

# ***NEIGHBORHOOD HOUSING TRUST***



***City of Boston – Martin J. Walsh - Mayor***

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## **INTRODUCTION**

Over the past three decades the Neighborhood Housing Trust's (NHT) administration of the linkage program has become an integral component of large-scale development in Boston, and its impact has been dramatic. From its inception in 1986 through December 31, 2012, the Neighborhood Housing Trust has committed \$133,804,969 in linkage funds. These funds have helped create or preserve 10,176 affordable housing units in 193 development projects throughout the City of Boston. The projects range in scope from the conversion of two brownstones in the South End into homeless housing, to the preservation of the Mount Pleasant Home in Jamaica Plain, to the new construction of the multi-unit Olmstead Green Development on the former State Hospital site in Mattapan/Dorchester.

This web site has been developed to share with you the work performed by the NHT in administering linkage funds, and the powerful effect that it has had on our city's neighborhoods.

If you should have any questions regarding NHT please contact Theresa Gallagher, Secretary to the Trust at (617) 635-0325 or [tgallgher.dnd@cityofboston.gov](mailto:tgallgher.dnd@cityofboston.gov) or Christine O'Keefe at (617) 635-0351 or [cokeefe.dnd@cityofboston.gov](mailto:cokeefe.dnd@cityofboston.gov).

## **A BRIEF HISTORY OF LINKAGE**

The City of Boston's linkage program began in 1983 with the approval of Article 26 of the Boston Zoning Code, which sought to balance large-scale commercial development with needed residential construction. Three years later, Article 26 was expanded to shorten the payment period for linkage dollars in the area defined as "downtown" as well as to include job training as an element of the linkage program. In 1986 the Neighborhood Housing Trust was created to manage housing linkage funds, while in 1987 the Neighborhood Jobs Trust (NJT) was created to manage jobs linkage funds. In response to a legal challenge, the City of Boston submitted a home rule petition to the Massachusetts Legislature that resulted in Chapter 371 of the Acts of 1987- legislative authorization for Boston's linkage program. In 1996, by action of the Boston Zoning Commission, linkage was further incorporated into Article 80B of the Boston Zoning Code.

More recently Mayor Thomas M. Menino convened a panel of developers and advocates to study the linkage program. Their recommendations were formulated into a home rule petition that Mayor Menino sent first to the City Council and then to the Massachusetts Legislature. The home rule petition was adopted in December 2001. As a result, the affordable housing linkage fee increased to \$7.18 per square foot, and the employment linkage fee increased to \$1.44 per square foot. In addition, the pay-in period for both neighborhood and downtown development was standardized at seven years for housing payments and two years for jobs payments. Effective April 5, 2006 the affordable housing linkage fee was increased to \$7.87 psf, and the employment linkage fee was increased to \$1.57 psf. On October 17, 2013 the Boston Redevelopment Authority voted to increase the linkage fee to \$8.34 per square foot, and the employment linkage fee increased to \$1.67 per square foot. For more information, see Linkage Payment Requirements.

A survey of linkage programs across the United States indicated that Boston's program succeeded in raising more dollars and generating more housing than any similar municipal program.

### ***LINKAGE PAYMENT REQUIREMENTS***

Linkage is a fee exacted from all new large-scale commercial real estate developments exceeding 100,000 square feet and requiring zoning relief, including expansion and rehabilitation projects. The linkage requirement can be fulfilled through either a cash payment or direct creation of housing or a job-training program. All cash payments are received by either the NHT or the NJT for distribution. In the area defined as "neighborhood," housing payments are made over a seven year period beginning with the earlier of either the issuance of an occupancy permit or two years from issuance of a building permit; in the area defined as "downtown," payments are made over a seven-year period, beginning upon issuance of the building permit. Jobs payments are made over a two-year period, the first due at issuance of the building permit, regardless of the location of the development. Development Impact Project (DIP) agreements serve as contracts by which the developer and the Boston Redevelopment Authority ([www.bostonredevelopmentauthority.org](http://www.bostonredevelopmentauthority.org)) confirm the payment of linkage fees.

The two options for meeting the housing-related linkage obligation are:

Housing Payment: A housing contribution grant of \$7.87 for every square foot of gross floor space of DIP uses in excess of 100,000 square feet is required to be paid by the respective developer. The housing contribution grant must be made in seven equal annual installments. If the developer elects, the entire amount due may be present valued and paid in one year. Otherwise, for developers of neighborhood projects the first linkage payment is due upon either issuance of a certificate of occupancy or 24 months after the issuance of a building permit for the proposed project, whichever comes first. Developers of downtown projects must begin paying linkage when the building permit is issued. The remaining installments are due and payable annually on the anniversary of the first payment.

Housing Creation: As an alternative to direct payments, developers may fulfill their linkage obligation by opting to be directly involved in housing creation. This option requires developers to create or assist in the creation of housing units for low-and moderate-income residents of the city. The cost of this housing creation option must be equivalent to the housing payment the developer would have made. Housing creation proposals must conform to the BRA's written housing creation regulations. These regulations govern how a project comes to fruition by laying out a number of options developers may pursue, such as directly creating housing or channeling the net present value of the linkage obligation to an entity approved by the BRA to construct affordable housing. All housing creation proposals must be recommended by the NHT for BRA approval.

A developer may opt for any combination of the above payments or creations in order to meet its linkage obligation. The choice a developer makes is detailed in a DIP agreement made with the BRA. The DIP agreement lists the total housing obligation of the developer along with a payment schedule or housing agreement, whichever applies. The NHT is responsible for receiving the linkage payments after a DIP agreement is executed, as well as approving the distribution of these funds.

## **FUNDING AFFORDABLE HOUSING PROJECTS**

If a developer chooses the housing payment option, the funds are paid into the Neighborhood Housing Trust. The NHT awards funds to projects that expand affordable housing and meet the eligibility and competitive criteria listed below.

Eligible Entities: Private, public, non-profit and for-profit development entities or private individuals are eligible applicants for NHT funding. The applicant must be current in taxes with no record of arson or fair housing violations.

