



NORTHERN NEW ENGLAND HOUSING INVESTMENT FUND

"The Housing Partnership's nonprofit mission is to provide communities, employers and residents with economically viable housing options. Rarely has the organization achieved so many of our strategic goals within a single property as we did in Kennebunk. For that we are grateful to all of our development and funding partners, but we are especially grateful to the NNEHIF for demonstrating the foresight and patience to invest with us in this important project."

MARTY CHAPMAN, EXECUTIVE DIRECTOR,
THE HOUSING PARTNERSHIP

Featured Property

Bethesda House, Kennebunk, ME
41 family apartments | Developer: The Housing Partnership

2010 Annual Report

Our Message from the President and Board Chair

Working in Partnership

We are happy to present to you this report of *our* efforts in 2010. These efforts would have been lost, however, had they not been equaled and exceeded by *your* efforts. Our developer partners plan, build, and then operate apartments for our low-income neighbors; these developers are the unsung housing heroes. Our investors have maintained their commitment and loyalty to us through all market changes, consistently providing resources to invest in properties while also providing sound advice and leadership. Not to be forgotten is New Hampshire Housing's and MaineHousing's invaluable dedication to all of our communities. As we are reminded each day, people who need housing rely on our continued collaborative effort. We are proud to be one of the many forces in this meaningful work. Thank you.

Looking Back on 2010

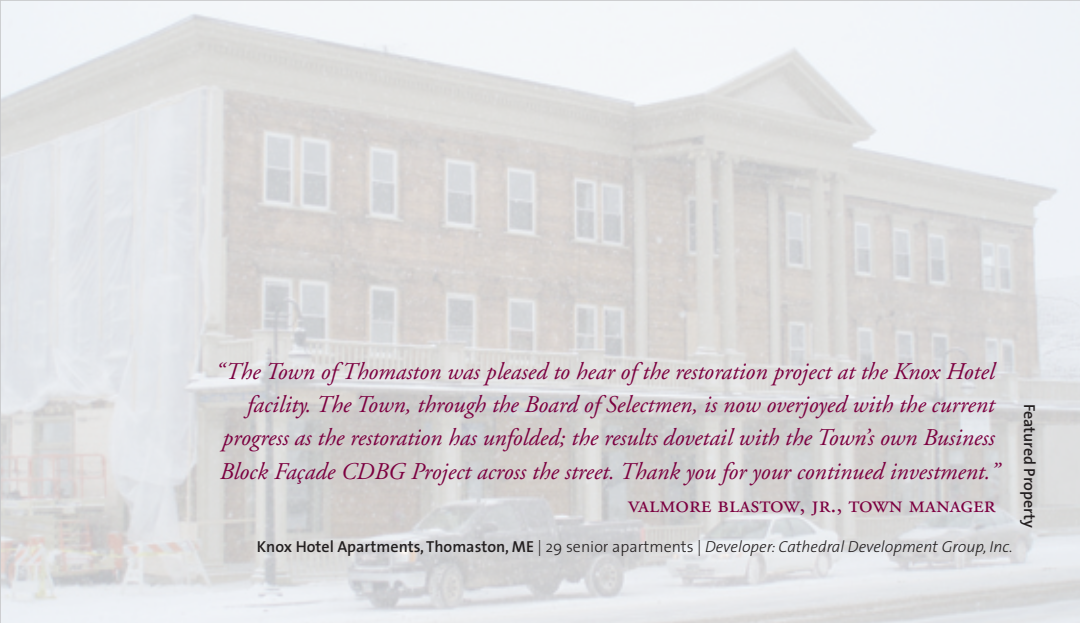
In 2010, we continued to navigate these challenging and rapidly changing times to realize an overall successful year. We not only raised and invested capital in much-needed affordable housing, but the properties in which we previously invested continued to show stable operating performance, including strong occupancy and adequate income-to-expense ratios. Furthermore, with our partners, we passionately advocated for effective state and federal housing policies.

