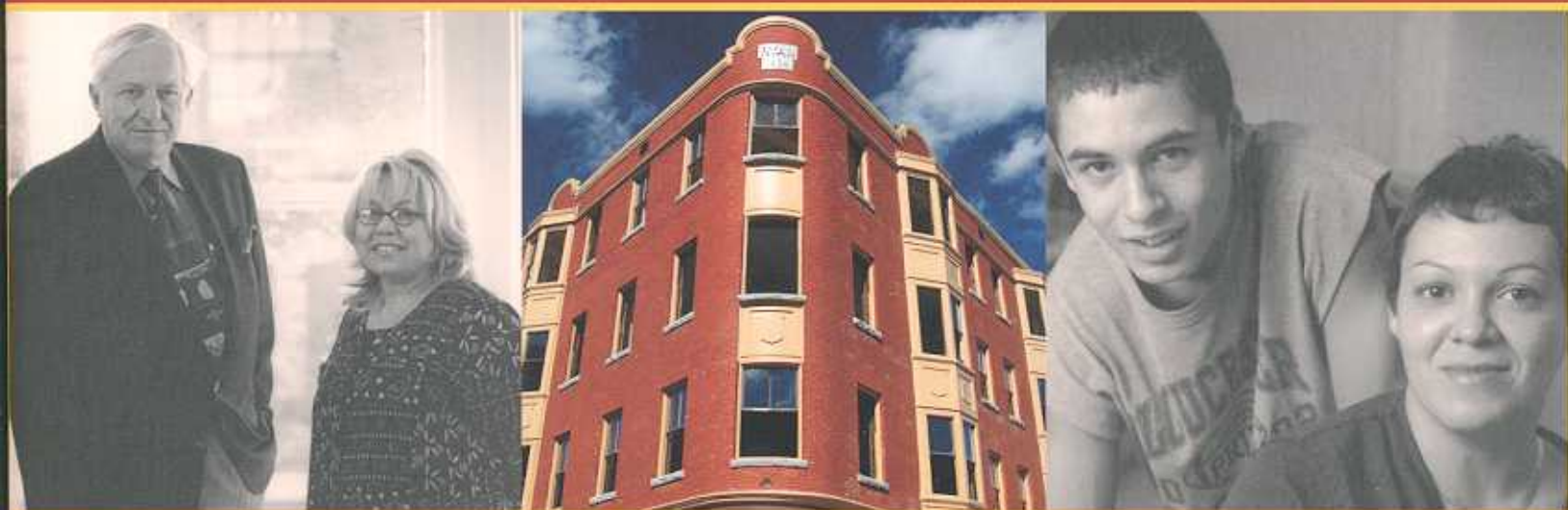


MASSACHUSETTS HOUSING PARTNERSHIP

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2003



*mission possible*

The Massachusetts Housing Partnership is a quasi-public state agency established by the legislature. MHP works in concert with Governor Mitt Romney and the state Department of Housing and Community Development to help increase the supply of affordable housing in Massachusetts.

Thanks to a 1990 state law, MHP uses funds from the banking industry to provide much-needed long-term financing for affordable rental housing at below-market rates. Bank acquisitions similar to the proposed Bank of America/Fleet transaction trigger the state statute that funds MHP. Since 1990, its loan pool has grown to over a half-billion dollars. MHP has used this money to finance over 10,000 units of rental housing.

MHP also helps communities in their efforts to build housing and offers a mortgage program that has helped nearly 7,000 lower-income families achieve homeownership. In all its efforts, MHP focuses its resources on serving lower-income people in developments that have a community focus.

[www.mhp.net](http://www.mhp.net)

*bringing dollars and sense to affordable housing*

AS REQUIRED BY SECTION 35 OF CHAPTER 405 OF THE ACTS OF 1985, THE 2003 ANNUAL REPORT OF THE MASSACHUSETTS HOUSING PARTNERSHIP FUND IS RESPECTFULLY SUBMITTED TO:

MITT ROMNEY, GOVERNOR  
*Commonwealth of Massachusetts*

THERESE MURRAY, CHAIR  
*Senate Ways and Means Committee*

JOHN H. ROGERS, CHAIR  
*House Ways and Means Committee*

ERIC KRISS, SECRETARY  
*Executive Office for Administration and Finance*

► State Department of Housing and Community Development Director Jane Wallis Gumble and Governor Mitt Romney announce the MHP-funded preservation of over 200 units of affordable rental housing in Salem. For details, see page 6.





CREATED IN 1985, MHP'S FIRST MISSION WAS TO HELP COMMUNITIES GET AFFORDABLE HOUSING EFFORTS STARTED. IN ITS EARLY YEARS, MHP PROMOTED THE REDEVELOPMENT OF URBAN SITES AND HELPED TO CREATE OVER 100 HOUSING PARTNERSHIPS. IN 1990, MHP BEGAN MAKING LONG-TERM LOANS FOR AFFORDABLE RENTAL HOUSING AFTER THE LEGISLATURE PASSED A LAW REQUIRING COMPANIES THAT ACQUIRE MASSACHUSETTS BANKS TO MAKE FUNDS AVAILABLE TO MHP. ALSO IN 1990, MHP HELPED IMPLEMENT THE SOFTSECOND LOAN PROGRAM FOR FIRST-TIME HOMEBUYERS. SINCE THEN, MHP FOCUSED ON HELPING COMMUNITIES, FINANCING AFFORDABLE HOUSING AND FOSTERING HOMEOWNERSHIP. HERE ARE SOME OF MHP'S ACCOMPLISHMENTS IN 2003:

### Community Housing Initiatives

- MHP's five-person community assistance staff responded to inquiries from 164 communities and provided staff or financial assistance to help assess the feasibility of 53 housing efforts in 41 communities. Also launched a housing partnership support program to help local housing groups.
- Made 51 grants to communities to help evaluate comprehensive permits (Ch. 40B). Since 2000, MHP has made 125 awards totaling nearly \$900,000. These efforts have resulted in the local approval of nearly 2,000 units of housing.
- Worked with the state to launch pilot program aimed at helping suburban communities develop affordable housing. Bedford, Truro and Westford were selected and all won key Town Meeting votes needed to proceed with their housing efforts.
- All told, MHP worked closely with nine suburban communities on the necessary zoning, development and financing steps that could result in the creation of 161 family housing units.
- Marked the completion of community-based affordable housing efforts that received initial guidance and funding from MHP. Among those were efforts in Chesterfield, Haverhill, Watertown and Manchester.

