

Melnea Residences, Roxbury



HNEF Investment: \$3.85 million
Completed: May 2019

Melnea Residences Overview

- 50 Residential Units:
 - 7 affordable at 70% AMI
 - 43 Market Rate
- Around 4,000 sf ground floor retail
- TDC: \$17.1 million (\$341,300 per unit)
- Capital Stack:
 - Debt - \$11.4 million
 - HNEF Equity - \$3.85 million
 - GP Equity - \$1.8 million

Timeline

- 2011 – Parcel 9 RFP issued by BRA
- 2012 – Melnea Partners ('MP') Designated as Developer
- 2013 – Approvals Secured
- 2014 – Financing Secured
- 2014 – Hotel Operator Secured
- Dec. 2016 – Hotel Financing Secured
- Nov. 2017 – Residences Financing Being Closed
- Sept. 2018 –(Projected) Hotel Opening
- March 2019 – (Projected) Residences Opening

Melnea Residences



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MBE/WBE Statistics

General Conditions	MBE, WBE	Eco Waste
Overhead Protection	MBE	Triple G
Sitework	WBE	Metro Equipment Corp.
Ground Improvements		Helical Drilling
Concrete	Union	Marguerite Concrete Inc., Federal
Masonry	MBE, Open Shop	Reform Masonry
Structural Steel	Union	Soucy, HP Welding
Rough Carpentry	Union, MBE	Turnkey/Northeast
Finish Carpentry/Millwork	Union, MBE	Tara
Fiber Cement Panels	Union, MBE	Turnkey/Northeast
Waterproofing	Open Shop	Streamline
Spray Applied Fireproofing	MBE	Industry Solutions
Elevators	Union	Kone
Curtainwall	Open shop	JR Glass
Flooring	Union	JC Flooring
Tile	MBE	JT Enterprise
Fire Protection	Open shop	Lynco
Plumbing	MBE, Open Shop	JJRG
HVAC	MBE	Environmental Systems
Electrical	MBE	NHK
Roofing	MBE	Turnkey/Northeast

Workforce Summary



Melnea Residences

Job #

PROJECT WORKFORCE SUMMARY

PROJECT GOALS		Women		Minority		Boston Resident		Zip Codes - Res	
		15%		51%		51%		35%	
ACTUAL TOTALS		98,209	10,272	80%	78,129	45%	44,636	33%	32,388



HEALTHY
NEIGHBORHOODS
EQUITY FUND II LP

Investing in the building blocks
of healthy communities

HNEF Overview

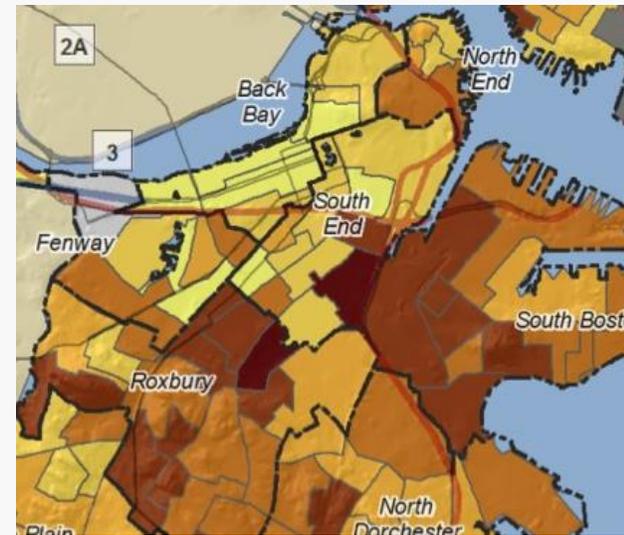
- Healthy Neighborhoods Equity Fund (HNEF) is designed to provide **patient capital for transformative mixed-use, mixed-income real estate projects** in Massachusetts.
- HNEF investments will **enable and accelerate** projects that would not otherwise be feasible in transitional or unproven markets.
- To qualify for an HNEF investment, projects must have a **demonstrated ability to generate the following benefits:**
 - *Financial Returns*
 - *Community Benefits*
 - *Environmental Benefits*
 - *Health Benefits*

HNEF: Neighborhoods Matter for Health

- Health outcomes—including life expectancy—vary sharply by neighborhood.
- Between 2003 and 2007, life expectancy varied by as much as 33 years between census tracts in Boston.
- The census tract with the lowest life expectancy (in Roxbury, 58.9 years) is shorter than the life expectancy of Cambodia, Gambia, and Iraq.

