



Investing in people and communities for an inclusive future

BlueHub Capital

bluehubcapital.org



ABOUT THIS PROJECT

BlueHub Capital is raising capital for a revolving loan fund to provide financing to mixed-use commercial projects in up to 10 targeted cities. MassDevelopment (MDFA), the commonwealth’s economic development and finance authority, will select and develop the projects. Beyond financing the specific projects, BlueHub Capital and MDFA hope to demonstrate to the broader investor community that with the right capital and time horizon, entities can profitably pursue development in the most disinvested areas of already disinvested cities. The BlueHub Capital and MDFA partnership grew out of both organizations’ participation in the Capital & Collaboration Working Group convened by the Federal Reserve Bank of Boston. That working group was a part of the Working Cities Challenge, a grant competition designed to support cross-sector, collaborative leadership and ambitious work to improve the lives of people with low-incomes in Massachusetts cities.

WHY WAS THIS NEEDED?

Challenge: Distressed communities around Massachusetts lack reliable access to capital for financing on projects that both improve livability and fuel economic prosperity.

Response: BlueHub Capital will work with MDFA to improve the financing system for mixed-use projects to accelerate economic development that directly benefits families and individuals with low incomes. The program encourages redevelopment efforts in focused downtown areas in a way that is specific to the physical and cultural assets of each place. It does so by supporting local public-private collaborative partnerships and enhanced community engagement to build on localized planning efforts and increase community capacity for revitalization. Selected projects will be part of, or contiguous to, larger development plans/projects, each of which will have received creative placemaking grant support from MDFA’s Commonwealth Places program.

IMPACTED LOCATION



Massachusetts

YEAR APPROVED

2016

TYPE OF TRANSACTION

PRI Loan

KRESGE PROGRAM

Arts & Culture Program

AMOUNT OF INVESTMENT

\$3 million

GRANT SUPPORT

\$150,000

TERM OF INVESTMENT

10 years



ABOUT THE BORROWER

BlueHub Capital is a nonprofit, certified Community Development Finance Agency (CDFI) whose mission is to “build healthy communities where low-income people live and work.” One of its guiding values is that low-income communities and residents need and are entitled to the same expertise and expectations of excellence that are available to their wealthier neighbors. BlueHub Capital was founded in 1984 under the name Boston Community Capital by a small group of socially responsible investors to make loans to neighborhood-based nonprofit developers working in underserved communities around Boston. Over the ensuing years, the organization’s programs and services have evolved and broadened to meet the changing needs of the communities it serves. It exhibits excellent financial resiliency, strong equity and a solid earnings history. BlueHub Capital has invested more than \$1 billion since its founding in projects that provide affordable housing, good jobs, and new opportunities in low-income communities, connecting those neighborhoods to the mainstream economy. By the numbers, BlueHub has built or preserved more than 19,000 units of affordable housing, supported child care facilities serving more than 13,000 children and renovated more than 2 million square feet of commercial real estate and community facilities in distressed communities.

KEY PARTNERS:

MassDevelopment

Key Considerations



Joe Evans

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- » In 2016, Kresge launched an initiative called Kresge Community Finance to invest \$30 million through a standard loan offering to Community Development Finance Institutions (CDFIs) and Development Finance Agencies (DFAs) working in ways aligned with Kresge program strategies.
- » CDFIs and DFA responded with requests for more than \$280 million in investment. Ultimately, 14 organizations received financing totaling \$30 million through PRIs – including the Green Bank.
- » The BlueHub Capital and MDFA pipeline begins with 10 targeted cities identified by MDFA through its Transformation Development Initiative (TDI), which seeks to support community-led redevelopment efforts in the disinvested downtowns of medium and smaller cities with lower than average incomes and educational attainment rates and higher than average rates of poverty, as well as concentrations of minorities and/or immigrant communities.
- » BlueHub Capital will combine the PRI proceeds with other sources of funding to help smaller cities gain access to flexible, affordable debt for inclusive and equitable development.