### Rental Financing

- Used its privately funded bank loan pool in FY 2003 to provide nearly \$50 million in much-needed, long-term financing for affordable rental housing at below-market rates.
- This resulted in the preservation or creation of nearly 1,000 units of rental housing, the majority of these units affordable.
- Efforts ranged from preserving the affordability of 227 rental units in Salem to creating five new units in a previously abandoned commercial building in Worcester. All told, MHP financed the creation of nearly 200 new affordable units in cities such as Lynn, Springfield and Boston, and preserved hundreds of units, from Cambridge to Lowell to Marshfield to Athol.
- Worked with some of Boston's most prestigious charitable foundations to help create Home Funders, a loan pool designed to help developers serve lower-income people making \$24,000 or less.

### Homeownership

- MHP's SoftSecond Loan Program responded to rising prices, lowering its down payment requirement from five to three percent.
- The SoftSecond Loan Program continued to be the most effective mortgage program of its kind in Boston, making nearly twice as many loans to low and moderate-income families as the other mortgage products of its kind.
- Statewide, SoftSecond has now leveraged nearly \$1 billion in private mortgage financing and has helped nearly 7,000 families purchase their first home. It continues to be a leader in serving mostly lower-income families.

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## MISSION POSSIBLE

There is no lack of statistics and studies to quantify the shortage of affordable housing in Massachusetts. In September 2003, a national study found Massachusetts to be the least affordable state in the country. A recent study co-sponsored by MHP found that more than a half-million people are spending more than 30 percent of their income on housing and that the number of families sharing living quarters had jumped 488 percent since 1980.

Harder to quantify are the solutions, because they exist not in studies, but in practice.

The 2003 MHP annual report is dedicated to capturing some of the creative solutions to the affordable housing crisis. On the following pages, you'll read about how a small town supported a community development corporation. You'll read about a small group of citizens who convinced Town Meeting to set aside an old school for housing. You'll read about a mayor who reacted quickly to help save over 200 units of affordable housing and about a couple of no-nonsense

businessmen who are teaming with a non-profit organization to rebuild their old neighborhood. You'll read about a group of philanthropic organizations that decided to do something about homeless-

ness and about a city that got creative with its funding and used it to help working people buy a home.

What is revealing is that the reasons for success are so simple. In every case, there was a high level of common sense, cooperation, and compromise—which, when coupled with state funding and local sup-

port—got these affordable housing efforts rolling and enabled MHP to play its part.

To many, the art of building affordable housing might seem like rocket science. But when all the complications are stripped away, one thing is clear: as citizens of Massachusetts, we are in this together and we can get the job done.



CLARK L. ZIEGLER  
MHP Executive Director

STANLEY J. LUKOWSKI  
MHP Board Chair

*Stanley J. Lukowski*

*Clark L. Ziegler*

*In December 2003, Vincent P. McCarthy retired as chair of the MHP board. Named chair in 1991, McCarthy combined his expertise as a real estate lawyer for Hale & Dorr with his passion for public service to guide MHP in its mission of creating and preserving housing for low and moderate-income people. "Vin McCarthy is the most committed and dedicated board chair I've ever met," said Eastern Bank President Stanley J. Lukowski, who was named to succeed McCarthy. "His devotion to affordable housing is not only evident at MHP, but evident in his total behavior. His wonderful presence will be missed."*







- **problem** Small rental properties are hard to do
- **solution** Town support critical to success



Chesterfield—population  
1201— turns old hotel into  
housing

*Financing smaller properties is part of MHP's mission*

**Chesterfield Hotel**

total units: 7  
affordable units: 4

**MHP Financing**

\$100,000 first mortgage  
\$120,000 second mortgage

*In FY '03, MHP made small loans  
of \$400,000 or less in Brookline,  
Provincetown, Springfield, Weymouth  
and Worcester, financing a total of 69  
affordable units.*



**► achievement** The little town of Chesterfield and the Hilltown Community Development Corporation are proof that turning old downtown properties into housing is not an impossible dream. The town backed the CDC's desire to buy and rehab a downtown property and was flexible when the effort experienced some unexpected construction costs.



Tired of trying to raise her daughter Phyllis in the town she's known all her life, Tina Amo has found peace up the hill in Chesterfield. "The reason we moved here is it's quiet," says Amo. "We don't hear cars like where we used to live. There, we were just surviving. Now we're living."

"It's so rare for a small rural town to pursue multi-family affordable housing such as this," said Representative Stephen P. Kulik, D-Worthington. "Affordable housing is not just an urban issue and this is proof that even small communities like this can step up to the plate."

Getting local support isn't the only obstacle in developing affordable housing on a small-scale. Finding financing is also tough as the cost of buying and fixing smaller properties doesn't add up on the calculators of most conventional lenders.

In Chesterfield, MHP financing helped the Hilltown CDC buy and rehab the property into seven units, four of them affordable. In turn, Hilltown was able to help Tina Amo, a Northampton native who wanted to get away from her old crowd of friends and raise her daughter in a quieter place.

In 2003, MHP's small loans ranged from a five-unit brick building on Chandler Street in Worcester to a seven-unit mental health group home in Weymouth to 15 units in Brookline to 36 more units in Springfield. Like Chesterfield, these efforts also had critical support from their communities.

"If you read the papers around Boston, you'd think the only way to get out of the housing crisis is to produce more new housing," said Clark Ziegler, MHP's executive director. "But we also need to do all we can to keep the key buildings in our communities in better shape for the people who need them."