Eligible Projects: Projects may be homeownership, rental, cooperative or other forms of permanent or transitional housing. They may be new construction, rehabilitation of abandoned or occupied rental property, or conversion of non-residential property. To be eligible for consideration, projects must meet the following requirements:

- The project must meet a “but for” test-that is, without (but for) linkage funding, the project would not be feasible;
- Trust funds will assist only “affordable units.” In this case “affordable units” is defined as low- and moderate-income units serving households below 80% of median income for the Boston area;
- Homeowner units must be affordable for a minimum of 50 years (30 years, with 20-year renewal option); rental units must be affordable in perpetuity;
- The developer must have site control, and the proposed project must be financially feasible and meet the requirements of the state sanitary and building codes;
- The units shall be managed in compliance with the Boston Jobs Ordinance, the City of Boston Fair Housing Commission guidelines, and other applicable fair housing and equal opportunity requirements.

Competitive Criteria: In evaluating applications for funding, the NHT reviews the following project elements:

- Number and percentage of affordable units, including the number available to low-income households (below 50%of median income) and special needs populations;
- Amount of NHT funds requested per affordable unit;
- Developer’s capacity and track record;
- Readiness to proceed;
- Additional affordability beyond the minimum requirement;
- The extent to which the project will provide employment, financial, or managerial participation by minority- or women-owned business enterprises;
- The extent to which the neighborhood has not previously received linkage funds.

Request for proposals (RFPs) issued from time to time may set out additional thresholds or targets.

## **Governance**

The Neighborhood Housing Trust was established to receive linkage fees as well as to decide how the funds are distributed. As stated in its “Declaration of Trust”: “This Trust is established to promote the public health, safety, convenience and welfare by mitigating the extent to which Boston’s low or moderate income households are unable to afford decent, safe and sanitary housing within the City of Boston.”

The NHT consists of seven trustees: the president of the City Council (ex officio) or his or her designee, the City of Boston’s collector-treasurer (ex officio), and five mayoral appointees. The collector-treasurer serves as managing trustee and is responsible for maintaining the financial records and administering the trust.

**NHT Awards**

NHT Awards							
December 1986 - February 2013							
	Project Name	Neighborhood	Date of Trust Vote	Amount	Sum for Multiple Votes	Total # of Units	# of Affordable Units
1	Fountain Hill Square	Roxbury	12-18-86	\$169,000		46	18
			2-14-89	\$281,000			
			5-28-03	-\$184,000	\$266,000		
2	Leighton Park (Tent City)	South End	1-16-87	\$765,465		271	203
3	O'Reilly School	South Boston	6-18-87	\$305,000		32	32
			5-28-03	-\$227,501	\$77,499		
4	Waterford Place	South End	7-16-87	\$1,221,736		40	26
5	Bricklayer's Back of the Hill	Mission Hill	7-16-87	\$900,000		165	105
			2-14-88	\$275,000			
			4-3-90	\$500,000	\$1,675,000		
6	Charlestown Townhouses	Charlestown	7-16-87	\$116,000		26	10
			1-12-88	\$79,000			
			7-27-89	\$225,986	\$420,986		
7	Dacia Residence	Roxbury	8-8-88	\$949,000		29	29
8	Granite Properties - BHP II	Roxbury	7-16-87	\$3,337,951		938	938
9	Casa Esperanza	Roxbury	7-17-87	\$84,000		25	25
10	483-487 Blue Hill Avenue	Roxbury	1-12-88	\$200,000		12	12
11	Navy Yard Rowhouses	Charlestown	1-12-88	\$210,000		50	50
			2-14-88	\$286,000			
			2-14-89	\$390,000	\$886,000		
12	Brooks School	Roxbury	9-28-89	\$1,246,000		57	43
13	Dorchester Terrace	Mattapan	1-12-88	\$88,000		11	11
14	Infill I	Roxbury	1-12-88	\$370,840		48	40
			2-14-88	\$525,434	\$896,274		
15	Langham Court	South End	9-28-89	\$2,308,000		88	56
			9-28-89	\$1,100,000		31	16
16	Monsignor Lyons	South Boston	1-12-88	\$220,000		10	8
			9-14-89	\$85,000	\$305,000		
17	Parmelee Court	Roxbury	9-28-89	\$1,057,000		77	51
18	TDC 3	South End	1-12-88	\$40,000		94	62
			1-12-88	\$1,100,000			
			1-24-91	\$350,000	\$1,490,000		
19	Roxbury Corners	Roxbury	2-14-88	\$1,175,000		54	41
20	Lower Roxbury Tenants Corp.	Roxbury	8-9-88	\$350,000		70	51
21	Lorne St./Browne Kaplan	Mattapan	8-9-88	\$975,000		60	39
22	Taino Tower	South End	9-28-89	\$650,000		27	18
23	Audubon/Baker/Logue	Mattapan	2-14-89	\$275,000		37	37
24	Bridge Over Troubled Waters	Allston-Brighton	2-14-89	\$144,820		6	6
25	Garrison Trotter	Roxbury	2-14-89	\$375,000		15	15
26	Operation Food	Mattapan	7-13-89	\$150,000		10	10
27	1734 Lodging House	South End	9-28-89	\$270,000		33	31
28	Low Cost Housing, Inc.	South End	9-28-89	\$350,000		73	73

