

The **HEALTHY FUTURES FUND** is a \$200 million initiative formed by the Local Initiatives Support Corporation, Morgan Stanley and The Kresge Foundation. Initially formed in 2012 with \$100 million in resources that have been fully deployed, the Fund partners came together in late 2015 to announce the immediate availability of another \$100 million in capital. The Healthy Futures Fund seeks to improve community health by expanding healthcare access through a co-location model for health centers and affordable housing projects.

For **Federally Qualified Health Centers** and Look-Alikes who are expanding their facilities and services, the Fund offers New Markets Tax Credits (NMTCs) and loan capital in one streamlined execution with very low transaction costs. The ideal health center project is co-located with a provider of non-clinical services that impact one or more social determinant of health. Examples of such services include but are not limited to: affordable housing, healthy food outlets and grocery stores, education or job training, fitness and wellness services.

For **affordable housing** projects, the Fund offers competitive Low Income Housing Tax Credit (LIHTC) equity to finance projects co-located with a Federally Qualified Health Center or other community-based health center. **Grants and other loan resources** may be available to support Healthy Futures Fund projects.



Healthy Food and Nutrition

**Brockton Neighborhood Health Center** (Brockton, MA): The Brockton Neighborhood Health Center partnered with Vicente’s Market to rebuild a blighted site and offer healthcare and healthy foods in one location. The on-site demonstration kitchen will promote healthy eating through partnership with the co-located market. As a part of the coordinated approach, shoppers will get guided tours of the market to learn about the store’s nutrition labels and how to select healthier substitutes.

**So Others Might Eat** (Washington, DC): So Others Might Eat, a not-for-profit social service and affordable housing provider, developed the 300,000 square foot Conway Center to bring affordable housing, primary care services, employment training and economic development opportunities together in one location, all adjacent to a metro stop for ease of access. Housing residents and community members will have access to outreach and health education programs designed to promote healthy lifestyles.



Housing and Employment

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**FEDERALLY QUALIFIED HEALTH CENTERS****Eligibility**

- The operating entity of the proposed health center is a Federally Qualified Health Center (“FQHC”) or Look-Alike.
- The ideal health center project is co-located with a provider of non-clinical services that impact one or more social determinant of health. Examples of such services include but are not limited to: affordable housing, healthy food outlets and grocery stores, education or job training, fitness and wellness services.
- The health center must occupy at least 51% of the space being financed through the Healthy Futures Fund using NMTCs.
- The project must be located in a NMTC qualified census tract and is designated highly distressed.
- The qualifying HFF mortgage loan is targeted between \$2MM and \$10MM.

**Terms**

- 7-year initial term with first 30 months interest-only then amortizing based on a 19-year schedule
- Rate fixed for 7 years at 7-year LIBOR swap + 200 to 250 basis points (The 7-year swap rate as of 10/22/2015 is 1.69% which would yield an interest rate of 3.69% to 4.19%)
- Loan-to-Value up to 110% based on as-built appraisal
- 1.2 to 1.0 Debt Service Coverage Ratio
- Transaction costs capped at \$30,000 for lender legal fees, excludes borrower legal and consulting expenses and standard costs normally associated with a real estate loan, such as lender appraisal, cost review/inspection, insurance review, and title costs.
- Cancellation of approximately 24% of the original loan amount to the borrower upon the successful third-party refinance of the remaining principal balance

**Benefits**

- Access to NMTC benefits for smaller sized expansion projects;
- Committed sources of equity and loan capital;
- Significantly lower transaction costs compared to a traditional NMTC execution;
- Efficient and shorter closing process and simplified post-closing reporting requirements;
- Potential access to grant funding to implement services that promote and improve community health.
- Additional NMTC financing is available to leverage other funding sources that the FQHC may have

**AFFORDABLE HOUSING****Eligibility**

- Affordable housing projects utilizing Low Income Housing Tax Credits to finance the development.
- Projects must be co-located with a Federally Qualified Health Center or other community health center.
- The health care partner must enter into a minimum of a 5 year lease to provide services at the property.
- The partners will agree to report on metrics to inform the benefits of the healthcare and housing linkage.

**Benefits**

- Competitive tax credit pricing;
- Option for streamlined companion financing from Morgan Stanley and LISC;
- Access to resources to enhance healthcare services to residents;
- Potential access to grant funding to implement services that promote and improve community health.