- ▶ **problem** It's not easy for towns to do affordable housing
- ▶ **solution** Redevelop first

In Acton, local group is determined to turn school into housing



*MHP helps communities get their housing efforts off the ground*

Towne School, Acton  
18 units of affordable rental housing  
are being proposed

MHP Role  
technical assistance



**> achievement** If it's true that the road to hell is paved with good intentions, then housing dreams must litter the streets. How else to describe the state of affairs in Massachusetts, where communities understand the need for affordable housing but struggle to see their hopes come true. "Even projects with broad community support don't always get done," says Clark Ziegler, MHP's executive director.



Four who were key in the push for housing in Acton are (from left to right), Bob Whittlesey, Nancy Tavernier, and Betty McManus of the Acton Community Housing Corporation, and Selectman Peter Ashton.

MHP tries to help willing cities, towns and local groups through the maze of rules, regulations and funding challenges that often slow them from turning their unused properties and surplus land into affordable housing.

In Acton, MHP has provided advice and staff assistance to a local group called Acton Community Housing Corporation, which is hoping to convert a former school into 18 units of affordable housing. Thus far, the effort has won two Town Meeting votes, defeating efforts to tear the building down.

All over the state, MHP is helping towns like Acton figure out how to do affordable housing the way they want it. In Truro, MHP is helping the town develop some town land into eight units. In Westford, MHP is helping the town turn its old mills into housing. In Bedford, it's helping the town develop 12 to 15 units. MHP does this with a mixture of staff advice and funds. Entering 2004, MHP is funding 20 ongoing community housing initiatives and is also providing funding to 26 communities to help them negotiate with developers proposing to build housing under the comprehensive permit law known as Chapter 40B.

The next step in Acton is for a developer to transform the school into affordable rental housing. Nancy Tavernier of the Acton Community Housing Corporation knows this won't be easy but she typifies the grass roots local will that is as important to a housing plan's salvation as advice and money.

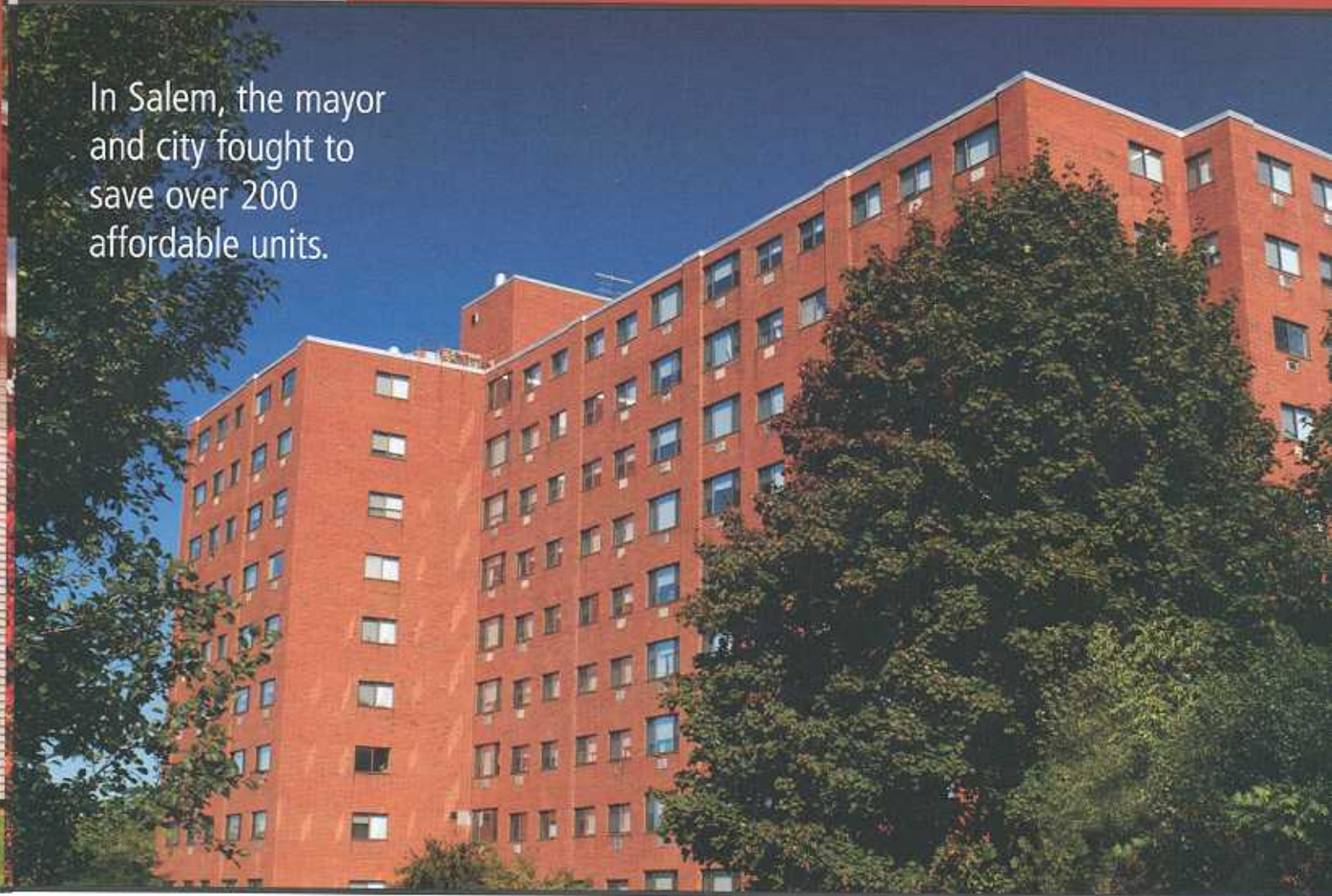
"Eighty-three percent of all the town and school workers earn less than \$50,000 and they would be eligible for this housing," Tavernier says. "Every step of the way, we've had hurdles to clear. Every hurdle recharges us."





- ▶ **problem** The state could lose thousands of units due to “expiring use”
- ▶ **solution** Preserve affordability

In Salem, the mayor and city fought to save over 200 affordable units.



