

HIT NEWS

Investing the Union Way • SPRING 2017

The HIT Celebrates its Construction Jobs Initiative

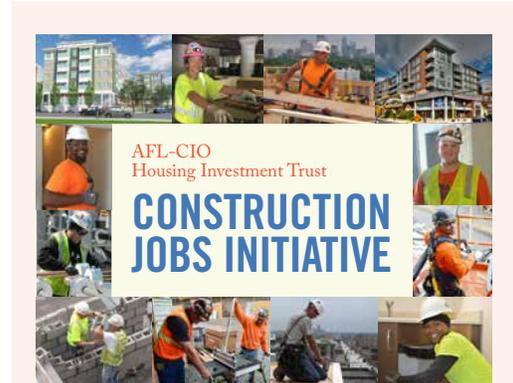


Workers at Stout Street Health Center, Denver, CO

Started at the beginning of the Obama administration in 2009 to create union construction jobs and bolster affordable housing development after the Great Recession, the HIT's Construction Jobs Initiative (CJI) was a catalyst for 90 projects during eight years –

nearly one project per month. With total development investment of \$5.3 billion, these projects created nearly 24,000 union construction jobs and an estimated 27,000 jobs in the broader community.

(continued on page 5)



The CJI report can be found on the HIT's website at www.aflcio-hit.com



MidWest@Work Strategy Underway

Theodore S. Chandler, the HIT's Chief Operating Officer, was recently named Managing Director of HIT's MidWest@Work Strategy. Ted was interviewed on the MidWest@Work Strategy for the HIT's inaugural HIT Podcast series titled "Community Revitalization the Union Way." These are excerpts from the interview.

More about the MidWest@Work strategy is available on the HIT's website at www.aflcio-hit.com.

Q. What is the MidWest@Work Strategy?

A. The MidWest@Work Strategy is a program to spur economic development across the industrial Midwest with a focus on major cities within that area. The footprint that we're working in stretches along the Great Lakes from Buffalo and Pittsburgh to Minneapolis and Saint Paul and down to St. Louis. City by city, we're able to respond to the specific local conditions.

(continued on page 3)

HIT LAUNCHES PODCAST SERIES

In March, the HIT launched a podcast series, "Community Revitalization the Union Way." The podcast series will feature the HIT's senior executives discussing topics central to HIT's mission including job creation, neighborhood revitalization, retirement security and real estate finance. "Community Revitalization the Union Way" can be heard on the HIT's website and also on www.soundcloud.com/aflciohit.

HIT and the Laborers' International Union of North America (LIUNA)



LIUNA AND HIT AT A GLANCE

HIT LIUNA Investors: 32

Amount Invested in the HIT: \$447 million

Location: Local union funds in 10 states; four international funds

LIUNA Work on HIT Projects (estimated):
9,684 jobs (19.5 million hours) since inception
2,984 jobs (6.0 million hours) during CJJ

From Massachusetts to the Midwest to California, LIUNA is currently the second-largest trade group of HIT investors in terms of number of funds and capital in the HIT.

The relationship between LIUNA and the HIT spans more than 30 years, and projects financed by the HIT and Building America CDE during that time have created over 9,600 jobs totaling 19 million hours of construction work for LIUNA members. Those jobs represented about 13% of the 77,000 jobs created by the HIT for all trades over that period.

“The HIT stepped up to provide good jobs for union construction workers

when they were most needed,” said LIUNA General President Terry O’Sullivan on the HIT’s recently concluded Construction Jobs Initiative. “We salute the HIT in creating thousands of jobs for our members over the years.”

LIUNA is the fastest-growing union of construction workers, and one of the most diverse and effective unions representing public service employees. LIUNA members are on the forefront of the construction industry – a sector that is a powerhouse of 12 million workers producing five percent of the country’s economic output. There are about 500,000 union members in LIUNA nationwide.

“The Laborers’ International Union of North America is helping the AFL-CIO Housing Investment Trust provide jobs, create housing for working families and transform communities,” said Stephen Coyle, CEO of the HIT. “LIUNA has been part of our history since our inception in 1984, and we look forward to a future in which our partnership continues to grow and prosper.”

In December, developers broke ground on Gateway North residences in Lynn, Massachusetts thanks to a \$19.4 million investment from the HIT. The five-story, 71-unit, mixed-income, mixed-use \$31.1 million project will create an estimated 130 union construction jobs. “The HIT is committed to working with developers to ensure that projects create good paying union jobs, like the Gateway North project” said Joseph Bonfiglio, who is the Business Manager of the Massachusetts & Northern New England Laborers’ District Council. “We are committed to working with the HIT to get jobs for our members and reshape the future of neighborhoods around the country.”



“Building union means you have men and women who take pride in their work. Because of union benefits, ... I can provide a better life for my wife and children.”

—Charlie Williams, Laborers Local 6, Kenmore Plaza

MidWest@Work Strategy



A. These particular initiatives require very complex partnerships. It requires the HIT and labor pension capital working in concert with local public, civic, union and community leaders. We work with city agencies that have some resources to cover financing gaps and we work with local building trades who can offer apprenticeship preparation training. People are very excited about our work to prepare and train neighborhood residents for union apprenticeships that result in quality jobs on these construction sites. Jobs that allow them to raise their families and stay out of poverty.

(continued from page 1)

Q. Why is this kind of program needed in these Midwestern cities and what can this program do for these cities?

A. The industrial Midwest has suffered over the last 30 years from a decline in jobs as union manufacturing has declined as well. Today, a lack of flexible financing and capital has hindered a return to growth in many areas of the industrial Midwest, especially when compared to the East and West Coasts. We see an opportunity to invest labor's pension capital to make a difference where big banks have pulled back on financing and other options are limited.