Planning for the Future

In addition to our daily work, we continually study, learn, and adapt to a changing financial market and to uncertainties of federal and state housing policies. Change is certain. We are working to influence the decisions that will shape the future housing environment. In 2010, we took a serious look at our performance, through the eyes of several of our development partners. They candidly shared their thoughts about our strengths, as well as areas for improvement. We took all of their comments to heart and are committed to growing from this feedback.

John Anton,
President

Cullen Ryan,
Board Chair



“The Town of Thomaston was pleased to hear of the restoration project at the Knox Hotel facility. The Town, through the Board of Selectmen, is now overjoyed with the current progress as the restoration has unfolded; the results dovetail with the Town’s own Business Block Façade CDBG Project across the street. Thank you for your continued investment.”

VALMORE BLASTOW, JR., TOWN MANAGER

Knox Hotel Apartments, Thomaston, ME | 29 senior apartments | Developer: Cathedral Development Group, Inc.

Featured Property



The Culmination of Our Joint Efforts



“I envisioned myself homeless, desperate, and walking down the street pushing my oxygen tank looking for a place just to plug in.”

JODY BRISSETTE,
LOCHMERE MEADOWS
RESIDENT

“New Lochmere Meadows resident Jody Brissette developed a disabling illness about a year-and-a-half ago. Up until that time, she had worked for many years as a hairdresser. Now unable to work and on oxygen, she found herself also unable to keep up with rent payments. Facing eviction, she spent months looking for an apartment she could afford. She was so desperate that she looked into homeless shelters, but they couldn’t accommodate someone on oxygen. Jody was referred to us by the Town of Meredith, where we had recently developed Pinecrest Apartments. Pinecrest was full, but we were able to offer Jody a subsidized home at Lochmere instead.”

NANCY MCCURRY, DEPUTY DIRECTOR/RESOURCE DEVELOPMENT DIRECTOR, LACONIA AREA COMMUNITY LAND TRUST

Lochmere Meadows, Tilton, NH | 28 family apartments | Developer: Laconia Area Community Land Trust.

Featured Property

Raising & Investing Capital

In 2010, we raised \$22 million in capital toward our next multi-investor fund. We are grateful for our large bank investors, and we are also excited about the high level of community bank investment in this new fund.

In 2010, we invested \$23.6 million in 11 housing developments with 458 units of affordable housing. This represents a 15% increase in the number of units in our portfolio. Each development showcases the hard work of our development partners, exemplified by the properties featured in this report. We thank our developer partners for their efforts.

We invested using three financing avenues: 1) Our multi-investor fund, which included TD Bank, Bank of America, Citizens Bank, KeyBank, People’s United Bank, Bangor Savings Bank, and Gorham Savings Bank; 2) Our TD Bank proprietary fund; and 3) Our side-by-side investment with Centrix Bank.

We actively manage **15 Equity Funds** invested in affordable housing developments receiving the Federal Low Income Housing Tax Credit.

11 Development Closings in 2010 ➡

Managing Assets

Despite economic and employment challenges, the 103 stabilized properties in our portfolio continued to show solid operating performance with an average 96% occupancy and 1.63 debt coverage ratio. There were no negative performance issues, meaning no foreclosures, no recaptures and no bankruptcies.

In addition to overseeing our portfolio, our Asset Management Team worked to improve the property management oversight system.

- We collaborated with our partners and their property managers to enhance results at existing properties and to improve prospects of new acquisitions.
- We innovatively responded to our investors, who often need tailored reports with specific data and explanations of portfolio experience.
- We led our nonprofit syndicator peers to comprehensively rewrite best practices in asset management.

Shaping Public Policy

State and national housing policy is in flux, both in funding levels and programs. We have focused on two main policy fronts: 1) protecting existing programs and policies that work; and 2) providing leadership on future housing policy. We have collaborated with our partners, with state housing groups (Maine Affordable Housing Coalition and Housing Action NH), and with various national groups to ensure that the Maine and New Hampshire perspectives are part of the housing policy discussion. In 2010, the most notable national issue we tackled in this manner was the Community Reinvestment Act.