*MHP was able to help Salem by quickly putting together \$25.2 million in long-term financing.*

#### Salem Heights

total units: 283  
affordable units: 227

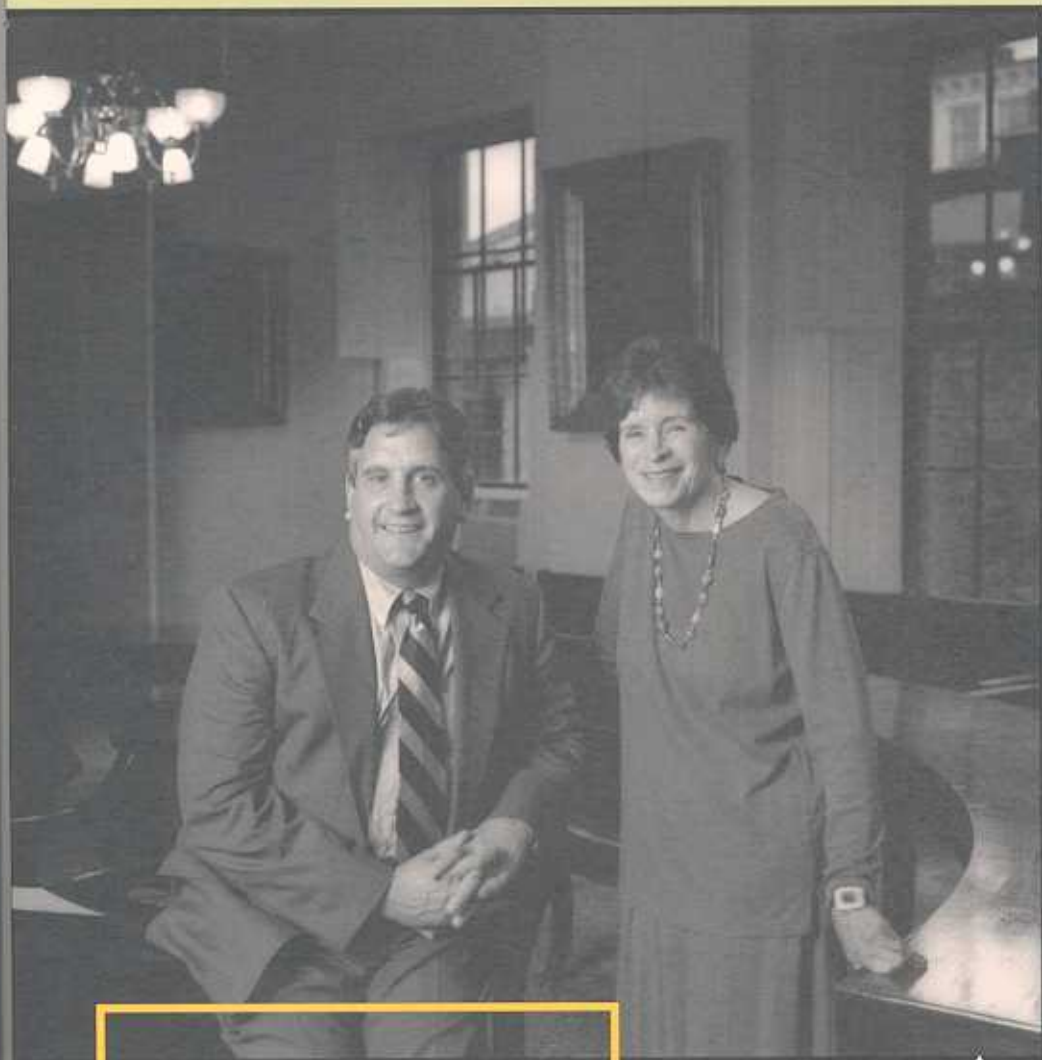
#### MHP Financing

\$7.7 million in direct financing;  
\$18 million through the sale of tax-exempt bonds



► **achievement** Betty Cooper didn't know where to turn. She'd lost her job. She had cancer.

And rumor was that her Salem apartment building was being sold and her rent was going up. She faced what threatens many low-income residents living in places like Cambridge, Jamaica Plain and Framingham. In the housing world, it's called expiring use. In the real world, it means **Betty Cooper needs to find another place to live.**



"This was one of those David versus Goliath fights where the tenants needed somebody to come to the rescue. I think this shows that if you're a city or town facing this type of thing, you don't have to roll over and take it. You can stand up and fight."

*Mayor Stanley Usovicz,  
shown here with resident  
Betty Cooper*

But Cooper and her fellow tenants at Salem Heights are proof that when you have a responsive local government, you don't have to surrender to rising real estate prices.

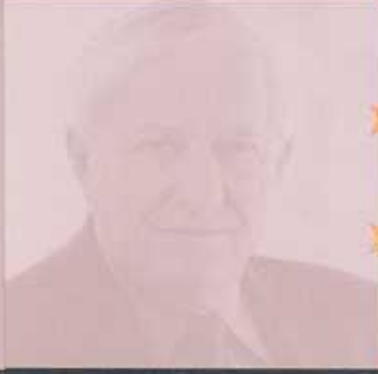
When the rumors were flying, Cooper called City Hall. Before she knew it, she was meeting with Mayor Stanley Usovicz. Pretty soon more serious-looking men and women from local and state agencies showed up. "People are actually listening," Cooper thought.

The result of Cooper's call was that the city went to court and stopped the Salem Heights owners from selling, arguing city tax breaks guaranteed Salem Heights remain affordable. Eventually, the owners agreed to sell the building to a non-profit owner.

Preservation of Affordable Housing Inc. bought Salem Heights and pledged to keep 227 of the 283 apartments affordable for the next 100 years. MHP figured out a unique way to provide \$25.2 million in long-term private sector financing. MHP provided \$7.2 million in direct financing and another \$18 million generated through the sale of tax-exempt bonds issued by MassDevelopment and backed by letters of credit from Fleet's Community Investment Group, Banknorth and the Federal Home Loan Bank.

