

# north notes

SUMMER 2021

NEWS AND IDEAS FROM THE COMMUNITY DEVELOPMENT LEADERS AT EVERNORTH



## Our 10,000-Foot View

*A conversation  
with Co-Presidents  
Bill Shanahan and  
Nancy Owens*

**F**or Evernorth Co-Presidents Nancy Owens and Bill Shanahan, housing and health have always been closely linked. The COVID-19 pandemic turned a spotlight on that connection.

For example, the pandemic made people who are precariously housed or underhoused all the more visible. Because of social distancing, shelters couldn't operate the same way and thus

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provided temporary shelter for fewer people. Lost jobs and lack of day care made paying rent or mortgages difficult for many, further adding to those that were precariously housed.

"People were concerned about health issues and saw housing and food insecurities all around them; they realized how close to the edge people were living – and they began to connect the dots," said Shanahan.

The idea of housing as a "platform" for physical and mental health, job retention, success in school, and more, isn't new, but over the last year and a half, that framework has gained visibility and traction.

*"Evernorth is perfectly positioned to advocate for northern New England on the national level."*

Another phenomenon became evident during the pandemic. An influx of people moving to northern New England is impacting an already-strained housing market. The increased demand and continued shortage of supply is challenging local governments across all three states, but Owens sees this as a pivotal time for affordable housing.

"Housing has always been perceived as a local issue, but what's emerged so clearly is that some of these issues are systemic," she said. "Lack of housing, aging housing stock – these things are happening all across the country and require a bigger response than what we can do on a local, or even state, level."

## NEW FEDERAL FOCUS ON HOUSING

President Biden and his administration have brought renewed attention to affordable housing – and new resources. In March 2021, Congress passed the American Rescue Plan Act (ARPA), a \$1.9 trillion coronavirus relief package with a number of provisions to help people secure stable housing, including investments in emergency housing vouchers and rental assistance, homelessness assistance and supportive services programs, and funds for fair housing initiatives.

The Biden administration is also working to pass an extensive infrastructure bill, which would include housing, a shift in priority that Shanahan described as "huge." The plan would invest more than \$200 billion to produce, preserve, and retrofit more than two million affordable homes.

An organization with deep knowledge of the markets and networks throughout Maine, New Hampshire, and Vermont, Evernorth is perfectly positioned to advocate for northern New England on the national level and to help shepherd federally allocated funds. Said Owens: "People look to us as leaders and innovators for how to responsibly deploy funds and how to support the developers and organizations on the ground making those things happen."

Shanahan added that with so many opportunities, Evernorth wants to ensure that they make disciplined decisions focused on equity and inclusion so that every investment is meaningful and sound.

Evernorth has more than thirty years of experience of equity investing using Low Income Housing Tax Credits (LIHTC) and other federal tax credits, including New Markets Tax Credits (NMTC). Evernorth Rural Ventures (ERV) is a qualified Community



RIBBON CUTTING EVENT AT TAYLOR STREET IN MONTEPELIER, VT





IN MARCH 2021, CONGRESS PASSED THE \$1.9 TRILLION

## AMERICAN RESCUE PLAN ACT

- EMERGENCY HOUSING VOUCHERS
- RENTAL ASSISTANCE
- HOMELESSNESS ASSISTANCE
- SUPPORTIVE SERVICES PROGRAMS
- FUNDS FOR FAIR HOUSING INITIATIVES

Development Entity (CDE), which uses its NMTC resources to retain and create quality jobs to help low-income communities grow and thrive. The NMTC program was recently extended for five years at an increased level of funding making it possible for Evernorth to bring additional federal resources to the region.

Evernorth is continuing to expand its community development model with their emerging lending program, which they established with grant support from the CDFI Fund's Capital Magnet Fund Program. The goal of the loan fund is to provide low-cost capital targeted to rural areas, areas of economic distress, and projects serving very low-income households within Maine, New Hampshire, and Vermont.

According to Shanahan, it will complement the work they do, while assiduously maintaining the distinction between the formal lending program and their work in equity investments.

"The pandemic caused delays, and developers are not able to get to a timely closing, but we can help to bridge that timing gap," he said. With all of the federal resources for affordable housing and community development, Evernorth is striving to increase income equality and housing access for marginalized communities with its investments.

### SCALING UP

When Northern New England Investment Funds (NNEHIF) and Housing Vermont (HV) merged in the summer of 2020 to become Evernorth, it was during the most uncertain time in recent history. Nevertheless, the organization found numerous ways to leverage the power of their combined experience, relationships, and vision. Evernorth's lending program is an example where a

larger organization operating in three states helps to increase the capital coming into the region.

