Lama Affordable Housing Program. The HIT’s most recent multifamily commitment is a \$40 million investment to help tenants of **Manhattan’s West Village Houses**, a Mitchell-Lama rental project, convert the project into a cooperative and achieve homeownership at a below market cost. The HIT’s homeownership program is being made available to all residents of West Village Houses who are interested in purchasing coop units.

**HIT’s NYCCII Multifamily Projects
January 2002 to Present**

Project Name	Loc.*	Housing Units	Low/Mod. Income Units	HIT Commitment	Appraised Value
Amalgamated Houses (ML)	BX	1,486	1,486	\$13,000,000	\$65,000,000
Amalgamated Warbasse (ML)	BK	2,583	2,583	\$10,300,000	\$140,000,000
Bedford Gardens (ML)	BK	647	647	\$39,201,800	\$76,000,000
Gateway Plaza	MN	1,712	1,712	\$37,166,000	\$94,300,000
Hudson Crossings	MN	259	51	\$10,000,000	\$74,285,000
Logan Plaza Apartments	MN	130	26	\$8,560,000	\$10,700,000
Lower East Side Apartments	MN	152	151	\$22,120,000	\$29,000,000
Penn South Cooperative (ML)	MN	2,820	2,820	\$33,000,000	\$300,000,000
Seward Park Cooperative (ML)	MN	1,728	1,728	\$20,200,000	\$162,900,000
West Village Houses (ML)	MN	420	420	\$40,000,000	\$200,000,000
Workmen’s Circle	BX	400	0	\$14,600,000	\$73,670,000
MULTIFAMILY TOTAL		12,337	11,624	\$248,147,800	\$1,225,855,000

Data through November 2005.

* Location: BK=Brooklyn; MN=Manhattan; BX=Bronx.

ML=Building was constructed under the New York State Mitchell-Lama Affordable Housing Program.

Single Family Mortgages

Five-year Investment Goal: **\$250 million**
Actual Investments to Date: **\$343 million**

Through the NYCCII, the HIT's single-family program has provided **\$343 million in mortgage loans** for New York City union members and beneficiaries of the New York City Retirement Systems. This translates into **1,740 mortgage loans** benefiting teachers, police, firefighters, hospital workers and other union members and municipal employees throughout the City's five boroughs.

The HIT has worked to assure that union members and municipal employees were well informed about the homeownership benefits offered through NYCCII. Arrangements were made with a number of interested unions – including AFSCME, HERE, SEIU, and others – for special outreach meetings to be held at union halls, including in some cases regular weekly or monthly office hours with representatives of the HIT single family program. HIT staff have participated in a wide variety of union-sponsored events to publicize the mortgage loan program and have made special efforts to reach out to underserved groups, including members of minority groups and female-headed households.

The positive response to the homeownership initiative in New York has made it the HIT's most successful homeownership program and one that is being duplicated in other cities.



Brooklyn Homebuyers

A longtime dream came true for New York City employee Michael Johnson and his wife Kenya Johnson when they purchased a home in Brooklyn through HIT's homeownership program. Mr. Johnson, an employee of the City's Office of Emergency Management Services, said, "We went to two banks, including the one where my wife works. Nobody even wanted to talk about making such a loan in an urban area, even though we had our down payment and good credit. It was like a miracle. It's hard to imagine what it felt like for us to bring our newborn son to our own home."

**NYCCII Single Family Mortgage Loans
January 2002 to Present**

Location of Property	Mortgage Loans	No. of Transactions
Bronx	\$31,633,903	185
Brooklyn	113,018,338	559
Manhattan	10,742,253	49
Queens	82,399,317	411
Staten Island	105,549,089	536
SINGLE FAMILY TOTAL	\$343,342,900	1,740

Data through November 2005.

Next Steps

To announce to HIT's primary constituencies the successful completion of the initial \$500 million investment commitment under the NYCCII, an event will be held in New York City early in 2006 to commemorate the fourth anniversary of the program's launch. Prominent labor leaders and city officials will be invited to offer remarks regarding HIT investment activity and accomplishments in New York City, and HIT staff will present plans for future investments. The press will be invited as well to generate media coverage of this accomplishment.

Although the HIT has exceeded its initial investment goal of \$500 million, the housing needs of working families in New York City will continue to be an investment priority. The HIT and BIT are prepared to announce a three-year extension of the NYCCII. During the three-year period, the HIT and BIT will target substantial new investments in New York City, including:

- **HIT: \$250 million** in multifamily investments.
- **BIT: \$150 million** in real estate equity investments.
- **Homeownership assistance** for union members and municipal employees.

Special emphasis will be placed on preserving affordable rental housing in the City. It is expected that the planned investments in housing and commercial real estate during the three-year period would leverage over \$500 million in total development activity.