The ins and outs may sound complicated but the reason Salem Heights was saved is simple: Betty Cooper called her local officials and they listened. "I was in shock that the mayor took so much interest," she said. "He was the quarterback of all quarterbacks."





- **problem** How do you rebuild a neighborhood?
- **solution** Join forces

In Lowell, local guys team with non-profit to rebuild neighborhood



*MHP has made over \$6 million in loans and financed over 250 units in Lowell*

Liberty Square, Lowell

total units: 33  
(22 in building pictured above;  
11 more in three nearby buildings)

affordable units: 100%

MHP Financing

\$1.1 million

**> achievement** Combine two hometown guys with a local non-profit and you have a recipe for rebuilding a neighborhood that has long been a gateway to America for new immigrants. That's what's happening in Lowell where George Behrakis and Nick Sarris have joined with the Coalition for a Better Acre to transform four properties into 33 units of affordable rental housing.



Lowell businessmen Nick Sarris (left) and George Behrakis, stand with Coalition for a Better Acre Chairwoman Diana Quinones inside one of 22 nearly finished apartments at 65 Fletcher Street. "We're struggling to maintain affordable housing," said Quinones. "This will give people a chance to stay in the city."

The units will be spread out over a small section of the Acre neighborhood. A vacant brick building will have commercial space on the first floor and 22 apartments on the upper floors. Down the street, two wooden apartment buildings with stylish mansard roofs will be renovated while another has been knocked down, a new one to rise in its place. When Behrakis and Sarris move on to their next Acre effort, the Coalition will manage the units, adding to its history of making sure the city has enough affordable housing.

Behrakis and Sarris have combined to restore some of downtown Lowell's most recognizable buildings. Now, they've set their sights on the Acre. "Cities have competition from malls so the only way to compete is to have people living downtown because if they live there, they will shop there," said Behrakis, who made millions in the pharmaceutical industry. "Somebody has to do this. Some people, they just make their money, sit around, wait for November and head south."

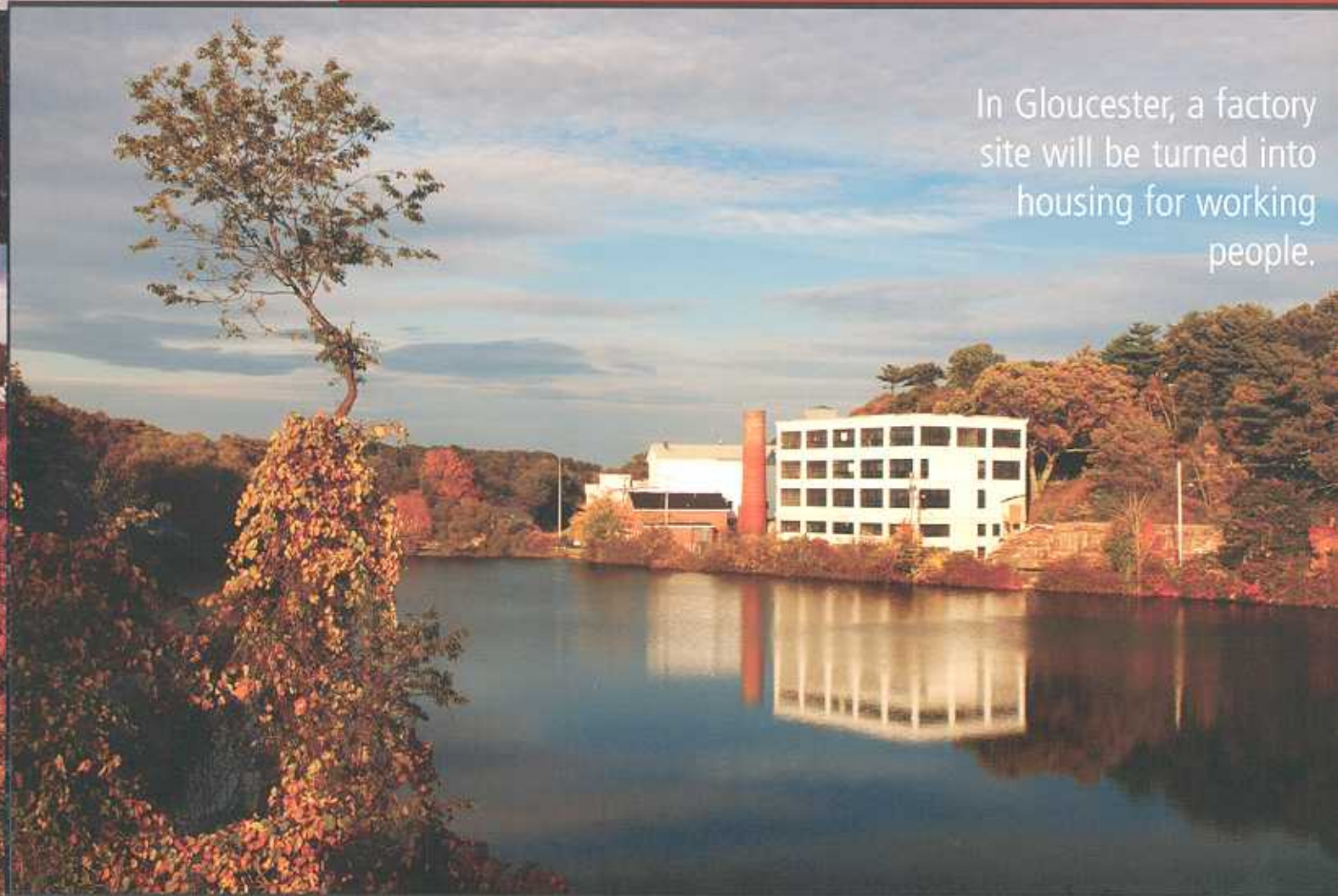
Sarris started as a cabinetmaker, went into construction and has been in business with Behrakis for about 10 years. "The Acre is an old section where the immigrants have always come," Sarris says. "I felt these were beautiful buildings that were let go. I always look for buildings with architectural detail because if you fix 'em up, you can lease 'em."