Life Expectancy by Census Tract, Boston, 2003-2007

91.9 years



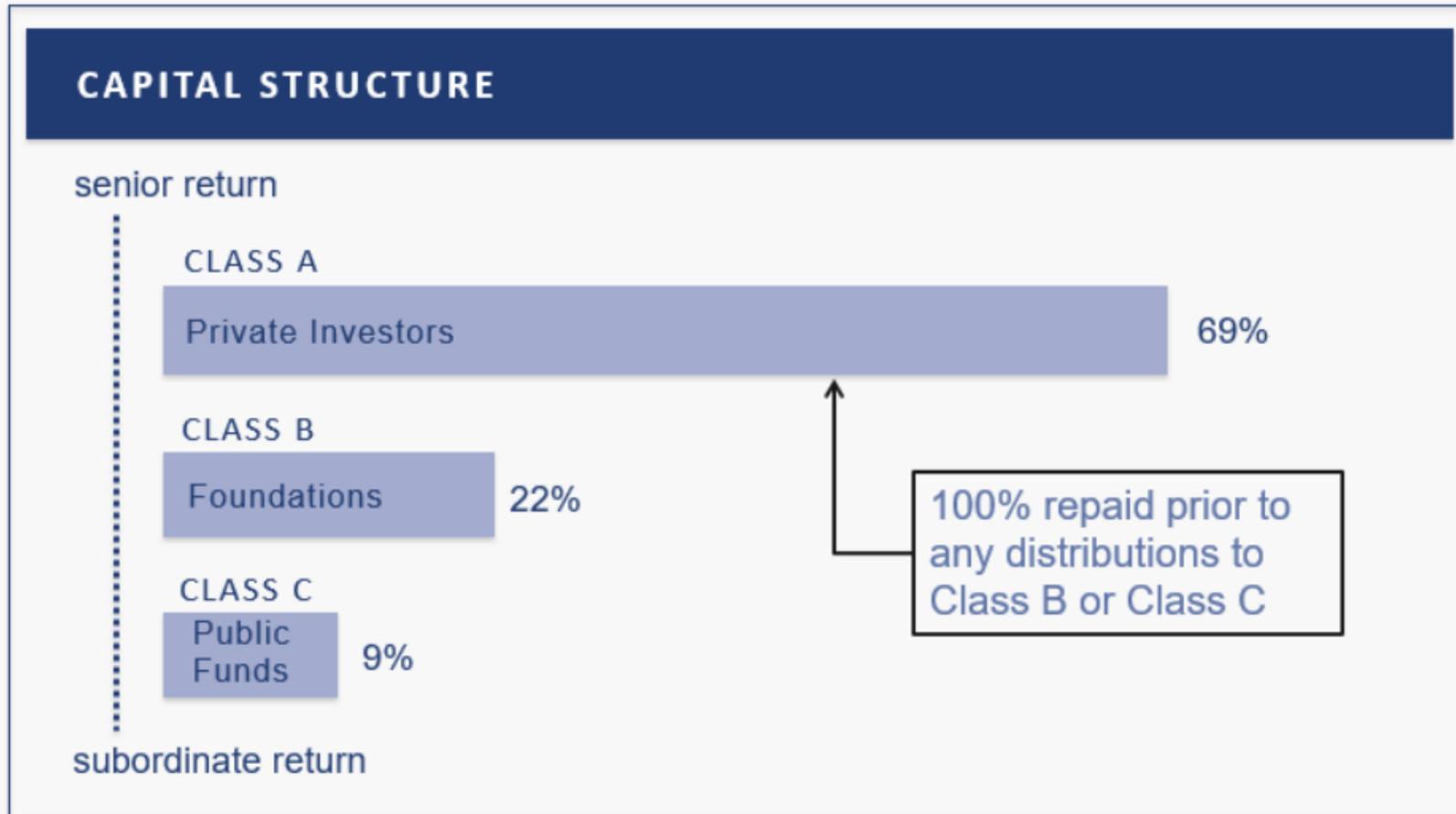
58.9 years

Source: Social Capital and Health Outcomes Technical Report, Center on Human Needs, Virginia Commonwealth University, September 2012.

HNEF Fund Structure Supports Social Impact Goals & Vice Versa

- HNEF's social impact goals attracted \$7 million in subordinate capital from public and philanthropic sources
- Blended capital stack reduces downside risk to Class A investors who are willing to take below market returns (8%)
- 10-year investment term supports neighborhood transformation and value creation

HNEF: Subordinate Capital is Essential



HNEF Project Eligibility

To be considered for an HNEF investment, projects must meet the following threshold criteria:

- ***Demonstrated neighborhood and community support.***
- ***Location:*** Within ½ mile of transit, or in a mixed-use neighborhood with significant potential for increased walkability.
- ***Scale:*** Minimum \$5 million TDC.
- ***Uses:*** Residential with any combination of market-rate and moderate-income units (rental or ownership); mixed-use; commercial office, retail and industrial space.

HNEF: Neighborhood Health Determinants

Breadth of Impact



Health Determinant	Health Outcomes
Walkability/Active Transport	Physical activity, mental health, chronic disease
Safety from Crime	Injury, physical activity, mental health, real and perceived safety
Economic Opportunity	Economic stability
Food Access	Nutrition, chronic disease
Safety from Traffic	Injury, air quality, real and perceived safety
Affordable Housing	Economic stability
Green Housing	Exposure to environmental contaminants, chronic disease
Green Space	Physical activity, mental health, air quality
