Business Opportunities in Community Development Lending

The Art & Science of Mixed-Use Community Development: Highwood Square

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FHLB Boston

- A cooperatively-owned, wholesale bank
- Served shareholders since 1932; 461 members
- Over $45.7 billion in assets (09/30/12)
- Provide highly reliable wholesale funding and liquidity to support the residential-mortgage and community-development lending activities of our members
- Fund and administer targeted housing and community Investment Programs
Membership Profile

461 Members: 209 thrifts, 157 credit unions, 68 commercial banks, 27 insurance companies

Massachusetts
240 members
Advances: $9.9B
Capital Stock: $1.1B

Connecticut
78 members
Advances: $4.2B
Capital Stock: $473M

Maine
61 members
Advances: $2.1B
Capital Stock: $176M

New Hampshire
32 members
Advances: $1.12
Capital Stock: $104M

Vermont
29 members
Advances: $0.5 billion
Capital Stock: $57M

Rhode Island
22 members
Advances: $8.0B
Capital Stock: $1.67B

As of 06/30/12
Highwood Square Funding Process

- NeighborWorks New Horizon determined to be an experienced and capable developer
- Project was consistent with the values of our Affordable Housing Program (AHP)
- Project was determined financially feasible, including the commercial space – sustainable without income
- Direct Subsidy of $313,734 was provided to defray construction costs
- Subsidized Advance of $1,265,000 with a 30-year term, 30-year amortization provided the project with a long-term, low interest rate to increase its overall financial sustainability.
FHLB Value-Ad

- FHLB partnership reduced the overall cost structure of the project. Model encourages public/private collaboration and provides capital for difficult to finance transactions

- Webster received a financial return on their investment, met the credit needs of the project, while mitigating risk

- Community received a sustainable asset that meets the needs of its residents and stabilizes neighborhoods; creates local jobs

- Investments in the community have an economic ripple affect that benefits everyone; the process can be replicated