	Project Name	Neighborhood	Date of Trust Vote	Amount	Sum for Multiple Votes	Total # of Units	# of Affordable Units
29	Bowditch School	Jamaica Plain	9-28-89	\$685,000		45	45
30	Bowdoin Street	Beacon Hill	9-28-89	\$850,805		122	87
31	Urban Edge Capital Improvements	Roxbury, JP	9-28-89	\$750,000		211	201
32	438 Warren Street	Roxbury	9-28-89	\$255,000		21	20
33	Cortes Street SRO	South Cove	4-3-90	\$615,000		48	44
34	Hazel Parks Estates	Mattapan	4-3-90	\$1,472,800		48	48
35	57 Hemenway Street	Fenway	12-20-90	\$126,000		14	14
36	Hyde Square Coop	Jamaica Plain	12-20-90	\$603,000		42	42
37	Stony Brook Gardens	Jamaica Plain	12-20-90	\$998,000		50	50
38	Douglass Park	Roxbury	1-24-91	\$75,000		155	33
39	Winslow Court	Roxbury	1-24-91	\$144,000		24	24
40	Alexander Magnolia Coop.	Dorchester	5-24-91	\$1,095,183		44	44
41	Re-Vision House	Roxbury	5-24-91	\$50,000		10	10
42	26-28 Thane Street	Roxbury	5-24-91	\$86,000		7	7
43	Father Walter Martin Cooperative	South Boston	5-27-91	\$1,153,667		34	34
44	CNY Building 104	Charlestown	6-4-91	\$428,358		46	46
			3-5-93	\$106,642	\$535,000		
45	28 West Cottage	Roxbury	10-10-91	\$60,000		4	4
46	45 Thorndike Street	Roxbury	10-10-91	\$45,000		3	3
47	Oak Street Village	Chinatown	10-10-91	\$150,000		88	60
			11-16-92	\$1,175,000	\$1,325,000		
48	Trinity House	East Boston	10-10-91	\$418,170		16	15
49	Parkview SRO	Fenway	10-10-91	\$515,000		63	63
50	Lowell Square	West End	12-23-91	\$340,000		199	66
51	253 Main Street	Charlestown	11-16-92	\$100,000		7	4
52	Vinfen	Mattapan	11-16-92	\$14,900		10	10
53	Winston-Lucerne	Dorchester	11-16-92	\$1,200,000		45	45
54	Youthbuild	Roxbury	3-5-93	\$75,000		13	13
			9-21-93	\$100,000	\$175,000		
55	Habitat III	Dorchester	3-5-93	\$50,000		8	8
56	Boston Housing Authority	Roxbury	6-22-94	\$98,333		3	3
57	Stafford Heights Cooperative	Roxbury	2-23-94	\$1,227,538		42	42
58	Pine Street Inn Women's Shelter	South End	9-23-95	\$500,000		110	110
59	11-17 East Concord Street	South End	9-23-95	\$407,000		41	41
60	Longfellow School	Roslindale	10-9-97	\$225,522		45	44
			10-9-97	\$99,478	\$325,000		
61	Mishawum Park Apartments	Charlestown	10-14-97	\$500,000		337	337
62	Walnut Community Housing	Roxbury	10-14-97	\$350,000		37	34
63	South End Tenants Housing II	South End	10-14-97	\$500,000		184	184
64	McBride House	Fenway	11-16-97	\$500,000		17	17
65	Academy Homes I	Roxbury	11-16-97	\$500,000		202	150
66	Bowdoin Geneva Home Again	Dorchester	7-23-98	\$400,000		7	7
67	Goodale Road	Mattapan	9-10-98	\$413,000		10	8

	Project Name	Neighborhood	Date of Trust Vote	Amount	Sum for Multiple Votes	Total # of Units	# of Affordable Units
68	15-25 Hemenway Street	Fenway	9-10-98	\$100,000		24	13
69	Howard Woodward Dean Home Again	Roxbury	10-8-98	\$780,000		12	12
70	Mission Hill Home Again	Mission Hill	7-1-99	\$1,220,267		22	22
71	Davenport Commons	Lower Roxbury	7-1-99	\$97,669		60	37
			7-1-99	\$98,331	\$196,000		
72	Wellington Hill Home Again	Mattapan	9-23-99	\$1,046,600		24	14
			6-2-04	\$0			
			9-14-04	-\$50,000	\$996,600		
73	Savin Maywood Home Again	Roxbury	9-23-99	\$360,197		5	5
74	Franklin Field South Home Again	Dorchester	5-25-00	\$1,549,106		22	22
75	St. Botolph-Susan Bailis ALF	Fenway	7-13-00	\$3,142,700		82	54
			11-8-01	\$0			
			7-29-09	-\$6,520	\$3,136,180		
76	St. Francis House Shelter	Central	10-12-00	\$720,000		139	139
77	Rollins Square	South End	1-30-01	\$2,569,252		184	62
			10-4-01	\$0	\$2,569,252		
78	Audubon Apts./"Harvard Hills"	Mattapan	5-9-01	\$300,000		37	37
			6-20-02	\$0	\$300,000		
79	JP Coop Apts aka 131 Morton Street	Jamaica Plain	5-9-01	\$597,500		62	61
80	Covenant House III	Allston-Brighton	5-9-01	\$750,000		42	42
			1-9-03	\$0	\$750,000		
81	Talbot Bernard	Dorchester	5-9-01	\$750,000		31	31
			6-20-02	\$0	\$750,000		
82	The Foley	Dorchester	5-9-01	\$750,000		116	92
			11-8-01	\$0	\$750,000		
83	Nazing Ct., Seaver St.	Roxbury	5-9-01	\$750,000		151	144
			6-20-02	\$250,000	\$1,000,000		
84	Costello Homes	South Boston	5-9-01	\$375,000		15	8
			3-28-02	\$117,375	\$492,375		
85	Homes Avenue	Dorchester	5-9-01	\$375,000		15	15
			5-28-03	-\$375,000	\$0	(15)	(15)
86	Harvard Commons	Mattapan	5-9-01	\$750,000		30	9
			9-14-04	-\$750,000	\$0	(30)	(9)
87	Geneva Ave.	Dorchester	5-9-01	\$500,000		11	10
88	Family House Shelter	Roxbury	5-9-01	\$750,000		24	24
			10-17-12	\$200,000	\$950,000	(16)	(16)
89	Parcel C	Chinatown	6-20-01	\$990,530		251	81
			7-12-01	\$820,629	\$1,811,159		
90	Mission Hill Phase II	Mission Hill	3-28-02	\$574,000		34	34
			6-20-02	\$359,332	\$1,066,332		
			2-14-13	\$133,000			
91	St. John of God	Brighton	3-28-02	\$625,000		102	74
			6-20-02	\$0		0	(5)
92	Trinity Terrace	Dorchester	3-28-02	\$600,000		63	63