Our vision of healthy housing policy necessitates that we also support our partners’ work. In 2010, we contributed over \$85,000 in various grants, sponsorships and other financial assistance. Our new partner scholarship program assisted 30 members of our partners’ staff in attending housing training. We believe that the stronger you are, the stronger we are.

Bow Highlands, Bow, NH
Concord Area Trust for Community Housing
20 family apartments

Cityside Housing, Keene, NH
Southwestern Community Services, Inc.
24 family apartments

Coliseum Senior Residence II, Nashua, NH
Housing Initiatives of New England Corporation
40 senior apartments

Knox Hotel Apartments, Thomaston, ME
Cathedral Development Group, Inc.
29 senior apartments

Lochmere Meadows, Tilton, NH
Laconia Area Community Land Trust
28 family apartments

Munjoy Commons, Portland, ME
Avesta Housing Development Corporation
39 family apartments

Payson Village, Rindge, NH
Southwestern Community Services, Inc.
24 senior apartments

South Porter Senior Housing, Phase II, Manchester, NH
Manchester Housing and Redevelopment Authority
30 senior apartments

Spring Crossing, Westbrook, ME
Westbrook Housing Authority
34 senior apartments

Sugar River Mills Apartments, Claremont, NH
Preservation of Affordable Housing, Inc.
162 family/senior apartments mix

Webster School, Auburn, ME
Auburn Housing Authority
38 family apartments



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VALMORE BLASTOW, JR., TOWN MANAGER

Knox Hotel Apartments, Thomaston, ME | 29 senior apartments | Developer: Cathedral Development Group, Inc.

Featured Property



Featured Property

Vincent Square Apartments, Auburn, ME | 17 senior apartments | Developer: Auburn Housing Authority

“Auburn Housing Authority continues to experience unprecedented demand for affordable housing and was thankful for the partnership established between Northern New England Housing Investment Fund, Bangor Savings Bank, MaineHousing, and Auburn Housing Development Corporation, which has resulted in the creation of 17 reasonably priced apartments for the 55+ population in the heart of the New Auburn neighborhood. The handsome old Vincent Building had been vacant for quite some time and rehabilitating it into housing fit perfectly with Auburn Housing Authority’s mission to develop, provide and assist decent, safe and affordable housing for lower-income persons.”

RICK WHITING, AUBURN HOUSING AUTHORITY



“This is the best place I’ve ever lived in.”

ARNOLD RIDLEY,
VINCENT SQUARE APARTMENTS
RESIDENT

Our Financials

These financial highlights are taken from the 2010 Audited Financial Statements, which include consolidated operations for NNEHIF, HIF Consulting, HIF Historic Affordability, HIF Diversified Activities, Inc, and Housing Action New Hampshire. The complete audit can be viewed on our website: www.housinginvestmentfund.org.

Summary
for the
Year Ended
December 31, 2010

The Culmination of Our Joint Efforts



“I envisioned myself homeless, desperate, and walking down the street pushing my oxygen tank looking for a place just to plug in.”

JODY BRISSETTE,
LOCHMERE MEADOWS
RESIDENT



Featured Property

“New Lochmere Meadows resident Jody Brissette developed a disabling illness about a year-and-a-half ago. Up until that time, she had worked for many years as a hairdresser. Now unable to work and on oxygen, she found herself also unable to keep up with rent payments. Facing eviction, she spent months looking for an apartment she could afford. She was so desperate that she looked into homeless shelters, but they couldn’t accommodate someone on oxygen. Jody was referred to us by the Town of Meredith, where we had recently developed Pinecrest Apartments. Pinecrest was full, but we were able to offer Jody a subsidized home at Lochmere instead.”