One action that Evernorth took out of the difficulties of the pandemic is providing free WiFi access to 15 Evernorth properties in Vermont. Internet access, which can cost \$50 or more a month, became glaringly important as schools and work moved online. Through their property managers and partners, Evernorth is using their housing communities to help families live better. The next step is providing free WiFi across housing properties in all three states.

During the pandemic, Evernorth learned that the Maine Affordable Housing Coalition was interviewing residents of affordable housing every month, asking about their health and safety and whether they were able to afford the things they needed – questions to gain insight about the impact the pandemic was having on low-income families. The information was so rich that Evernorth initiated a similar project in Vermont. All of the collected information is being used to educate legislators and shape policy.

Over the years, both NNEHIF and HV have worked with lawmakers and housing authorities, on both state and federal levels, earning trust and building deep relationships. Now, with six pro-housing U.S. Senators, including one Republican, Evernorth is building on that advocacy work to benefit the people in northern New England.

"We have an unusual vantage point in the region," explained Owens. "We have visibility into great things that are happening, and our work is to lift them up and replicate them, whether it's a program or policy." ■



# Housing New England Fund III comes to market



HNE FUNDS INVEST IN COMMUNITIES ACROSS MAINE, NEW HAMPSHIRE, AND VERMONT

In one sense, the Evernorth organization started in the summer of 2019 with the first Housing New England (HNE) Fund. That's when Housing Vermont (HV) and Northern New England Housing Investment Fund (NNEHIF) launched their first joint investment fund, a \$64.5 million, multi-investor fund that provided equity to finance affordable housing in Maine, New Hampshire, and Vermont.

By combining their efforts, the two organizations were able to do more together than they could have done independently: raising more capital for affordable housing, creating operating efficiencies, and lowering their costs of syndication. In addition, one of the nation's largest mortgage banking organizations also came onboard.

That successful collaboration was the first step toward the merger which created Evernorth in July 2020. The HNE Fund I closed in January of 2020 and helped to finance six projects in Maine, three in New

Hampshire and six in Vermont, creating 513 affordable apartments.

## BRIDGING THE GAP

Just a few months after officially merging, Evernorth launched its second multi-investor fund, HNE Fund II, furthering the three-state model to finance affordable housing across northern New England, even during the COVID pandemic.

Ultimately, nineteen investors, including community, regional and national banks, committed a total of \$60.7 million in equity. Cambridge Trust was the newest investor to join the Evernorth fold. HNE Fund II is investing in 18 total developments and will create 744 affordable apartments in northern New England.

The investor market during the second quarter of 2020 was very uncertain. If deals were getting done, they were larger, 9% transactions in strong CRA markets

– atypical transactions in northern New England. HNE Fund II financed the smaller 4% transactions that other financial institutions wouldn't have done at that time. In fact, 65% of the projects in HNE Fund II were 4% transactions, bridging the gap from a period of great uncertainty to a more stable investor market by the end of 2020.

One example of that bridging is Hartland Senior in Hartland, Maine. Although there were two bank investors willing to invest in the project, it wasn't enough to fund the required equity; Hartland Senior was not going to get done. In the end, the banks closed into HNE Fund II, which provided the equity to fund the project and create 30 affordable homes for seniors in Maine.

## HNE FUND III NOW OPEN

Evernorth has a pipeline of high-quality community developments which need equity and is offering another investment opportunity: Housing New England, Fund III.



By once again raising more capital to finance and build affordable housing in northern New England, Evernorth can continue to meet the needs of low and moderate income households for safe places to live, work and care for their families.

"In addition to creating long-term assets for communities, investors can take advantage of the value of our portfolio, deep industry knowledge, and long-term partners," said Nancy Owens, Co-President of Evernorth.

*"Evernorth has a pipeline of high-quality community developments which need equity and is offering another investment opportunity."*

To learn more about Housing New England Fund III, investors can contact Holly Burbank, Senior Vice President of Capital Management. According to Burbank, "there has never been a better time for a tax credit investment to leverage the funding and service resources that have been committed to housing." ■



## HOUSING NEW ENGLAND FUND III

at a glance

Fund Size

**\$75m**

**Target Yield:**  
5.25%, cash on cash, after tax,  
at 21% corporate tax rate

**Initial Fund Closing:**  
December 31, 2021

**State-based**  
Investment Committees

**Single Fund Manager**  
**Single Investor Portal**  
**Regional Asset Managers**

Contact Holly Burbank, Senior Vice President of Capital Management  
at [hburbank@evernorthus.org](mailto:hburbank@evernorthus.org).