Preserving this part of the Acre involves a complex web of funding, including Banknorth, state historic tax credits, the state's Affordable Housing Trust Fund, the City of Lowell, and a \$1.1 million long-term, fixed-rate loan from MHP. A back-of-the-envelope guy, Sarris is quick to say the paperwork is dizzying, but just as quick to see the big picture. "These are exciting projects, bringing buildings back to life for people."





- ▶ **problem** One-quarter of families in homeless shelters are working but can't find permanent housing
- ▶ **solution** Home Funders



In Gloucester, a factory site will be turned into housing for working people.

*Combined with Home Funders, MHP financing can help developers reach lower-income families.*

LePage Glue Factory, Gloucester

total units planned: 115

First phase: 39 affordable units

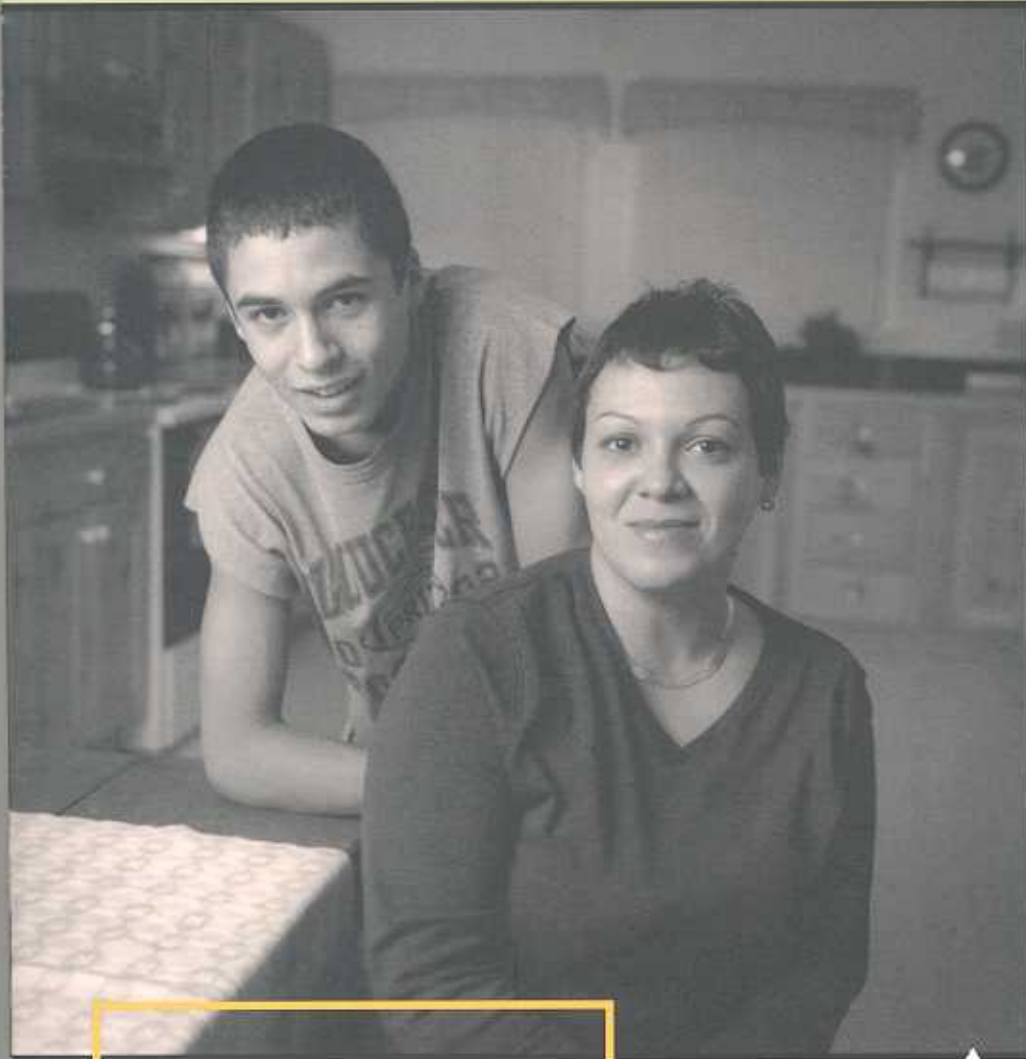
MHP Financing

\$2.2 million

Home Funders Financing

\$400,000 second mortgage so borrower can double number of apartments for low-income families.

**> achievement** Every night in Massachusetts, it's estimated that more than 1,000 families stay in homeless shelters. Five hundred more live in motel rooms paid for by the state. Another 10,000 do not have a home and scramble to find shelter. Some move in with relatives. Others double up with friends. Still others end up spending their nights on the street or living out of their cars.



Unable to find an apartment she can afford, Diana Velez and her son Ricardo live in a Gloucester shelter. Until she finds an affordable place, her other son, five-year-old Jose, is living with relatives in the western part of the state.

Gloucester's Diana Velez knows what that's like. Last summer, her husband moved out, she couldn't pay the rent and ended up sending her two children to live with relatives while she lived in her car. All this while having a job that pays \$24,000 per year.

Folks like Velez are the state's working poor, people whose salaries do not keep up with the state's soaring housing prices. To address this, some of the state's top philanthropic organizations have teamed with MHP and the Community Economic Development Assistance Corporation to offer Home Funders, a privately funded loan pool aimed at helping people like Diana Velez.

So far, Home Funders has raised \$15.5 million. MHP is using these funds in combination with its bank-funded loan pool to enable affordable housing developments to serve more extremely low-income people. In Gloucester, MHP is providing a first mortgage of \$2.2 million and expects to provide a \$400,000 low-interest Home Funders second mortgage so that Cape Ann Housing Opportunities (CAHO) can develop 39 units of affordable rental housing. With Home Funders, the number of apartments serving lower-income families will jump from four to eight.