	Project Name	Neighborhood	Date of Trust Vote	Amount	Sum for Multiple Votes	Total # of Units	# of Affordable Units
93	Dartmouth Hotel	Roxbury	3-28-02	\$500,000		65	58
94	Brookview House II	Dorchester	3-28-02	\$180,000		12	12
95	33 Everett Street/Legal Seafoods	Brighton	3-28-02	\$500,000		50	50
96	Egleston Crossing	Rox & JP	2-12-03	\$750,000		64	63
97	Amory Apts	Jamaica Plain	2-12-03	\$750,000		64	64
			1-7-04	\$509,691	\$1,259,691		
98	Trinity Mattapan Heights II-A	Mattapan	2-12-03	\$750,000		83	71
99	Brookside Artists Live Work Space	Jamaica Plain	2-12-03	\$474,355		23	18
100	Columbia West Apartments	Roxbury	2-12-03	\$250,000		46	46
101	Roslindale Field	Roslindale	2-12-03	\$750,000		27	15
			11-1-07	-\$750,000	\$0	(27)	(15)
102	Crittenton Hastings House	Brighton	2-12-03	\$750,000		28	28
103	Misahwum Apts	Charlestown	4-16-03	\$795,323		66	33
104	Maverick Gardens Hope VI (Phases I & II)	East Boston	5-28-03	\$3,900,000		230	177
105	West Broadway	South Boston	9-9-03	\$1,750,000		133	133
106	Clarendon Street YWCA	Back Bay	1-22-04	\$500,000		184	79
107	25 School Street	JP/Roxbury	1-22-04	\$750,000		46	46
108	Border Falcon	East Boston	1-22-04	\$700,000		14	14
109	Nu Life Development	Roxbury	1-22-04	\$300,000		16	6
			3-6-08	\$682,000		0	7
			6-16-09	\$196,031	\$1,178,031		
110	242-244 West Broadway	South Boston	1-22-04	\$222,000		3	3
111	Ruggles/Shawmut	Roxbury	2-8-05	\$750,000		43	43
			12-9-08	-\$75,000	\$675,000		
112	Kasanof Bakery (Rental Portion)	Roxbury	5-3-05	\$750,000		46	46
			6-16-09	\$250,000	\$1,000,000		
113	700 Harrison Avenue	South End	8-2-05	\$750,000		84	23
114	Neponset Fields-Ownership	Hyde Park	8-2-05	\$750,000		48	15
			4-17-08	-\$750,000	\$0	(48)	(15)
115	376 W4th Street	South Boston	11-10-05	\$1,906,378		18	18
116	Mattapan Heights III	Mattapan	11-10-05	\$750,000		28	28
117	Mattapan Heights IV	Mattapan	11-10-05	\$250,000		45	45
118	Ashmont TOD	Dorchester	1-5-06	\$750,000		74	74
119	Olmsted Green, Phase 1	Mattapan	1-5-06	\$296,000		51	51
			6-14-07	\$800,000	\$1,096,000		
120	Blessed Sacrament Condos	Jamaica Plain	8-1-06	\$750,000		16	16
			4-17-08	\$281,799	\$1,031,799		
121	Walnut House	Roxbury	8-1-06	\$250,000		34	34
122	Hyde-Blakemore	Roslindale	8-1-06	\$481,423		9	9

	Project Name	Neighborhood	Date of Trust Vote	Amount	Sum for Multiple Votes	Total # of Units	# of Affordable Units
123	Otis Field Estates	Roxbury	8-1-06	\$550,000		10	10
			4-17-08	-\$550,000	\$0	(10)	(10)
124	2451 Washington Street	Roxbury	8-1-06	\$500,000		10	10
			10-21-08	-\$500,000	\$0	(10)	(10)
125	Mount Pleasant Home	JP/Roxbury	9-6-06	\$500,000		38	38
126	Neponset Fields 202	Mattapan	9-6-06	\$750,000		50	50
			3-6-08	\$0	\$750,000	(19)	(19)
127	Blessed Sacrament Coop (Rental)	Jamaica Plain	9-6-06	\$500,000		36	36
			4-17-08	\$250,000			
			6-16-09	\$250,000	\$1,000,000		
128	Hope House	Roxbury	9-6-06	\$700,000		22	22
129	Dudley 202	Roxbury-Dudley Sq	9-6-06	\$750,000		56	56
130	1460 House	Dorchester	9-6-06	\$750,000		42	42
131	Franklin Hill Apartments (Phases 1A & 1B)	Dorchester	11-2-06	\$1,250,000		114	114
			4-12-07	\$0	\$1,250,000	(24)	(24)
132	Cheriton Heights	West Roxbury	6-14-07	\$700,000		90	80
			6-16-09	\$0	\$700,000	(20)	(17)
133	Parcel 24 Homeownership - CHANGED TO RENTAL	Chinatown	6-14-07	\$632,748		255	66
			4-26-11	\$117,252	\$750,000	(255)	(21)
134	Lyndhurst/Washington	Dorchester	8-2-07	\$1,388,433		16	16
			10-21-08	-\$1,388,433	\$0	(16)	(16)
136a	JP Apartments	Jamaica Plain	8-2-07	\$713,657		103	103
			11-1-07	-\$193,901			
			4-17-08	\$230,244			
			6-16-09	\$250,000	\$1,000,000		
137	225 Centre Street	Roxbury	8-2-07	\$750,000		35	35
138	Warren Gardens 202	Roxbury	8-2-07	\$750,000		40	40
139a	Centre Wise Lamartine	Jamaica Plain	8-2-07	\$750,000		30	30
			6-16-09	\$250,000	\$1,000,000		
140	South Boston Scattered Sites	South Boston	8-2-07	\$387,411		27	27
			4-14-10	-\$82,803	\$304,608		
141a	East Canton Street	South End	8-2-07	\$292,050		80	80
			7-29-09	-\$292,050	\$0	(80)	(80)
142a	Franklin Hill Apartments (Phases 2A & 2B)	Dorchester	11-1-07	\$1,250,000		96	96
			1-24-08	\$0		56	56
			4-17-08	\$0	\$1,250,000		