HOUSING STABILITY IS A CRITICAL DRIVER FOR  
CHILDREN'S GROWTH AND EDUCATIONAL OUTCOMES





# Spotlight on Evernorth's community investments



WOOLSON BLOCK, SPRINGFIELD, VT



**A**t Evernorth, we collaborate with investors, developers, and service providers to build housing that responds to community and resident needs. We'd like to share just a few stories from the past year about the impact we've made throughout northern New England.

## A NEW BEGINNING IN SOMERSWORTH, NH

The Somersworth Housing Authority's (SHA) public housing portfolio was old – and getting older. Spread out across three neighborhood areas, some of the buildings were constructed in the 1880s and early 1900s, during the former mill town's early days. Other properties were built in the 1960s, and still others were redeveloped in the 1980s. But since then, the buildings have fallen into serious disrepair.

Now, thanks to the U.S. Department of Housing's Rental Assistance Demonstration (RAD) project directed by Evernorth, 38 buildings with 169 apartments are finally getting the

overhaul they need. The purpose of the RAD program is to preserve and improve affordable housing so that residents can live in stable, healthy and safe environments.

The extensive rehabilitation plan in Somersworth includes exterior shell improvements, increased energy efficiencies, and interior upgrades. During the 26-month long construction period, residents will be relocated onsite while their homes are transformed. Upon completion, residents will enjoy new flooring, updated kitchens and bathrooms and washers and dryers in the units. These refurbished affordable homes will be a community asset for generations of seniors.

## REBUILDING HISTORY IN DOWNTOWN SPRINGFIELD, VT

The Woolson Block was built in 1868. The three-story, Italianate-style brick building sits perched above the falls of the Black River in the center of downtown Springfield. Photos from the early 1900s depict the

Woolson Block as a busy well-kept mixed-use building. More recently, the building fell into disrepair, and sat vacant for many years, which led to a tax sale by the owner.

Evernorth, in close collaboration with the Springfield Housing Authority, raised more than \$8.6 million from several private and public sources to finance the total redevelopment costs.

The redevelopment plan at Woolson Block involved a substantial rehabilitation of the historic structure to create affordable and transitional housing, plus more than 5,000 square feet of commercial space on the street level returning it to its original handsome design and function. The residential space provides 15 rental apartments designated for households with incomes at or below 60% of the area's median income.

A unique addition is four service-enriched apartments for homeless and at-risk youth between the ages of 18 and 24. A transitional program will provide a structured environment for at-risk youth to help them develop the skills they need to live independently.





*“We collaborate with investors, developers, and service providers to build housing that responds to community and resident needs.”*

#### IN THE HEART OF DOWNTOWN PORTLAND, ME

In Portland, the largest city in Maine, the need for affordable housing continues to grow along with its population. To help meet that need, Furman Block opened to tenants in January 2021.

The brand-new construction is located on former Portland Public Works Department property in the heart of Portland’s West Bayside neighborhood. The seven-story building is near to grocery stores, restaurants, breweries, and the downtown business district making it convenient for residents.

Developer Szanton Company built Furman Block, their first mixed-income project that is age-restricted (ages 55 and older). The top six floors feature 46 one-bedroom apartments and five studio units; 40 of the apartments will be affordable housing, 11 will be market rate, and at least 11 of the units are ADA accessible. The building also includes six units set aside for seniors coming out of Portland’s homeless shelters.

All of the apartments offer abundant natural light, and some residents have water views of Back Cove, Deering Oaks Park, or Portland’s downtown. The first floor features commercial space, a combination of artists’ studios and gallery space owned and managed by Ross Furman. ■



FURMAN BLOCK, PORTLAND, ME

# Evernorth Organizational Updates

On July 1, Evernorth officially turned one year old – and the organization has been busy expanding its scope and increasing its impact! Evernorth has hired 10 new staff over the past six months and made some organizational changes.

What was formerly called Acquisitions is now aptly called the Community Investments department (CI). Vice President Beth Boutin was recently appointed to lead the CI department. Two new Director positions were created, and two additional Community Investment Officers were added to the team.

The department formerly known as Finance is now called Capital Management (CM) and led by Senior Vice President Holly Burbank.

Deb Flannery was recently named Vice President of Evernorth's new and emerging Lending function in the Finance and Administration department led by Evernorth's Chief Financial Officer Janet Spitler.

The Real Estate Development and Asset Management departments have been enhanced with new talent and are led by Senior Vice President Kathy Beyer and Senior Vice President Eric Schmitt, respectively.

Evernorth also added a Communications department, which is led by Director Lisa Patlis. ■

Contact us. We're here to help!

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