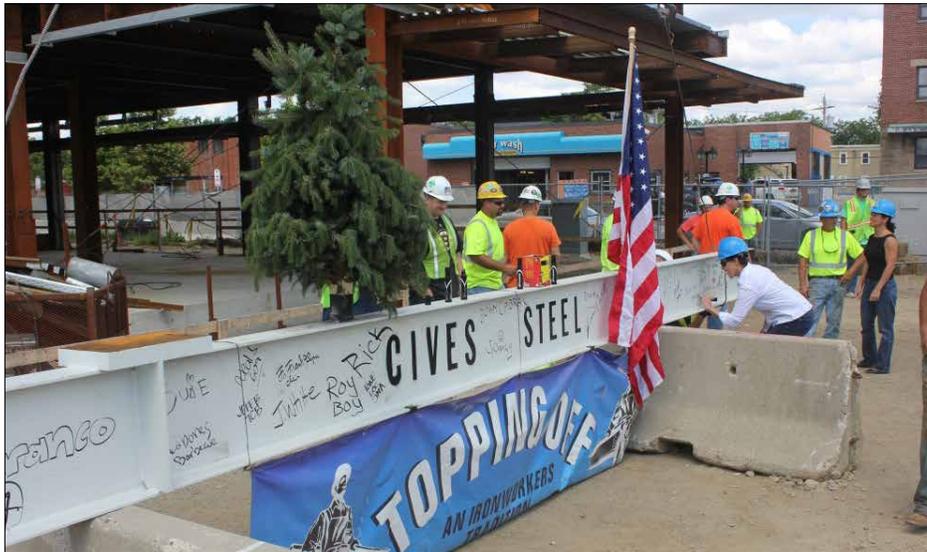




# INVESTOR

LABOR'S INVESTMENT CAPITAL AT WORK • ISSUE NO. 3, 2012



Ironworkers from Boston Local 7 and guests sign the steel beam at the Charlesview topping out. More on page 2. (photo by Jeffrey Beam)

## HIT Gets a Top Ranking from Morningstar

**T**he AFL-CIO Housing Investment Trust (HIT) achieved one-year gross and net returns of 8.06% and 7.60%, respectively, at mid-year 2012, outperforming the 7.47% reported by its benchmark, the Barclays Capital Aggregate Bond Index. Five-year returns of 7.33% gross and 6.88% net for the period ending June 30, 2012, also topped the benchmark. This performance earned the HIT a Morningstar ranking as one of the nation's "Top Performing Managers" for the one- and five-year periods ending June 30, 2012. The ranking, reported in *Pensions & Investments*, August 20, 2012, placed the HIT as the number one performer for both the one- and five-year periods in Morningstar's fixed-income class of Commingled Accounts Intermediate Government.

"We are proud that even in today's uncertain economic climate, the HIT continues to meet its investment objectives by generating competitive returns and protecting investors' capital, while also creating jobs and affordable housing," said Chang Suh, HIT's Executive Vice President and Chief Portfolio Manager.

The rankings are based on gross and net returns for the one- and five-year periods ended June 30, 2012. The ranking compared seven funds based on performance results self-reported to Morningstar. Rankings are provided by Morningstar using its Separate Account database to compare fixed-income investment vehicles with a similar risk profile. For subscribers of *Pensions & Investments*, the rankings appear at [www.pionline.com/article/20120820/CHART02/306309533/top-performing-managers-by-category-commingled-accounts-2nd-quarter-2012](http://www.pionline.com/article/20120820/CHART02/306309533/top-performing-managers-by-category-commingled-accounts-2nd-quarter-2012).

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## \$90 MILLION FOR BOSTON AFFORDABLE HOUSING, JOBS

The HIT is providing \$90 million to help rehabilitate and preserve affordability at the **Blackstone Apartments** and **Franklin Square House** in Boston. Work on the two 30-year-old residences for elderly and disabled people represents \$148 million of development activity and will generate approximately 150 union construction jobs. The aging properties offer 338 units of Section 8 housing. The substantial rehabilitation work will extend the life of the properties and improve their livability, accessibility, and energy efficiency.

The HIT's investment through the purchase of MassHousing bonds is helping refinance existing debt and will keep the units affordable for 20 more years. HIT financing was part of a \$168 million MassHousing portfolio sale of affordable housing developments, the largest affordable housing transaction in MassHousing's history.



## Construction Well Underway at Boston's Charlesview



*“It’s good to see union pension capital being invested in projects that create family-supporting jobs for our members while also preserving low-cost housing that our community needs.”*

— Martin J. Walsh, Secretary-Treasurer and General Business Agent, Metropolitan District BCTC, Boston

Union workers at the Charlesview project site. Below: Ironworkers place the final steel beam at the topping out event (photo by Jeffrey Beam).

**T**he HIT-financed Charlesview apartments celebrated a milestone with a topping out ceremony to mark reaching the highest point in construction of the \$152 million mixed-use project in Boston’s Brighton neighborhood. The last beam was put into place by members of Ironworkers Local 7. The project is generating over 850 union construction jobs.

“I want to thank Local #7 Iron Workers for hosting this event,” said Tom O’Malley, HIT Regional Director in Boston. “It’s exciting to see this progress, and the future

residents here today have expressed their enthusiasm for relocating from the old building.” The new Charlesview will have 240 affordable rental units as well as retail and community space. The HIT is providing \$58.2 million in financing.



### UPDATE ON HIT'S JOBS INITIATIVE

The HIT’s Construction Jobs Initiative is fast approaching its goal of creating 15,000 union construction jobs by the end of 2012. Since 2009, the initiative has generated over 14,000 union construction jobs on 49 projects in 27 cities. This reflects over \$2.5 billion of development supported by \$1.2 billion of HIT financing and over \$45 million of New Markets Tax Credits from Building America, HIT’s subsidiary.

