

MASSACHUSETTS HOUSING PARTNERSHIP

Fiscal Year 2016

Mission

MHP's mission is to significantly expand the supply of affordable housing throughout the Commonwealth.

Core Values and Capabilities

- Providing financing for affordable housing on better terms and/or with greater flexibility than available elsewhere.
- Pioneering new development and financing models that make more effective use of public resources, are responsive to local needs, and achieve more impact than conventional approaches to affordable housing.
- Fostering civic leadership on affordable housing and breaking down local barriers to housing development through effective guidance, advocacy, research and technical support.

Performance Goals

Direct Impact

- New loan commitments are accepted on projects totaling at least 1,300 housing units not currently in MHP's portfolio of which (1) at least 1,200 units are mission-critical (newly constructed, made affordable by new or extended use restrictions, or stabilizing a distressed property or neighborhood), (2) at least 800 are newly constructed units, and (3) at least 750 rental units affordable to households below 60% of area median household income that are newly-constructed or have at least ten years of extended affordability.
- Issue binding loan commitments within ten days of board approval for at least 80% of projects with Low Income Housing Tax Credits or other DHCD subsidies.

Performance Goals (continued)

- Finance 540 ONE Mortgage home purchases for households below 80% of AMI.
- Close 450 ONE Mortgage loans in Gateway Cities and 150 loans in the City of Boston.
- In-depth technical assistance is provided by the CHI team to promote successful initiatives in at least five cities and towns that promote statewide land use reform by serving as positive examples of multifamily housing production, cluster development, or regional collaboration.

Financial Strength

- Achieve unrestricted positive cash flow from operations of at least \$3.5 million excluding 70% cash-funding of loan loss reserves.
- Achieve unrestricted positive cash flow from operations of at least \$2.4 million inclusive of loan loss reserves cash funding.
- Commit \$100 million in permanent loans (stretch goal of \$120 million) including \$50 million in bank-financed loans and \$50 million in Fannie Mae loans (with \$33 million closing by 12/31/15) that generates revenue to MHP with an NPV of at least \$3 million for bank funds and an aggregate IRR of at least 10% for new capital sources.

Product & Service Innovation

- Broaden exposure to the ONE Mortgage product among targeted households by establishing ongoing partnerships with at least three organizations (not including homebuyer education agencies) that administer asset-building programs or otherwise provide financial education to low-income consumers.

Performance Goals (continued)

Leadership

Combine MHP's direct lending and technical assistance programs with public leadership by MHP's board and staff to achieve significant improvements in the delivery system for affordable housing in Massachusetts. These efforts will specifically be focused on:

- Advocating for comprehensive regional planning and land use reform legislation with a continued focus on multifamily housing;
- Developing and proposing other state policies to reduce impediments to housing supply, including a new mechanism to share growth revenue with cities and towns to encourage multifamily development and mitigate the impacts of housing growth on municipal finances;
- Proposing new state policies to incentivize more efficient design, reduced construction and soft costs, and more effective incentives in order to reduce public subsidy costs and annual operating costs for new affordable housing development;
- Providing staff assistance to the Executive Office of Housing and Economic Development as needed to launch the newly created Office of Rural Policy and better address the housing needs of rural communities in the Commonwealth.
- Working with DHCD, MassHousing and the Massachusetts Housing Investment Corp. to design and propose a system of universal access for low- and moderate-income individuals and families to privately-owned subsidized housing units in the Commonwealth (e.g., through the creation of an online application process and listing of available units).

An update on these leadership activities will be a regular agenda item at the beginning of every MHP board meeting.

Additional Performance Indicators

(Reported to the board quarterly except where otherwise indicated.)

- Capital ratio calculated as a percentage of credit exposure and number of months' operation supported by unrestricted cash (to be included in quarterly financial statements as opposed to quarterly goals reports).
- Dashboard page showing recent trends in portfolio quality, including changes in loan loss reserve balances.
- Geographic/demographic profile of MHP's multifamily lending (to be reported annually).
- Number of MHP-financed units affordable to extremely low income households below 30% of median household income (to be reported annually).
- Number of cities and towns served by MHP financing and technical assistance.
- Race, income and family characteristics of SoftSecond/ONE Mortgage borrowers and neighborhood characteristics of properties financed (to be reported annually).
- ONE Mortgage loan closings.
- Historical trends in SoftSecond/ONE Mortgage delinquency and foreclosure rates compared to other mortgage types.
- Referrals to MHP web site by search engines.
- Dollar volume of goods and services purchased by MHP from minority-owned and women-owned businesses as a percentage of total purchases.