	Project Name	Neighborhood	Date of Trust Vote	Amount	Sum for Multiple Votes	Total # of Units	# of Affordable Units
143	Nueva Esperanza	Roxbury	3-6-08	\$425,000		14	14
144	Olmsted Green Rental, Phase 2	Mattapan	3-6-08	\$750,000		50	50
145	11 Mount Pleasant Avenue	Roxbury	3-6-08	\$750,000		15	15
146	23-25 Alaska Street	Roxbury	3-6-08	\$437,445		16	16
147	38-42 Upton Street	South End	3-6-08	\$750,000		37	37
			7-14-08			(18)	(18)
			11-23-10		\$750,000	(1)	(1)
148a	1615 Commonwealth Avenue	Brighton	3-6-08	\$750,000		34	34
			6-3-08	-\$750,000	\$0	(34)	(34)
149	Levedo Building	Dorchester	3-6-08	\$650,000		24	24
150	Roxbury Crossing Condominium	Mission Hill	4-17-08	\$1,157,253		22	17
151	Hong Lok	Chinatown	4-17-08	\$750,000		75	75
152	Brookledge Cummins	Dorchester	4-17-08	\$527,344		90	90
153	Kenilworth Williams	Dot/Mattapan	4-17-08	\$222,656		38	38
154a	Greenway Apts. (aka Maverick Street Homes)	East Boston	10-21-08	\$700,000		30	30
			11-23-10		\$700,000	(3)	(3)
155	157 Washington Street	Dorchester	10-21-08	\$750,000		24	24
156	Hyde Park Avenue Elder Care	Roslindale	10-21-08	\$600,000		12	12
157a	Bloomfield Gardens	Dorchester	10-21-08	\$750,000		29	29
			11-23-10		\$750,000	(2)	(2)
158a	Parcel 24 Rental	Chinatown	10-21-08	\$750,000		69	69
			4-26-11	\$0	\$750,000	(19)	(19)
159	Lucerne Gardens	Dorchester	10-21-08	\$250,000		45	45
160	Washington Beech HOPE VI	Roslindale	12-9-08	\$1,500,000		72	72
161	Washington Beech Four Phase Two	Mattapan	2-4-10	\$1,500,000		56	56
162	Hearth at Olmstead Green	Mattapan	2-4-10	\$750,000		59	59
163	Quincy Commons	Roxbury	2-4-10	\$750,000		40	40
164	Urban Edge Limited Partnership	Roxbury/JP	2-4-10	\$500,000		82	82
165	64-70 Burbank Street	Fenway	2-4-10	\$316,878		36	36
166	Brookview House III	Dorchester	2-4-10	\$750,000		16	16
			5-3-12	-\$750,000		(16)	(16)
167	Mattapan Rental CDC Portfolio	Mattapan/Dorchester	2-22-10	\$600,000		24	24
			5-3-12	-\$600,000		(24)	(24)
168	Mattapan Heights 5A	Mattapan	2-22-10	\$750,000		60	60
169	Condor-Harve Garden Apartments	East Boston	8-30-10	\$500,000		7	7
			12-13-12	\$68,551	\$568,551		

	Project Name	Neighborhood	Date of Trust Vote	Amount	Sum for Multiple Votes	Total # of Units	# of Affordable Units
170	Walnut Ave. Apts.	Jamaica Plain	8-30-10	\$750,000		33	33
171	Uphams West	Dorchester	8-30-10	\$750,000		13	13
172	Dudley Greenville Development	Roxbury	8-30-10	\$750,000		43	43
173	Quincy Heights I	Dorchester	8-30-10	\$750,000		80	80
174	Worcester House	Back Bay	8-30-10	\$420,000		16	16
175	Jackson Commons Development	Roxbury	10-21-10	\$750,000		30	30
176a	Boston Trailer Park Development	West Roxbury	10-21-10	\$475,000		78	78
			11-23-10	\$275,000	\$750,000		
178	Oxford Ping On	Chinatown	10-21-10	\$750,000		37	37
179	Patriot Homes Development	South Boston	4-26-11	\$750,000		24	24
180	Life Focus Center	Charlestown	4-26-11	\$750,000		60	60
			5-3-12	-\$750,000		(60)	(60)
181	St. Kevin's Residential Community	Dorchester	4-26-11	\$750,000		33	33
182	Upham's Corner Revitalization at St. Kevin's	Dorchester	4-26-11	\$750,000		47	47
183	Jamaica Plain Scattered Site Housing	Jamaica Plain	4-26-11	\$750,000		16	16
			4-5-12			1	1
			12-13-12			(2)	(2)
184	Northampton Tower	South End/Lower Roxbury	4-26-11	\$750,000		180	180
185	Old Colony Phase Two	South Boston	6-30-11	\$1,000,000		169	169
			4-5-12				
186	Quincy Heights II	Dorchester	9-22-11	\$750,000		49	49
187a	Roxbury Crossing Senior Building	Roxbury	5-3-12	\$111,753		39	39
			11-5-12	\$750,000	\$1,141,139		
			11-5-12	\$279,386			
188	MMHC Residential Development	Mission Hill	11-5-12	\$350,000		66	66
189	MMHC Residential Development	Mission Hill	11-5-12	\$750,000		92	30
190	Charing Cross Development	Brighton	11-5-12	\$500,000		55	18
191	Bridgeview Center	Charlestown	11-5-12	\$750,000		66	66
192	Whittier, Lyndhurst & Washington Street	Dorchester	11-5-12	\$700,000		43	43
193	Georgetowne Homes	Hyde Park	11-5-12	\$1,000,000		967	875
194	Cortes Steet Phase II	South End	1-14-13	\$582,884		41	41
			1-14-13	\$167,116	\$750,000		
	<b>Total</b>			<b>\$134,687,969</b>		<b>11,877</b>	<b>10,217</b>

## **SELECTION OF NHT FUNDED PROJECTS**

### **270 Centre Street, Jamaica Plain**



The 270 Centre Street project also known as Centre Wise Lamartine Development involved the new construction of a 4 story brick building with 30 affordable rental units and 4 commercial spaces. This was the initial project in the revitalization of the Jackson Square.

The Jamaica Plain Neighborhood Development (JPND) was able to combine the parcel they owned with 7 vacant city-owned parcels to construct this beautifully designed development. The project's affordability mix includes 4 units set-aside for homeless or formerly homeless individuals.

Location:	270 Centre Street
Developer:	Jamaica Plain, NDC
Total Development Cost:	\$14,385,554
Linkage Award Amount:	\$750,000
Other Funding:	DND, DHCD, BCLF, MHP, Mass Housing
Total Number Units:	30
Number of Affordable Units:	30

## 23-25 Alaska Street, Roxbury



### Alaska Street

As these before and after photos clearly demonstrate, this proud Victorian has been fully rehabilitated into 17 affordable enhanced Single Room Occupancy units, 2 of which were set-aside for formerly homeless individuals. The property had been neglected for some time. After a series of community meetings, local residents agreed to support the acquisition and renovation of this property by Caritas Communities, and the restoration of its Lodging License which the former owner had allowed to lapse in 2001.