## Workforce Housing for Downtown Newark

**T**he HIT’s subsidiary, Building America, is providing \$10 million in New Markets Tax Credits for the \$64 million Halsey Street Workforce Housing project, the second phase of the five-city-block Teachers Village development in downtown Newark, New Jersey. The Halsey Street phase consists of three LEED-designed buildings with 123 units, all affordable to teachers and other

working families, plus retail space that includes the first new downtown grocery store in decades.

“We are pleased to be part of this exciting effort to revive one of the most economically depressed cities in the country,” said Building America CEO Eric Price. The larger Teachers Village project will include three charter schools, a daycare center, retail, housing, and restaurants.



Halsey Street, Newark (rendering)

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# The Penfield: A Catalyst for Development in Downtown St. Paul



Harry Melander, President, St. Paul Building and Construction Trades Council (far left), and Paul Sommers, HIT Midwest Regional Marketing Director (far right), participate in the groundbreaking celebration.

**T**he HIT is investing \$41 million in The Penfield, a \$62 million mixed-use development in downtown St. Paul. The groundbreaking there capped eight years of planning to achieve the city's vision for revitalization. St. Paul Mayor Chris Coleman sees the Penfield as a catalyst "not just for downtown, but for all of St. Paul."

"The Penfield will promote in-town living with 254 new apartments," said HIT Investment Officer Christopher Shaw. A ground-floor Lunds grocery will employ members of United Food and Commercial Workers Local 1189. The project creates over 310 union construction jobs.

"We really appreciate the fact that the HIT is using union pension capital to create good union jobs that will put many of our members back to work while giving our community an economic boost," said St. Paul BCTC President Harry Melander.



The Penfield

The project site is owned by the city's Housing and Redevelopment Authority and is located near the new Central Corridor light rail line. With its green roof and other sustainable features, the project is seeking LEED Silver certification.

HIT multifamily investments in the Twin Cities area in the last 10 years have built or preserved over 4,000 units of housing and generated more than 3,600 union construction jobs.

## NEW UPTOWN DEVELOPMENT FOR MINNEAPOLIS



The HIT is providing \$15.7 million for the new City Walk Apartments in the Uptown neighborhood of Minneapolis. Located in one of the city's most vibrant commercial and residential areas, the \$20 million mixed-use project will offer 92 market-rate units as well as ground floor restaurant and retail space fronting a new public pedestrian plaza.

Designed to promote the city's goals for continued development of the Uptown community, the project is expected to generate over 100 jobs for members of the building and construction trades unions.

Nearby is another recent HIT-financed development, the \$13 million Solhem apartments, which was completed in 2009 with help from a \$10.7 million HIT investment.

*"The HIT is keeping our members busy with another investment in union-built housing in Minneapolis. That means another quality apartment project for the city and family-supporting jobs for our members."*

– Dan McConnell, Business Manager,  
Minneapolis Building and Construction Trades Council

# Workforce Housing for Downtown Newark

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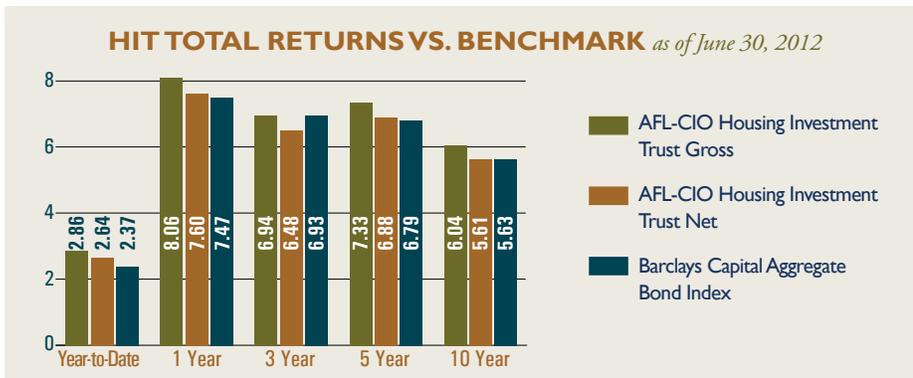
President Joseph Del Grosso of the Newark Teachers Union, AFT Local 481, noted that the city’s lack of attractive, affordable housing makes it harder to attract and retain good teachers. “The presence of such housing will have a ripple effect on the entire city,” he said. “I look forward to the start of construction on this project and to a new phase in the revitalization of downtown Newark.”

The workforce housing component will create approximately 315 union construction jobs and 345 additional construction-related jobs across the state. It is also expected to generate 160

permanent jobs, with preference going to local residents. Halsey Street Teachers Village Workforce Housing is part of Newark’s comprehensive revitalization plan for construction of the South of Market area that calls for construction of 15 million square feet of office, residential, and retail space.

Marty Schwartz, President of the Essex County (NJ) Building and Construction Trades Council, said, “It’s good to be part of a major project like Halsey Street that is going to help turn around our community and bring working families back to downtown Newark.”

## HIT Gets a Top Ranking from Morningstar (continued from page 1)



The HIT’s net returns for the 1-, 3-, 5-, and 10-year periods ending August 31, 2012, were 6.28%, 6.30%, 6.69%, and 5.45%, respectively. The performance data quoted represents past performance and is no guarantee of future results. Economic and market conditions change, and both will cause investment return, principal value, and yield to fluctuate so that a participant’s units, when redeemed, may be worth more or less than their original cost. 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. The Barclays Aggregate is an unmanaged index and is not available for direct investment, although certain funds attempt to replicate this index. Returns for the Barclays Aggregate would be lower if they reflected the actual trading costs or expenses associated with management of an actual portfolio. 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.

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