MHP is planning to use Home Funders in combination with its own long-term, fixed-rate financing in many other efforts, such as Urban Edge's 64-unit effort at Egleson Crossing in Roxbury, and the Allston-Brighton Community Development Corporation's effort to build 50 new rental units at the former Legal Seafoods plant.

Home Funders wants to raise \$26 million and create 1,000 permanent homes for people like Donna Velez, who is now living in a local shelter and hoping for the day when she can move into an affordable apartment and realize her dream of staying in Gloucester.





- ▶ **problem** Hard-working families can't afford to buy a home
- ▶ **solution** Cities, towns can help

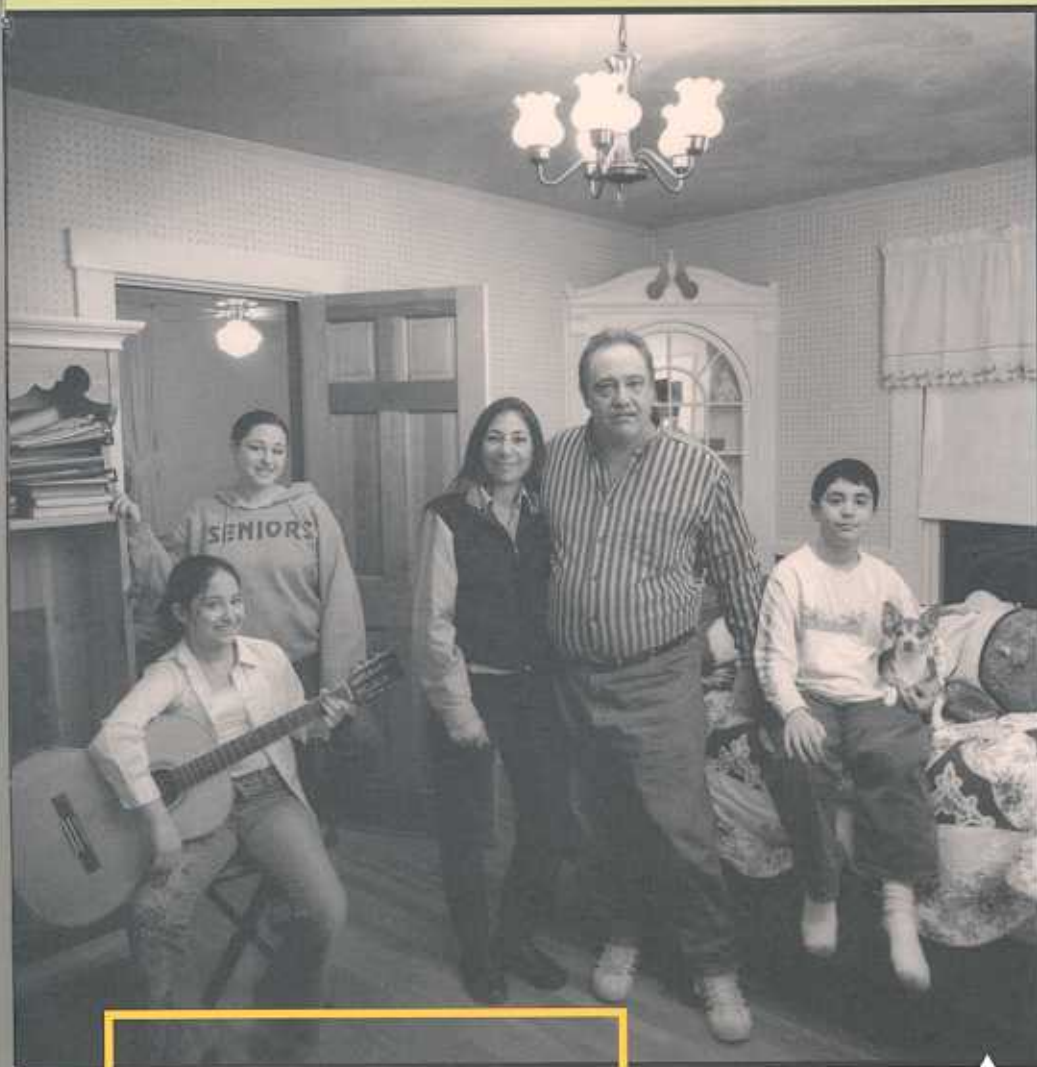
Newton extends  
family a helping  
hand



*MHP's SoftSecond Loan Program helped the Amendola family buy a home.*

**The Amendola Home**  
The Amendola family bought this  
Newton home thanks to MHP's  
SoftSecond Loan Program and financial  
assistance from the City of Newton.

**> achievement** Arthur and Lorin Amendola are the type of people who keep a community going. He is a boiler technician who is busiest when the weather turns cold and your furnace doesn't come on. She is a school crossing guard and lunchroom monitor who makes sure your children cross the street and eat a healthy lunch.



Thanks to the City of Newton and the SoftSecond Loan Program, Arthur and Lorin Amendola are first-time homebuyers. They are pictured here with their children, from left to right, Christina (12), Robin (17), Michael (11) and the family dog, Spencer.

In 2002, they learned that the two-bedroom apartment they had rented for 25 years was being sold. They scoured the city but couldn't find anything affordable. One day, Arthur Amendola saw Mayor David Cohen and asked, "what's the deal with Newton? If you're a common person, you don't belong here?"

Cohen gave Amendola a few numbers to call. A year later, the Amendolas are proudly scraping off wallpaper, knocking down walls and fixing up their home thanks to the City of Newton and MHP's SoftSecond Loan Program.

The city provided the Amendolas a \$90,000 deferred payment loan from federal funds it is using to help low and moderate income families live in Newton, where the average price of a home is almost \$500,000. The city also provided \$5,000 to help with closing costs.

The Amendolas combined the city's help with a SoftSecond loan, which combines a first-mortgage from a bank with a state-subsidized second mortgage to increase a homebuyer's purchasing power by about 20 percent. Since 1990, MHP has worked with participating banks and communities to help nearly 7,000 families buy their first home. With a SoftSecond loan from Sovereign Bank, the Amendolas were able to buy a \$330,000 home and keep their three children in the Newton schools.