Location:	Roxbury
Developer:	Caritas Communities, Inc.
Total Development Cost:	3,207,280
Linkage Award Amount:	\$437,445
Other Funding:	DND, EOCD, DHCD, Energy Star
Total Number Units:	17
Number of Affordable Units:	17

**Mount Pleasant Homes, Mission Hill**



This was a three-phased new construction/rehab project, adding 29 new rooms and renovating/reconfiguring the 31 existing rooms. These affordable SRO units are for elderly clientele. The new wing, in addition to providing affordable housing for more clients, has a dining atrium and a commercial space for their on-site health care provider, Brigham and Women’s Advanced Primary Care Associates.

- Location: 301 South Huntington Avenue, Jamaica Plain
- Developer: Mount Pleasant Home, Inc.
- Total Development Cost: \$20,374,029
- Linkage Award Amount: \$500,000
- Other Funding: DND, DHCD, MassHousing, MHIC , BCC, Foundations, Private Donors,

## Washington Beech HOPE VI, Roslindale



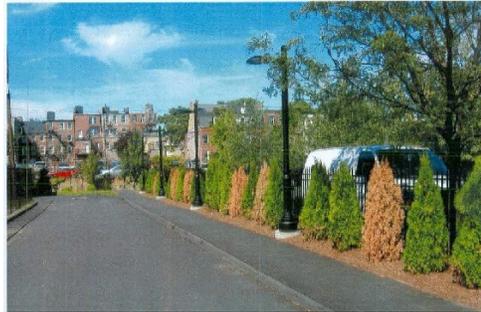
Originally built in 1952, Washington Beech has been transformed as a HOPE VI community. This revitalized housing centers on a new park and connects back into the surrounding Roslindale neighborhood with new streets and sidewalks.

The redevelopment included demolition of the existing 266 units and creation of 206 new rental units. The new site design reduces density to be more in keeping with the surrounding neighborhood. A variety of unit types replace the existing institutional walk-ups including a low-rise elevator building, garden apartments, duplexes over flats, and townhouses. New roads were built so that all unit entries front on a street and residents can park nearby. A central green space with play facilities and park benches is provided for young children and adults.

Construction of Washington Beech occurred in two stages to accommodate the relocation and re-housing of existing residents. Residents began relocation of the first phase buildings in the summer of 2008. Lease up of the new buildings was completed in December 2011, three months ahead of schedule.

Location:	4560 Washington Street. Roslindale
Developer:	Trinity Financial
Total Development Cost:	\$100,000,000 (all phases)
Linkage Award Amount:	\$1,500,000 (Phase 2)
Other Funding:	HUD HOPE VI, AARA, DHCD, RBC Capital Markets
Total Number Units:	230 total, 56 NHT funded
Number of Affordable Units:	230/56

## Greenway Apartments, East Boston



Near Maverick Square, and abutting the East Boston Greenway, stands the newly built Greenway Apartments: 27 units of affordable rental family housing.

Developed by the East Boston Community Development Corporation, this was the first construction designed to interact with the East Boston Greenway to ensure that the building and the landscape smoothly transitioned to the greenway itself.

There are 21 two-bedroom and 6 three-bedroom units. Six units are reserved for formerly homeless families, and three units are handicap accessible.

Location:	170 Maverick St, East Boston
Developer:	East Boston CDC
Total Development Cost:	\$10,711,030
Linkage Award Amount:	\$700,000
Other Funding:	DND, DHCD, MHFA, MassHousing
Total Number Units:	27
Number of Affordable Units:	27

## Nueva Esperanza, Roxbury



This is the latest addition to the Nueva Vida, Inc./Casa Esperanza, Inc. portfolio, and their third project with DND. Their mission is to provide housing and services to individuals in recovery from substance abuse. Casa Esperanza has evolved to meet the unique long term needs of people in recovery, providing integrated, bilingual/bi-culturally tailored services.

Location:	302 Eustis Street, Roxbury
Developer:	Casa Esperanza/Casa Nueva Vida, Inc.
Total Development Cost:	\$4,035,418
Linkage Award Amount:	\$425,000
Other Funding:	DND, DHCD, FHLB, MassHousing
Total Number Units:	14
Number of Affordable Units:	14

## South Boston Police Station/Patriot Homes



The South Boston NDC and Caritas Communities joined forces to create the South Boston Veterans Housing LLC, and became the winning application of an RFP for the redevelopment of the existing vacant police station and 2 small, abutting parcels.

The South Boston Veterans Housing LLC plans to partially demolish and rehab the former police station and create a new building on Athens Street. When complete, there will be 24 affordable rental units for veterans.

Location:	273 D Street, South Boston
Developer:	South Boston Veterans Housing LLC
Total Development Cost:	\$9,386,186
Linkage Award Amount:	\$750,000
Other Funding:	DND, BRA Inclusionary Zoning, DHCD, Fed. LIHTC, Boston Private Bank
Total Number Units:	24
Number of Affordable Units:	24

## Cheriton Heights, West Roxbury



Cheriton Heights is a 70-unit mixed-finance, mixed-income elderly development built on land owned by the American Arabic Benevolent Association, Inc. (AABA). The project is directly adjacent to the Cheriton Grove elderly housing development, also owned by AABA. Sixty-three one bedroom units are affordable to households earning at or below 60% of median income, of which 7 units are set aside for current or formerly homeless. The remaining 7 units are market rate. The first floor will house all non-residential space including management offices, maintenance space, lounge with a kitchen and a library/leaning center.