The extensive network of relationships that the HIT has established during the past four years with New York's labor community, redevelopment officials and the City's financial and real estate partners will be key to promoting future investments and the corresponding benefits to working families. Trust staff will work to maintain and expand relationships with these and other groups so that investment priorities and affordable housing goals for New York City will continue to be met.

Because the NYCCII has been so successful, it is being used as the model for the HIT's new Chicago Community Investment Plan, which was announced by AFL-CIO President John Sweeney and Chicago Mayor Richard Daley in July 2005. In addition, a similar initiative will be launched in Los Angeles in the coming year.

Chicago Community Investment Plan

Date Announced: July 2005
Five-year Investment Goal: \$500 million
Actual Commitments in 2005: \$80 million

Drawing on the successful NYCCII model, the AFL-CIO Investment Program in 2005 announced a **\$750 million investment initiative** in Chicago. Known as the Chicago Community Investment Plan (CCIP), this five-year effort brings the investment power of union funds to help Chicago address housing and community development needs of working families. The major components of the HIT's investment goals for this initiative are:

- \$250 million for multifamily housing production.
- \$250 million for homeownership opportunities.

Joining with the HIT in this new initiative, the AFL-CIO Building Investment Trust has set its own goal of \$250 million for investments in equity real estate, bringing the CCIP's total five-year investment goal to \$750 million.

The CCIP builds on the successes of the HIT and BIT in the region and will be implemented in conjunction with the City of Chicago and numerous other public and private organizations with whom strong partnerships have been established over the years. With leverage, the \$750 million combined investments of the HIT and BIT are expected to result in more than \$1 billion of financing to produce housing, support economic development projects, promote homeownership for working families and create thousands of union construction jobs in Chicago.

Multifamily Housing Production

The HIT has committed to invest \$250 million in multifamily financing through the Plan over the next five years. This investment is expected to create over **2,500 rental housing units**. Special emphasis will be given to the production of affordable housing and housing for special needs groups. The development of these housing projects is expected to create thousands of good union jobs in construction and related industries.



Victory Centre at Roseland

Launched in July 2005 with the support of organized labor and the mayor of Chicago, the CCIP is already well underway. This year, the **HIT has committed more than \$54 million for six Chicago-area multifamily projects**, representing total development costs of \$93 million. One of these projects is Victory Center at Roseland (shown at left), a \$13 million development that will offer 124 units of housing for Chicago seniors, for which the HIT committed \$8.4 million in the third quarter of 2005. The HIT is expecting to close an additional \$10 million in multifamily investments by year-end.

The CCIP’s success will be greatly enhanced by the HIT’s work with **key partners in Chicago’s housing development community** who will be able to provide additional financing sources, origination and other services. These partners include the City of Chicago, County and State Governments, the Illinois Housing Development Authority (IHDA), Chicago Housing Authority, Fannie Mae, HUD and the FHA mortgage banking community. HIT is also working to develop relationships with a number of Community Development Corporations in some of Chicago’s “at risk” neighborhoods.

The CCIP emphasizes the production and financing of much-needed **affordable housing** for Chicago’s working families and seniors. The multifamily component of the Plan utilizes public sources of capital including Low Income Housing Tax Credits, HOME funds, Community Development Block Grants, and Tax Increment Financing to bring the rental rates of many units to levels affordable to low- and moderate-income households. To promote housing for special needs populations, the HIT is working with a number of Chicago’s nonprofit housing organizations to coordinate a comprehensive community development strategy that includes housing for special needs groups. These projects will be enhanced by the provision of social services including job training, childcare or after-school programs.

HIT Multifamily Commitments in Chicago Area, 2005

Multifamily Projects	Housing Units	HIT Commitments	Total Devel. Cost
Barton Senior Residences	130	\$8,950,000	\$19,411,483
Eden Green Apartments	258	16,188,000	11,108,298
Valley View Apartments	167	6,417,900	10,500,000
Victory Centre at Roseland	124	8,400,000	13,240,000
Zion Senior Cottages	110	5,740,000	12,398,610
Loomis Court Apartments	126	6,035,000	13,187,610
Total	915	\$51,730,900	\$79,846,001

Homeownership Opportunities

Through its single-family program, the HIT will seek to generate \$250 million in home mortgages for Chicago union members and municipal employees. To reach this goal, the HIT’s single family staff continues to carry out vigorous outreach to Chicago’s labor community, building valuable partnerships with many unions in the public sector, in the building and construction trades, and other industrial sectors.

For working families seeking the benefits of homeownership, the HIT’s single-family program to date has helped 189 households obtain mortgage loans with a loan volume of \$28 million in 2005.

