



# INVESTOR

LABOR'S INVESTMENT CAPITAL AT WORK • ISSUE NO. 1, 2012

## On Track to Create 15,000 Union Jobs

*Strong Returns Plus Union Job Creation*



*The Moderne in Milwaukee is one of 23 projects currently under construction.*

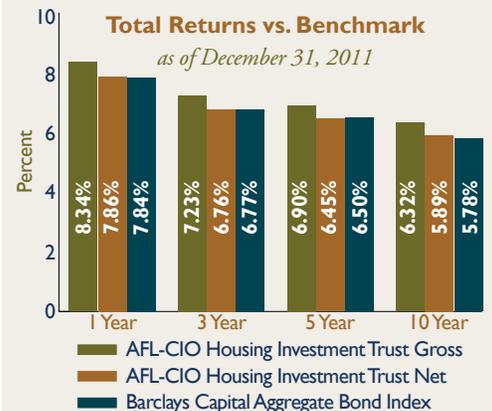
The AFL-CIO Housing Investment Trust (HIT) is helping put more union members back to work with investments that provide a needed stimulus to local communities. The HIT created its Construction Jobs Initiative in 2009 at the urging of Mark Ayers, President, Building and Construction Trades Department, AFL-CIO. Having passed its initial goal of generating 10,000 union construction jobs less than two years later, the HIT is on track to reach its increased

job creation goal of 15,000 jobs by the end of 2012.

Forty projects financed by the HIT and its subsidiary, Building America CDE, have generated more than 12,300 union construction jobs to date. These projects provide more than 13,200 housing or healthcare units. The HIT has invested nearly \$1 billion in 18 cities to leverage over \$2 billion of development for these projects, which are helping to spur economic recovery and meet the need for affordable housing.

### HIT PERFORMANCE TOPS BENCHMARK FOR 19TH YEAR

With an 8.34% one-year gross return, the HIT again beat its benchmark in 2011 for the 19th consecutive calendar year. The HIT's one-year net return of 7.86% also exceeded the benchmark, the Barclays Capital Aggregate Bond Index, in a year when many other fixed-income funds underperformed.



For the 1-, 3-, 5-, and 10-year periods ended March 31, 2012, the HIT's net returns were 7.25%, 5.93%, 6.17%, and 5.81%, respectively. The performance data quoted represents past performance and is no guarantee of future results. Periods over one year are annualized. Investment results and principal value will fluctuate so that units in the HIT, when redeemed, may be worth more or less than the original cost. The HIT's current performance may be lower or higher than the performance data quoted. Performance data current to the most recent month-end is available from the HIT's website at [www.aflcio-hit.com](http://www.aflcio-hit.com). Gross performance figures do not reflect the deduction of HIT expenses. Net performance figures reflect the deduction of HIT expenses and are the performance figures investors experience in the HIT. Information about HIT expenses can be found on page 1 of the HIT's current prospectus.

# HIT INVESTOR



A member of the Bricklayers does caulking work at Milwaukee's Moderne high-rise, a project that the city expects will catalyze renewal in the path of a demolished freeway.

*“Union members want jobs, and the HIT is creating thousands of union construction jobs . . . . The economy needs to grow, and HIT-financed construction projects are spurring employment and economic growth in the community at large. That is a win-win for workers and their communities – and it is happening because workers’ pension capital is invested in the HIT.”*

— Richard Trumka  
President, AFL-CIO

## PRESERVING AFFORDABLE HOUSING, CREATING JOBS IN CHICAGO



Hazel Winthrop Apartments

**C**ontinuing its tradition of working with the City of Chicago to finance affordable housing and create jobs, the HIT is now investing \$11 million for the rehabilitation of two aging properties that contain 127 affordable housing units. The rehabilitation work, including energy-efficient improvements, should generate approximately 150 union construction jobs. Hazel Winthrop Apartments and

Bronzeville Senior Apartments are the latest of six Chicago projects that the HIT has helped finance under its Construction Jobs Initiative, creating over 1,400 union construction jobs in the city.