Location:	18-20 Cheriton Road, West Roxbury
Developer:	American Arabic Benevolent Association, Inc. and The Community Builders
Total Development Cost:	\$21,001,035
Linkage Award Amount:	\$700,000
Other Funding:	DND, DHCD, MassHousing, HUD 202, LIHTC, Energy Star Rebates
Total Number Units:	70
Number of Affordable Units:	63

## Upton Street, South End



Co-sponsored by the Pine Street Inn (PSI) and the Planning Office for Urban Affairs (POUA), the Upton Street properties continue the tradition of providing housing to the homeless and the working poor. They were once part of a large network of boarding houses that existed for decades within Boston’s inner core, Back Bay, Beacon Hill, South End and Roxbury, providing thousands of units of inexpensive housing for low-income individuals. Over the last four decades this type of housing has disappeared from most of these areas. Today, city officials and affordable housing advocates struggle to preserve existing SRO units in order to maintain this source of affordable housing.

Until completion of its new facility in the New Market Commercial District these buildings were owned by Hope House, Inc. and housed 60 homeless and/or drug-dependent individuals in a dormitory style setting. The properties were then sold to PSI and the POUA to be developed into 19 units of “enhanced” studio-type units for homeless and low-income persons.

Location:	40-42 Upton Street, South End
Developer:	Pine Street Inn and the Planning Office of Urban Affairs
Total Development Cost:	\$8,739,375
Linkage Award Amount:	\$750,000
Other Funding:	DHCD, LIHTC, FHLB, Life Initiative, Bank of America
Total Number Units:	19
Number of Affordable Units:	19

## Worcester House, Back Bay



Worcester House is a 16 unit preservation/substantial rehabilitation project at 186 Marlborough St in the Back Bay. Caritas Communities, Inc. is in the process of renovating the building to provide permanent affordable housing units for low income individuals. Caritas purchased the building in January of 2010 and quickly started to work to identify its needs. Renovations include adding handicap accessibility and a chair lift, converting one unit to a handicap accessible unit, heating upgrades, roof replacement, windows, and masonry repairs.

Location: 186 Marlborough St, Back Bay

Developer: Caritas Communities, Inc.

Total Development Cost: \$2,362,120

Linkage Award Amount: \$420,000

Other Funding: DND and DHCD

Total Number Units: 16

Number of Affordable Units: 16

**NHT Financials**

# **NEIGHBORHOOD HOUSING TRUST FUND**

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**FINANCIAL STATEMENTS**

**JUNE 30, 2015**

# NEIGHBORHOOD HOUSING TRUST FUND

## Financial Statements

June 30, 2015

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# **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of the  
Neighborhood Housing Trust Fund  
Boston, Massachusetts

## **Report on the Financial Statements**

We have audited the accompanying financial statements of the Neighborhood Housing Trust Fund (the "Fund"), a component unit of the City of Boston, Massachusetts, which comprise the statement of fiduciary net position as of June 30, 2015, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

## **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Neighborhood Housing Trust Fund of the City of Boston, Massachusetts as of June 30, 2015 in accordance with accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2015, on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

*O'Connor and Drew, P.C.*

**Certified Public Accountants  
Braintree, Massachusetts**

October 6, 2015

**NEIGHBORHOOD HOUSING TRUST FUND**

**Statement of Fiduciary Net Position**

**June 30, 2015**

# NEIGHBORHOOD HOUSING TRUST FUND

## Statement of Fiduciary Net Position

June 30, 2015

**Assets:**

Investments in City of Boston Trust Investment Pool 7, at fair value in: cash and equivalents	\$ 29,483,362
Pending deposits	11,816
Accounts receivable	3,376
Accrued investment income	<u>70</u>

**Total Assets** 29,498,624

**Liabilities:**

Accounts payable	108,964
Accrued expenses	5,762
Due to City of Boston	<u>92,000</u>

**Total Liabilities** 206,726

**Fiduciary Net Position** \$ 29,291,898

*The accompanying notes are an integral part of the financial statements.*

# NEIGHBORHOOD HOUSING TRUST FUND

## Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2015

<b>Additions:</b>	
Housing contributions	<u>\$ 10,754,225</u>
<b>Investment Earnings:</b>	
Investment income	78,006
Less: investment expense	<u>(5,191)</u>
Net Investment Earnings	<u>72,815</u>
<b>Total Additions</b>	<u>10,827,040</u>
<b>Expenditures:</b>	
Programs	7,782,727
General and administrative	<u>97,284</u>
<b>Total Expenditures</b>	<u>7,880,011</u>
<b>Changes in Fiduciary Net Position</b>	<b>2,947,029</b>
Fiduciary Net Position, Beginning of Year	<u>26,344,869</u>
<b>Fiduciary Net Position, End of Year</b>	<b><u>\$ 29,291,898</u></b>

*The accompanying notes are an integral part of the financial statements.*

# NEIGHBORHOOD HOUSING TRUST FUND

## Notes to the Financial Statements

June 30, 2015

Note 1 - **Summary of Significant Accounting Policies**

*Organization*

The Neighborhood Housing Trust Fund (the "Fund") was established on November 19, 1985 and is a component unit of the City of Boston (the "City"). The Fund was authorized by a Boston City Council Ordinance to support the creation and preservation of affordable housing for low and moderate income residents of Boston's neighborhoods. As mandated by the Boston Zoning Code (as amended), developers of certain large-scale commercial real estate projects requiring zoning relief in the City of Boston, known as Development Impact Projects (DIP), must make linkage contributions in the form of payments to the Fund (Housing Contribution Grants) over a specified period of time.

Article 26A of the Boston Zoning Code (as amended), which became effective February 27, 1986 and still applies to some agreements, is the housing linkage program. Under this program, the housing contribution for downtown commercial buildings is \$5 per square foot for each square foot of floor area over 100,000 square feet, payable over seven years, beginning with the issuance of a building permit.

The housing contribution for commercial buildings outside of the downtown area is at the same rate as above except that contributions are payable over twelve years, beginning with the certificate of occupancy. Article 80 of the Boston Zoning Code (as amended) was adopted to make the Zoning Code's review regulation easier to understand and use. Article 80 further adjusted the housing contribution for downtown commercial buildings to \$7.87 per square foot in excess of 100,000 square feet.

Ten percent (10%) of the housing contributions made for downtown projects and twenty percent (20%) for neighborhood projects are targeted to the impacted neighborhood.

A developer may choose the "housing creation option", whereby the contribution is made up front, based on the net present value of the housing contribution which would have been made under the housing payment option. These contributions are earmarked for specific low and moderate income housing developments. Other restrictions and requirements cover the operations of the Fund and investment policies, which are under the direction of the Board of Trustees. Qualified expenditures from the Fund may be in the form of gifts, grants, secured loans or other means as determined by the Board of Trustees.