NANCY MCCURRY, DEPUTY DIRECTOR/RESOURCE DEVELOPMENT DIRECTOR, LACONIA AREA COMMUNITY LAND TRUST

Lochmere Meadows, Tilton, NH | 28 family apartments | Developer: Laconia Area Community Land Trust.

Since 1996...Units: 1,987 in ME + 1,810 in NH = 3,797



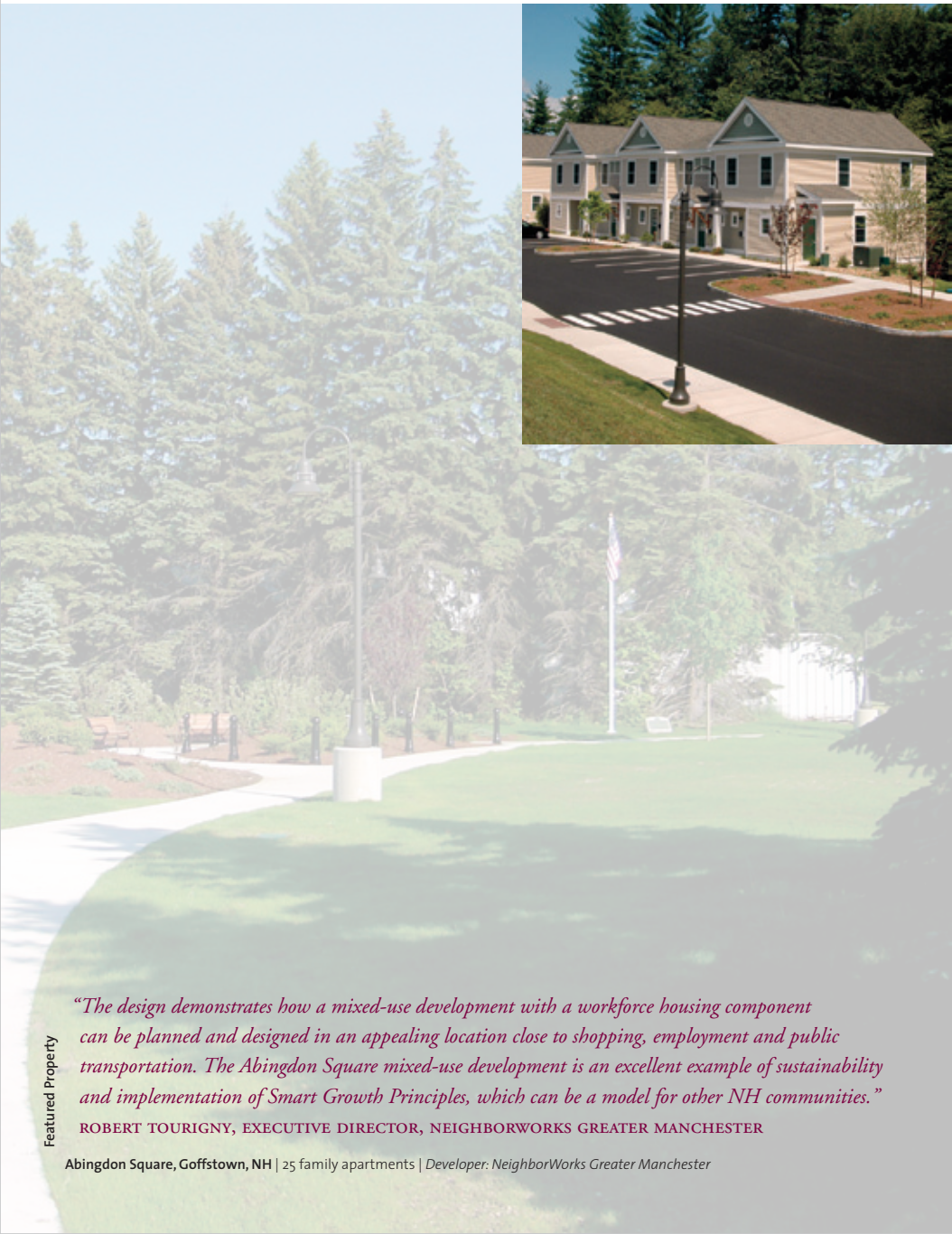
Bow Highlands, Bow, NH | 20 family apartments | Developer: Concord Area Trust for Community Housing