### **Bronzeville Senior Apartments**

HIT investment: **\$8.7M**  
Total development value: **\$18.7M**  
Union construction jobs: **110**

The Bronzeville Senior Apartments in the city’s South Lakefront area are undergoing an \$18.7 million substantial rehabilitation with financing from the HIT. All 97 units in the 11-story high rise receive project-based Section 8 rental assistance. The senior housing building is part of the Paul G. Stewart Center, a multi-property affordable housing development in Chicago’s Bronzeville community.

### **Hazel Winthrop Apartments**

HIT investment: **\$2.3M**  
Total development value: **\$6.3M**  
Union construction jobs: **40**

HIT financing is helping preserve affordable housing in a four-building, scattered-site housing portfolio known as the Hazel Winthrop Apartments. Located in Chicago’s Uptown community on the North Side, the properties participate in a project-based Section 8 rental assistance program administered by the Chicago Housing Authority. Besides providing capital for much-needed renovations, the HIT investment helps keep the units affordable so the current residents can remain in a part of the city where expensive new development is reducing their affordable housing options.

# Building America CDE: *Attracting Investment Capital to Revitalize Distressed Communities*



225 Centre Street, Boston, MA



Mac Mahon Student Center, Jersey City, NJ



Paseo Verde, Philadelphia, PA

**T**hree high-impact redevelopment projects in Jersey City, Boston, and Philadelphia are underway with support from New Markets Tax Credits (NMTCs) provided by the HIT’s subsidiary, Building America CDE, Inc. The jobs, community services, housing, and commercial development created by these projects will revitalize their low-income neighborhoods and serve as catalysts for further development.

The tax credits for these projects came from the \$35 million of tax credits Building America received last year. Building America has just received a new NMTC allocation of \$50 million for use in coming months.

## **Mac Mahon Student Center** Jersey City, NJ

As its first project, Building America provided \$10 million of NMTCs to the Mac Mahon Student Center at St. Peter’s College. This \$49.1 million project

kicks off a \$500 million revitalization of the low-income McGinley Square area where St. Peter’s is located. A range of services to be offered at the center will make a difference in the lives of students and community residents, and the more than 310 union jobs anticipated on the project are described as “a godsend for our members” by Patrick Kelleher, President of the Hudson County Building and Construction Trades Council.

## **225 Centre Street, Boston, MA**

This \$53.2 million mixed-use project has support from both Building America and the HIT: \$5.5 million of NMTCs from Building America for the commercial component, and \$9.9 million in HIT financing for the residential component. This is the first phase of a \$250 million redevelopment of Jamaica Plain’s Jackson Square area and should generate about 300 union construction jobs as well as

long-term jobs in the establishments that will occupy the commercial space.

## **Paseo Verde, Philadelphia, PA**

This \$48.2 million mixed-use, transit-oriented development will bring 120 affordable housing units and a range of job-creating healthcare, commercial, and retail services to the underserved Ludlow community. The nearly 310 projected union construction jobs are “good news for our members, especially in today’s economy,” said Patrick Gillespie, Business Manager, Philadelphia BCTC.

“Building America is working to achieve economic goals important to the American labor movement,” said Eric Price, Building America’s CEO. “The tax credits it invests will generate union construction jobs and bring needed services and long-term employment to distressed communities, helping to expand local opportunities for people with limited economic means.”

# Revitalizing Boston Public Housing



*Union workers on the Old Colony construction site prior to project completion.*

affordable townhouse-style and one-level rental units in seven buildings. The redevelopment features open areas and green space for recreational activities.

## Old Colony

HIT commitment: \$26.7M

Total development value: \$56.8M

Union construction jobs: 320

At Old Colony, residents celebrated the completion of the first phase of a LEED-certified redevelopment that is transforming one of the BHA's largest properties. Mayor Menino, speaking at the celebration, called the project "another great example of how, working together, we are creating jobs, building green affordable housing, and pulling families out of poverty."