# NEIGHBORHOOD HOUSING TRUST FUND

## Notes to the Financial Statements - Continued

June 30, 2015

### Note 1 - Summary of Significant Accounting Policies - Continued

#### Organization - Continued

The Fund has made loans of varying amounts to projects for the creation, development or rehabilitation of affordable housing to low and moderate income households in the City of Boston. The terms of the loans vary, but they are all long-term and secured by the properties financed to assure compliance with the restrictions in the agreement. Some of the notes have direct forgiveness terms and others have forgiveness terms at maturity and there is little or no expectation of collection.

#### Basis of Accounting

The Fund uses the governmental reporting model since the Mayor appoints a majority of the Board of Trustees. The accompanying financial statements have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

#### Cash and Equivalents

For purposes of the financial statements, the Fund considers cash on deposit, money market funds, certificates of deposit and all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

#### Pending Deposits

Principal additions are received by the Fund and held until the first day of the month following a deposit, pending valuation.

#### Accounts Receivable

Accounts receivable represent amounts due for Development Impact Project Agreements ("DIPS") that the Fund expects to collect. Management has determined that the receivables are fully collectible, therefore no allowance for uncollectible amounts is considered necessary at June 30, 2015.

# NEIGHBORHOOD HOUSING TRUST FUND

## Notes to the Financial Statements - Continued

June 30, 2015

### Note 1 - Summary of Significant Accounting Policies – Continued

#### New Accounting Pronouncements

GASB Statement 72, *Fair Value Measurement and Application* is effective for periods beginning after June 15, 2015. This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach or the income approach. Valuation methodologies should maximize the use of relevant observable inputs and minimize the use of unobservable inputs. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value, which are as follows: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, included within Level 1 that are observable, directly or indirectly. Level 3 inputs are unobservable inputs such as management's assumptions about certain factors affecting the value of the asset or liability. Management is in the process of evaluating the implementation of this Statement but does not expect any material effect to its financial position.

GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* supersedes similarly named Statement 55 and is effective for reporting periods beginning after June 15, 2015. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles ("GAAP"). The hierarchy consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. GASB 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment of a transaction or other event is not specified within a source of authoritative GAAP. Management is currently reviewing this pronouncement, implementation of which must be applied retroactively.

#### Income Taxes

The Fund exists as a component unit of the City of Boston, and therefore has made no provision for federal income taxes in the accompanying financial statements. Under Internal Revenue Service and state regulations, the Fund is not required to file income tax returns in any federal or state jurisdiction.

# NEIGHBORHOOD HOUSING TRUST FUND

## Notes to the Financial Statements - Continued

June 30, 2015

### Note 1 - Summary of Significant Accounting Policies – Continued

#### Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Accordingly, actual results may differ from those estimates.

### Note 2 - Investments

#### General

The City has combined its trust funds in pooled investment accounts. The pooled funds are held in custody accounts with a financial institution. The investments in Trust Investment Pool 7 are carried at their fair market value, which is determined on the close of the last business day of trading just prior to or on the day of valuation. The calculation of realized gains or losses is independent of the calculation of the net increase (decrease) in the fair value of investments. The net realized and unrealized gain or loss on sales of investments is determined on the basis of average cost and was zero for the year ended June 30, 2015. There is no unrealized gain or loss on investments held at year end.

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. As of June 30, 2015, the Fund's investments in Pool 7 were exposed to custodial credit risk as follows:

Uninsured, uncollateralized held by the custodial bank's securities service division, but not in the Fund's name :

Federated Massachusetts Municipal Depository Trust	\$ 24,351,597
Dreyfus Cash Management Fund	4,957,395
Dreyfus Treasury Prime Cash Management Fund	<u>174,370</u>

Total	\$ <u><u>29,483,362</u></u>
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# NEIGHBORHOOD HOUSING TRUST FUND

## Notes to the Financial Statements - Continued

June 30, 2015

### Note 2 - **Investments - Continued**

#### *Custodial Credit Risk - Continued*

Custodial credit risk is shared on a pro-rata basis among the trust funds that comprise Trust Investment Pool 7. Trust Investment Pool 7 is managed under the investment policies of the City of Boston Trust Funds.

Each of the funds is subject to maturity, quality and diversification requirements. The Federated Massachusetts Municipal Depository Trust and the Dreyfus Cash Management Fund purchase securities with the highest credit rating only, or the unrated equivalent. The Dreyfus Treasury Prime Cash Management Fund invests only in U.S. Treasury securities.

### Note 3 - **Programs**

The Fund distributes amounts to individuals and private or public, profit or not-for-profit development entities to assist them in the creation and preservation of affordable housing for low and moderate income residents of Boston's neighborhoods.

The Trustees of the Fund have given conditional approval to commit \$11,750,000 in the future for affordable housing projects.

### Note 4 - **Investment Advisory and Custodial Fees**

Trust Investment Pool 7 receives investment management and advisory services under a management agreement that provides for fees to be paid quarterly based on a percentage of the Pool's net assets. The fees are shared on a pro-rata basis among the trust funds that comprise the Trust Investment Pool 7.

### Note 5 - **Related Party Transactions**

As the administrator, the City charges the Fund for the services of certain personnel and an allocation of other administrative costs. Under the terms of the Trust Agreement, the City is entitled to reimbursement for certain additional costs. Administrative fees charged by the City for the year ended June 30, 2015 were \$92,000.

### Note 6 - **Contingencies**

In the normal course of operations, the Fund may be subject to certain claims and litigations. In the opinion of management and in-house legal counsel, the outcome of any such matters will not have a material effect on the financial position of the Fund.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of the  
Neighborhood Housing Trust Fund  
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Neighborhood Housing Trust Fund (the "Fund"), a component unit of the City of Boston, which comprise the statement of fiduciary net position and the related statement of changes in fiduciary net position as of and for the year ended June 30, 2015, and the related notes to the financial statements, and we have issued our report thereon dated October 6, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*O'Connor and Drew, P.C.*

**Certified Public Accountants  
Braintree, Massachusetts**

October 6, 2015