**HIT Homeownership Opportunities in Chicago
Year-to-Date**

	Mortgage Loans (\$ millions)	No. of Transactions
Single Family Total	\$28	189

Next Steps

Priority will be given in the period ahead to broadening the HIT's already strong relationships with Chicago's labor, housing, and finance communities to build the foundation for attaining the ambitious goals of the CCIP. Already these relationships are bearing fruit, as seen in the strong start the initiative has made in 2005.

Summary of CCIP Accomplishments to Date

	5 Year Goal	Actual to Date
Multifamily Investments	\$250 million	\$51.7 million
Single Family Mortgages	\$250 million	\$28.0 million
Total	\$500 million	\$79.7 million

Future Investment Initiatives in the Gulf Coast Region

Initiatives Currently Under Development:

- **Gulf Coast Reinvestment Plan, New Orleans, Louisiana**
- **Jackson Investment Initiative, Jackson, Mississippi**

With the unprecedented destruction and displacement wrought by the 2005 hurricanes, the Gulf Coast is faced with the challenge of rebuilding homes and reuniting families who have fled to cities around the country. After the devastation of New Orleans and the Gulf Coast area, President Sweeney requested the HIT to “determine how it can best assist in the rebuilding of workers’ homes and communities in the impacted area.” Working families in the area lost loved ones, their homes, their jobs, their way of life. At the same time, severe shortages exist for decent, affordable housing in the impoverished Jackson, Mississippi, area. The labor communities in both Jackson and New Orleans are encouraging the HIT to explore investment initiatives that could address these pressing needs.

The HIT has responded to the region’s devastation on a personal level and as a socially responsible investment company. In addition to providing a truck-load of emergency supplies and matching the individual contributions made by staff to the Union Community Fund/Katrina



Relief Fund, the HIT is developing a Gulf Coast Reinvestment Plan in consultation with the area’s unions, public officials, and members of the housing development and finance communities. The initiative will address the immediate and permanent housing needs of the victims of Hurricanes Katrina and Rita as well as assist in the economic revival of the affected Gulf Coast communities.

The HIT will tailor its initiative approach to the unique needs of the Gulf Coast region. Key elements of the Reinvestment Plan include:

- **Partners.** The Plan’s success in the Gulf Coast will be enhanced by working with the network of committed organizations that are preparing plans to assist in the rebuilding efforts. In particular, the HIT will work with the State Housing and Economic Development Agencies of Louisiana and Mississippi; the Cities of New Orleans, Baton Rouge, and Jackson, Mississippi; the appropriate Public Housing Authorities; the state and local labor federations; Fannie Mae; HUD; and the FHA mortgage banking community. In addition, HIT will work in cooperation with local community development corporations, local service providers for special-needs housing that may be produced under the plan, foundations, and other funding sources.
- **Affordability.** Many of the displaced households are low income. High clean-up costs and a reduced area of buildable land will lead to an increased cost of development. Therefore, the corridors between Baton Rouge and New Orleans, and inland areas of the Gulf Coast will

likely become more heavily populated. The HIT will focus its efforts on financing projects with a large affordability component, both in hurricane-affected and surrounding areas. The HIT will also identify additional financing sources to increase housing affordability.

- **Manufactured Housing.** To meet the affordable housing needs of the many displaced low and moderate income households, the feasibility of alternative housing solutions, such as manufactured, or modular, housing will be explored. The HIT will provide technical assistance to help create a unionized production facility for the construction of manufactured housing, modeled on Deluxe Building Systems in Berwick, Pennsylvania. New housing designs will be created utilizing the latest in sustainable technology and reflecting local architecture.
- **Union Labor.** As with all of its investments, the HIT initiative in the Gulf Coast will require all on-site construction work to be performed by contractors utilizing workers covered by collective bargaining agreements.

Gulf Coast Reinvestment Plan, New Orleans

In response to the request from President Sweeney, the HIT has begun to map out, with the City of New Orleans, a five-to-seven year investment initiative. The HIT will work closely with neighborhood groups, labor officials and service providers to develop an investment strategy that will address the needs of the local community.



Needs Analysis. As a first step, HIT staff have been conducting an in-depth needs analysis to determine how best to utilize its resources to achieve the goals of the investment initiative and tailor its investments to the specific housing needs and resources of the region. This has included assessing data on the economic impact of Hurricane Katrina and tracking the activities of government, nonprofit agencies, and the investment community through meetings, teleconferences and web-postings. The analysis shows clearly that the FEMA housing programs, which are limited to 18 months' relief, and the longer-term HUD programs for permanent housing will not be adequate to meet the immense need which may well exceed 300,000 units.

- October 13 and 14: Staff visited New Orleans to meet with the Deputy Mayor for Housing, a representative of the Mayor's rebuilding commission and to do site visits. At that time, the City's focus was on immediate housing needs, including locating mobile trailers to house critical workers. The City was coming out of the rescue phase, and moving into the recovery phase. The Deputy Mayor indicated that the rebuilding phase was still a few months off. Although the team from the HIT hoped to meet with more housers, most had not yet moved back to New Orleans.