Social Cohesion	Mental health
Displacement/Gentrification	Mental health, economic stability
Air Quality	Air quality
Environmental Contamination	Exposure to environmental contaminants

Source: Healthy Neighborhoods Equity Fund Health Impact Assessment: Metropolitan Area Planning Council, 2013

HNEF: HealthScore Rating System

- **HealthScore range:** 0 – 100
- **HealthScore rating** is a weighted average of the following:
 - *Neighborhood score: measures the need and opportunity for healthy development (25% of total HealthScore)*
 - *Project score: measures how well the project meets the need and captures the opportunity (75% of total HealthScore)*
- **Minimum HealthScore** to be considered for investment: 50
- Projects meeting the minimum receive a **tier classification**:
 - Moderate Impact: 50-65
 - High Impact: 65-75
 - Very High Impact: 75+

Melnea Residence HealthScore:

<i>Neighborhood Screening Criteria:</i>	<i>Score:</i>
Community support and growth potential (30%)	28.0
Opportunity to reduce health disparities (30%)	29.0
Transportation access and utilization (20%)	20.0
Opportunity to advance regional equity (20%)	18.5
TOTAL Neighborhood Score:	95.5

Melnea Residences HealthScore:

<i>Project Screening Criteria:</i>	<i>Score:</i>
Neighborhood walkability (20%)	16.0
Transformative Impact (15%)	12.3
Housing choice and affordability (10%)	4.5
Community safety (10%)	7.0
Economic opportunity (10%)	9.0
Green space and recreational access (10%)	5.5
Transit-supportive development (10%)	8.0
Healthy food access (5%)	3.3
Indoor air quality (5%)	-
Building and site performance (5%)	2.0
TOTAL Project Score:	67.5
TOTAL WEIGHTED SCORE:	74.5
OVERALL RATING:	HIGH IMPACT

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