“The Town of Bow is delighted to have CATCH take responsibility for the completion and management of the townhouses previously planned in Bow. Thanks to CATCH, this much-needed workforce housing is now available and already occupied. CATCH approached the Town with sensitivity to local needs and concerns and has become a valued part of our community.”

HAROLD T. JUDD, TOWN OF BOW SELECTMAN

Featured Property

Investments: \$360 Million



“The design demonstrates how a mixed-use development with a workforce housing component can be planned and designed in an appealing location close to shopping, employment and public transportation. The Abingdon Square mixed-use development is an excellent example of sustainability and implementation of Smart Growth Principles, which can be a model for other NH communities.”

ROBERT TOURIGNY, EXECUTIVE DIRECTOR, NEIGHBORWORKS GREATER MANCHESTER

Abingdon Square, Goffstown, NH | 25 family apartments | Developer: NeighborWorks Greater Manchester

Balance Sheet

| | |
|-----------------------------------------------|---------------|
| Assets | |
| Cash & Cash Equivalents | \$ 7,560,345 |
| Other Current Assets | \$ 508,520 |
| Other Assets | \$ 2,616,095 |
| Property & Equipment (Net of Depreciation) | \$ 72,639 |
| Total Assets | \$ 10,757,599 |
| Liabilities & Net Assets | |
| Current Liabilities | \$ 114,180 |
| Long-Term Liabilities | \$ 6,494,771 |
| Temporarily Restricted Assets | \$ 1,125,000 |
| Unrestricted Net Assets | \$ 3,023,648 |
| Total Liabilities & Net Assets | \$ 10,757,599 |

Statement of Revenues and Expenses

| | |
|------------------------------------|--------------|
| Revenue & Other Support | |
| Membership Dues | \$ 85,100 |
| Fee Income | \$ 1,624,826 |
| Interest Income | \$ 16,350 |
| Total Revenue & Other Support | \$ 1,843,789 |
| Expenses | |
| Program Expenses | \$ 1,322,278 |
| Management & General | \$ 341,631 |
| Total Expenses | \$ 1,663,909 |

| | |
|----------------------------------|-----------|
| Excess of Revenues over Expenses | \$ 62,367 |
|----------------------------------|-----------|

"We are proud of Kelly's contribution to and award for her involvement with Toys for Tots. We too appreciate her unselfish dedication and truly outstanding service—her caring toward others is to be commended."

IGNATIUS MACLELLAN, NNEHIF VICE PRESIDENT, PUBLIC AFFAIRS

TOYS FOR TOTS RECIPIENTS EXPRESSED
THEIR GRATITUDE BY SENDING THIS MESSAGE.

Doing the Work

We are a private, nonprofit corporation that promotes housing and community development by providing equity capital, technical assistance and consulting services to affordable housing developers throughout Maine and New Hampshire.



**NORTHERN NEW ENGLAND
HOUSING INVESTMENT FUND**

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NEW HAMPSHIRE OFFICE

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www.housinginvestmentfund.org

Board of Directors

Maine

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Bill Floyd
Genesis Community Loan Fund
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Westbrook Housing Authority
Kim McLaughlin
Bank of America Merrill Lynch

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New Hampshire
Community Development
Finance Authority
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CATCH Neighborhood Housing
Kathleen Reardon
Citizens Bank
Paul Stewart
Stewart Property Management
Robert Tourigny
NeighborWorks Greater Manchester

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Vice President, Acquisitions

Sustaining Members

MaineHousing
New Hampshire Housing