Seven 70-year-old buildings have been replaced by 116 affordable rental units in a high-rise building and four townhouse-style buildings. Two new streets will open the development to the surrounding neighborhood. Aged infrastructure has been replaced with energy-efficient systems, with help from a \$22 million stimulus grant provided by HUD to the BHA under a national competition promoting green public housing. The HIT-financed construction also included a new 10,000-square-foot Learning Center.

"We are pleased to partner with the Boston Housing Authority and MassHousing by bringing \$26.7 million of union pension capital to the financing of this 100% union-built project," said Tom O'Malley, Director of the HIT's New England regional office. "This investment is part of the Trust's long commitment to working with the City of Boston in developing quality affordable housing."

**T**wo Boston public housing properties recently celebrated the completion of 172 units of affordable housing that were built with help from HIT financing. The HIT provided \$40.2 million for the redevelopment of the Washington Beech and Old Colony public housing developments, working with the Boston Housing Authority (BHA) and MassHousing. Each project is part of a larger multi-phased revitalization effort, aimed at improving the quality of life for community residents.



*Mayor Menino and other public officials joined residents to dedicate Washington Beech housing.*

## Washington Beech

HIT commitment: \$13.5M

Total development value: \$25.5M

Union construction jobs: 145

Boston Mayor Thomas Menino led the ribbon-cutting festivities at the Washington Beech development in the city's Roslindale community. The new affordable housing is part of a multi-phase HOPE VI revitalization project, designed to replace deteriorated public housing with LEED-certified rental and homeownership units on a reconfigured street layout that integrates more smoothly with the surrounding neighborhood.

"I am proud to say that we will be able to provide hundreds of residents much needed affordable housing during such a tough economy," Mayor Menino said at the ribbon-cutting.

The HIT worked with the BHA, MassHousing, and developer Trinity Financial, Inc., to finance one phase of the construction, consisting of 56

# Children Move into Seton Pediatric Center



Executive Officer for the Elizabeth Seton Pediatric Center.

The non-profit pediatric center provides skilled nursing care to medically fragile children with complex medical diagnoses and disabilities from birth to age 21. It serves primarily lower-income patients covered by Medicaid.

“We are proud to have played a part in creating this remarkable facility, which will touch the lives of so many special children and their families,” said HIT Chairman John J. Sweeney.

Work on the new facility generated more than 800 jobs for members of the local building and construction trades unions. An existing collective bargaining agreement covering the operational staff has carried over to the new location.

*A convoy of ambulances moved children to their new home at the Elizabeth Seton Pediatric Center in Yonkers.*

**HIT commitment: \$100M**  
**Total development value: \$115.5M**  
**Union construction jobs: 800**

**A**fter 25 years in overcrowded, leased space in Midtown Manhattan, children receiving care at the Elizabeth Seton Pediatric Center have a new place to call home. The Center’s young patients were recently

relocated to the newly constructed, state-of-the-art facility in Yonkers, just outside New York City. The HIT invested \$100 million in the 165,000-square-foot, union-built, 137-bed in-patient center, which combines the latest technology with a homelike environment.

“We are all truly thrilled that this day has finally arrived,” said Patricia Tursi, Chief

## AFFORDABLE HOUSING FOR ST. LOUIS SENIORS



*Demolition work at St. Joseph Apartments*

**HIT commitment: \$6.6M**  
**Total development value: \$13M**  
**Union construction jobs: 75**

**T**he HIT’s latest investment in the St. Louis area will preserve affordability and carry out a major rehabilitation of the Holy Infant Apartments and St. Joseph Apartments, two senior residences in Shrewsbury, Missouri.

The refinancing of existing debt on the two 20-year-old properties will keep the 157 housing units affordable for low-income seniors for another 20 years. The units are subsidized through Section 8 project-based rental assistance. Most of the tenants are able to live independently because of the service-enriched facilities, which offer on-site social services.