Q. Can this initiative bring hope to neighborhoods and communities that have been suffering?

A. I think it does. I think people will see this as a turning point in their neighborhoods. We're seeing very good signs in Detroit, where we began a similar program last year. The

comeback of the auto industry has helped the city, but to some extent those gains bypassed neighborhoods that have suffered from disinvestment. So, it's not just about seeing downtowns revitalized, but seeing urban, working-class neighborhoods revitalized as well.

Q. What impact can be expected in these cities from the MidWest@Work Investment Strategy?

A. It's important to recognize that the most pressing problem in each of these cities will be unique to that location. We're tailoring our approach to the most pressing housing and development issues as identified by the communities. We've engaged in listening tours that have convened city officials, nonprofit leaders, developers and finance experts in the communities to help us identify the local housing priorities and the capital needs. We are calculating how labor pension capital can spur development and address the pressing problems.

Q. How is the HIT making these projects happen on the local level?

Q. Can you characterize the type of response that this plan is getting from city officials and community leaders?

A. The primary response is an invitation to pull up a chair to the table, and help them solve the issues that they're confronting. Bringing flexible financing and \$5.8 billion dollars in union pension capital are very important tools. These resources are new to many of these officials and they are excited to be putting together partnerships that will revitalize communities and bring construction career training and long-term careers for their residents.

Q. Is this a public-private-community partnership that can revitalize urban communities in our country?

A. Absolutely, it's taking the capital that exists in pension funds and fund contributions from union members, reinvesting that capital in their communities and putting those union workers to work rebuilding their communities.

Now Underway

RECENT PROJECTS



District Flats at Miller Hill, Duluth, MN
 \$11.2 million HIT Investment 72 Housing Units
 \$14.0 million TDC 65 Union Construction Jobs



Rolla Apartments, Rolla, MO
 \$5.2 million HIT investment 150 Housing Units
 \$21.7 million TDC 105 Union Construction Jobs

Detroit Neighborhood Home Repair Program

SOLD! Detroit resident moves into 1st home rehabbed in Detroit Home Repair Program



18220 Ohio Street

The AFL-CIO Housing Investment Trust's commitment to help revitalize the future of Detroit communities has reached a major milestone: the sale of the first home under the Detroit Neighborhood Home Repair program.

This program, which is a partnership between non-profit developer Southwest Housing Solutions, the Building Trade's non-profit Building Detroit Futures, and the HIT, is geared towards removing dilapidated and potentially dangerous

properties from the housing stock and replacing them with renovated homes.

By acquiring abandoned properties from the Detroit Land Bank Authority in select neighborhoods and rehabbing the homes with union labor, the Detroit Home Repair Program aims to remove blight, increase neighborhood safety, and contribute to community revitalization in Detroit. The goal of the first phase of the program is to acquire, rehab, and sell 25 homes to Detroit residents.

Working with the City of Detroit's Housing and Revitalization Department and Land Bank, the program is moving towards this goal with 10 homes in various stages of renovation. Three homes are pending sale, one is listed for sale, and six homes are under construction.

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(continued from page 1)

CJI BY THE NUMBERS*

90 PROJECTS IN 39 CITIES	28,552 HOUSING UNITS
\$2.3B HIT CAPITAL INVESTED	\$8.1B TOTAL ECONOMIC IMPACT
\$5.3B TOTAL DEVELOPMENT INVESTMENT	\$3.3B TOTAL WAGES & BENEFITS
23,900 ON-SITE UNION CONSTRUCTION JOBS	27,000 JOBS IN OTHER INDUSTRIES



The HIT's extraordinary investment of \$2.3 billion of union and public pension funds helped rejuvenate neighborhoods across the country, including Boston, New York, St. Louis, Chicago, Minneapolis, Saint Paul, San Francisco, and other locations. The total economic impact is estimated at \$8.1 billion, with \$3.3 billion in wages and benefits and \$1.1 billion in tax revenue generated.

The investments produced 28,552 new or renovated housing units, with 84 percent affordable or workforce housing. The HIT's work continues beyond the CJI with a strong national pipeline for 2017, having a focus on investment in the Midwest through the MidWest@ Work Strategy and New York through the New York City Housing Investment Strategy.

*See page 6 for information about economic impacts

AFL-CIO HOUSING INVESTMENT TRUST

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HIT Daily Valued Fund Website Launches

The AFL-CIO Housing Investment Trust Daily Valued Fund recently launched its website www.afciohit-dvf.com. The HIT-DVF is a labor-friendly defined contribution bond fund option available to participants in qualified plans. Launched in April 2016, it provides exposure to higher credit quality investments than its bond market benchmark.

The HIT-DVF offers the exposure to the benefits that the AFL-CIO Housing Investment Trust (HIT) has been providing defined benefit investors for over 30 years. By blending a minimum of 65% shares in the HIT with shares in a Barclays Aggregate index fund, the HIT is able to bring its impact investing track record to defined contribution plans that need daily valuation.

Please visit www.afciohit-dvf.com to find out more about the HIT-DVF.

The HIT-DVF is a Collective Investment Fund sponsored by Hand Benefits & Trust Company (HB&T), a BPAS company. The HIT-DVF is not a mutual fund. Its shares are not deposits of Hand Benefits & Trust Company, a BPAS company, or the HIT, and are not insured by the Federal Deposit Insurance Corporation or any other agency. The HIT DVF is a security which has not been registered under the Securities Act of 1933 and is exempt from investment company registration under the Investment Act of 1940. The HIT-DVF is available for investment by eligible qualified retirement plan investors only.

**Job and economic benefit estimates in this newsletter were calculated by Pinnacle Economics and the HIT using an IMPLAN model based on HIT project data and secondary source materials. Impacts include projects financed by HIT subsidiary Building America CDE, Inc. In 2016 dollars.*

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