- November 2-4: Staff returned to New Orleans and met with several groups that are active in providing housing in New Orleans, including the New Orleans Neighborhood Development Collaborative, the Louisiana Finance Agency, banker Ashton Ryan, Catholic Charities, and the Volunteers of America. A common theme in most of the meetings was the possibility of creating union built modular housing, which could be built quickly and inexpensively. A concern for all players in the rebuilding of New Orleans is the need to have the issues of insurance and zoning regulations settled before any new housing can be built. While in New Orleans, the team was invited to address the City Council, whose members welcomed them to the City, and met with Mayor Ray Nagin, who reiterated the need for housing in New Orleans.
- November 21-23: On their next trip to New Orleans, HIT staff were accompanied by the former executive director of the Housing Authority of New Orleans (HANO), who currently heads the DC Housing Authority. Staff were invited to participate in a meeting of a subcommittee of the mayor's Bring Back New Orleans Commission, which is developing recommendations on land use, urban design, and other issues. Staff also met with the president and secretary-treasurer of the Louisiana State AFL-CIO in Baton Rouge. Although labor was unsuccessful in getting representation on the mayor's Commission, the State AFL-CIO offered to provide introductions to agencies where labor has good relationships, including community housing development organizations, the State Housing Finance Agency, and New Orleans Redevelopment Authority.



Rebuilding the New Orleans area will take years. The immediate need for temporary housing is still being addressed. This will be followed over the next year and a half by efforts to develop more permanent housing, and a one-to-five year period in which projects requiring credit enhancement and other financing mechanisms are developed. Finding ways to redevelop the region while maintaining housing affordability will be a long term challenge, and it is in longer term development that the HIT will most likely play a role.

Jackson Investment Initiative

Needs Analysis. Although charged with identifying housing needs related to Hurricanes Katrina and Rita, the HIT team deployed to Jackson, Mississippi, learned that the greatest need was the provision of safe, decent and affordable housing for those poor and disenfranchised residents whose families have called Jackson home for generations. While 10% of all families in the United States live below the poverty line, 19.6% of the families in Jackson earn less than \$16,000 a year. Much of Jackson's low-income population resides within crime- and drug-infested neighborhoods in dilapidated homes without hot water, operable appliances, and in some cases, windows. According to the City of Jackson's Housing Inventory and Analysis (1999), the existing housing stock is approximately 55,000 units. Of these units, an estimated 13% are considered substandard and are clustered in the poorest neighborhoods of the city, most of which are within walking distance of City Hall and the Mississippi State Capitol building.

During the visit to Jackson, it was made clear that the rehabilitation of the city's housing stock and the redevelopment of its poorest neighborhoods are high on the agenda of Mayor Frank Melton. The Mayor plans to restructure the city's housing-related departments in order to promote community stabilization and revitalization in these "long-forgotten" neighborhoods. Mayor Melton also proclaimed his support of labor's role in the reconstruction of affordable housing, as well as in the establishment of apprenticeship programs to provide training and jobs to the young people living within the communities in need.

HIT staff met also with the President of Jackson State University, Dr. Ronald Mason, who reported that the University is seeking to join forces with the city to eliminate dilapidated housing and address high unemployment by building technology-based businesses and learning systems. This "e-City Project" is central to the Jackson State University Master Plan and will transform the West Jackson neighborhood surrounding the University into viable, mixed-income live/work centers that include a new Telecommunications Conference Center and a 30-acre information research and business park. Dr. Mason welcomed the participation of the HIT in the housing components of the "e-City Project."

Investment Plan. In response to the housing needs in Jackson, the HIT is developing an Investment Initiative that will join the city, Jackson State University, labor, faith-based organizations, civic organizations, foundations, Fannie Mae and business to **create new rental housing that is affordable to union members and municipal employees.** In addition, HIT will work in cooperation with local community development corporations and local service providers for special needs housing that may be produced under this initiative.

To coordinate these efforts, an Advisory Board consisting of representatives from each sector will be established. This Advisory Board will contribute important benefits by providing "on the ground" policy input with respect to the housing, labor, and special services components of the Initiative. The Advisory Board will also provide ideas to promote outreach to the development community and facilitate partnerships with a variety of interested constituencies. It is anticipated that the Advisory Board will meet quarterly in the first year of the Initiative.

Next Steps

The HIT will continue to explore potential partnerships to address these housing needs and will continue to meet with local and national developers, lenders and investors to determine how the initiative can utilize union capital to invest in permanent housing built as an immediate response to the devastation that has occurred in the Gulf Coast region.