The all-union rehabilitation work will include energy-efficient improvements such as new windows and HVAC systems. The project will convert efficiency apartments into one-bedroom units as well as renovate kitchens and bathrooms to make them more accessible and expand community spaces. Apartment residents will be temporarily relocated to newly-renovated units as the work proceeds.

Since 1995, the HIT has provided \$462 million in financing for St. Louis area projects representing \$808 million of development activity, 3,936 units of housing, and over 5,700 union construction jobs.

*“Union members appreciate the chance to give back to the community through their work on this project.”*

—Jeff Aboussie, Executive Secretary,  
 St. Louis BCTC

## *The Moderne Tops Out in Milwaukee*



*A worker positions a concrete bucket while pouring the mechanical penthouse over the 30th floor of the Moderne.*

HIT commitment: \$42.4 M  
 Total development value: \$56.7M  
 Union construction jobs: 350

Workers at the HIT-financed Moderne high-rise in Milwaukee celebrated the

building's topping out as construction reached the top of the 30-story tower. The project, with its 203 apartments and 7,000 square feet of commercial and retail space, will anchor the revival of the city's Park East corridor.

## HIT PARTICIPATES IN WHITE HOUSE SUMMIT ON JOBS AND THE ECONOMY

HIT Director of Marketing Lesyllee White participated in a recent White House summit focused on jobs and the



economy. Sponsored by the White House Business Council, Council for Urban Professionals, and Business Forward, the

day-long event brought together over 150 business and civic leaders from around the country and senior Obama Administration officials to discuss how the private sector and government can collaborate more effectively to grow the

economy by fostering greater opportunity, innovation, and job creation.

"I was especially pleased with the interest expressed by other attendees and senior White House officials in the HIT's success in investing union and public pension capital to create over 12,000 jobs since 2009 through our Construction Jobs Initiative," said White. Administration officials at the event included Valerie Jarrett, Senior Advisor and Assistant to the President, and Michael Strautmanis, Deputy Assistant to the President and Counselor for Strategic Engagement.

*Investors should consider the HIT's investment objectives, risks, and charges and expenses carefully before investing. This and other information is contained in the HIT's prospectus. To obtain a prospectus, call the HIT at 202-331-8055 or visit [www.aflcio-hit.com](http://www.aflcio-hit.com). The prospectus should be read carefully before investing.*

### AFL-CIO HOUSING INVESTMENT TRUST

**Stephen Coyle**, *Chief Executive Officer*

**Ted Chandler**, *Chief Operating Officer*

**Erica Khatchadourian**, *Chief Financial Officer*

**Chang Suh**, *Executive Vice President and Chief Portfolio Manager*

**Saul A. Schapiro**, *General Counsel*

**Debbie Cohen**, *Chief Development Officer*

**Rod DuChemin**, *Director of Labor Relations*

**Eric W. Price**, *Executive Vice President*

**Lesyllee White**, *Director of Marketing*

**Stephanie H. Wiggins**, *Executive Vice President and Chief Investment Officer*

#### National Office

2401 Pennsylvania Avenue, NW, Suite 200  
 Washington, DC 20037 | 202.331.8055

#### New York City Office

Carol Nixon, *Director*  
 1270 Avenue of the Americas, Suite 210  
 New York, NY 10020 | 212.554.2750

#### New England Regional Office

Thomas O'Malley, *Director*  
 Paul Barrett, *Marketing Director*  
 Ten Post Office Square, Suite 800  
 Boston, MA 02109 | 617.850.9071

#### Western Regional Office

Liz Diamond, *Director*  
 Emily Johnstone, *Marketing Director*  
 101 California Street, Suite 2450  
 San Francisco, CA 94111 | 415.433.3044

#### Midwest Region

Paul Sommers, *Marketing Director*  
 937.604.9681

#### Gulf Coast Office

935 Gravier Street, Suite 640  
 New Orleans, LA 70112 | 504.293.4555

[www.aflcio-hit.com](http://www.aflcio-hit.com)