"SoftSecond has done a great job providing homeownership opportunities for first-time buyers, but with prices rising so fast, we need to do more," said Clark Ziegler, MHP's executive director. "Newton is a great example of what higher-priced communities have to do to help working families."



# mhp staff



## executive/legal

The executive/legal group oversees and supports all aspects of MHP. The staff includes, from left to right:

Ruscon F. Lodi, *Director of Public Affairs*  
Nancy Blueweiss, *Associate General Counsel*  
Clark Ziegler, *Executive Director*  
Courtney Koslow, *Special Assistant for Policy*  
Judith Jacobson, *Deputy Director/General Counsel*  
Pat Josselyn, *Administrative Assistant*  
Cam K. Welch, *Loan Closing Coordinator*



## community housing initiatives

MHP helps communities in the early stages of housing development and also helps communities increase homeownership opportunities with the SoftSecond Loan Program, which has helped nearly 7,000 low- and moderate-income families realize the dream of homeownership. The Community Housing Initiatives staff includes, from left to right:

Heather Hennessey Whelehan, *Homeownership Director*  
Gina Govoni, *Program Operations Manager*  
Tatiana Xenelis, *Technical Assistance Associate*  
Rita Farrell, *Director of Community Housing Initiatives*  
Alice Wong, *Senior Project Manager*  
Connie Kruger, *Technical Assistance Manager*  
Bruce Dillenbeck, *Homebuyer Services Coordinator*  
Deborah Clark, *Loan Processing Coordinator*  
Allister Greenidge, *Loan Processor*

# mhp board of directors

MHP is governed by a seven-member board of directors, two of whom are members of the Massachusetts Bankers Association. In December 2003, long-time MHP



*Chair*  
**STANLEY J. LUKOWSKI**  
Chairman and CEO,  
Eastern Bank



*Vice Chair*  
**VINCENT C. MANZI JR.**  
Partner  
Manzi & McCann  
Lawrence, MA



*Secretary/Treasurer*  
**RICHARD C. LAWTON**  
President  
Webster Five Cents Savings Bank





## loan funds

This group is responsible for providing long-term loans for affordable housing. MHP is funded by lines of credit from the banking industry. Its loan pool has grown to nearly a half-billion dollars and it has financed over 10,000 units of rental housing. The Loan Fund staff includes, from left to right:

Nancy Sampson, *Loan Officer*  
 Wendy Hanna-Cohen, *Senior Loan Officer (foreground)*  
 Linda Hill, *Portfolio Manager*  
 Megan Magrane, *Assistant Loan Officer*  
 Semih Pilosof, *Assistant Portfolio Manager*  
 Constance Huff, *Portfolio Analyst/Operations Coordinator*  
 David Rockwell, *Director of Lending*  
 Mark Curtiss, *Managing Director*  
 Roopa Karpe, *Lending Assistant*  
 Thomas Beard, *Loan Officer*  
 Arthur Allen, *Director of Portfolio Management*  
 Nicole Verno, *Loan Administrator/Portfolio Analyst*  
 Eric Bonney, *Portfolio Manager*  
 Geoff MacAdie, *Portfolio Manager*  
 Cynthia Mohammed, *Portfolio Manager*



## administration/finance

This group combines to run the day-to-day operations and tracks MHP's overall financial performance. The Administration/Finance staff includes, from left to right:

Ivette Ortiz, *Secretary/Receptionist*  
 Mary Ann McGinnis, *Office Manager*  
 Scott MacIntyre, *Information Systems Coordinator*  
 David Oteri, *Chief Accounting Officer*  
 Carole Spear, *Finance Administrative Assistant (not present)*

are appointed at large by the governor, two of whom are cabinet secretaries or their designees, and three of whom are nominated by the board chair Vincent P. McCarthy retired. Vice Chair Stanley J. Lukowski was named chair and Vincent C. Manzi Jr. was named vice chair.



**CATHERINE RACÉR**  
 Associate Director  
 Department of Housing and Community  
 Development  
 (Designee for Director Jane Wallis Gumble)



**CARLO DESANTIS**  
 Executive Office for Administration and  
 Finance  
 (Designee for Secretary Eric Kriss)



**JAMES P. MCDONOUGH**  
 President and CEO  
 Abington Savings Bank



# mhp by the numbers

## mhp financial summary

The Massachusetts Housing Partnership finances affordable housing and neighborhood development with private dollars from the following banks doing business in the Commonwealth.

loans	loan agreements
Bank of Ireland	\$ 2,149,221
Banknorth	32,177,618
The Bank of Western Massachusetts	4,362,549
Citizens Bank of Massachusetts	31,758,308
Compass Bank	1,311,531
Danvers Savings Bank	247,402
First Federal Savings Bank of America	2,088,882
Flagship Bank & Trust Company	2,385,423
Fleet National Bank	143,775,888
General Bank	336,393
Hoosac Bank	350,328
Mellon Bank	74,337,381
Slade's Ferry Trust Company	223,113
Sovereign Bank	148,683,641
Wainwright Bank and Trust Company	8,848,836
<b>TOTAL LOANS</b>	<b>\$ 451,724,983</b>

### grants

Andover Bank	\$ 13,454
BankBoston	10,000,000
Citizens Bank of Massachusetts	2,595,451
Fleet Boston Corporation	12,000,000
<b>TOTAL GRANTS</b>	<b>\$ 24,608,905</b>

## how mhp is funded

MHP was founded on the premise that housing solutions depend in part on private investment. The state legislature formalized this in 1990, passing the Interstate Banking Act. This law requires companies that acquire Massachusetts' banks to make funds available to MHP for affordable housing. This act addressed fears that bank industry consolidation might reduce community investment, and it gave larger banks a way to continue to channel money deep into the community.

Since 1990, MHP has been a critical part of the state's effort to provide decent affordable housing. MHP's loan pool has grown to nearly a half-billion dollars and it has made over \$360 million in loans and has financed over 10,000 units of rental housing. Most of these units are affordable and most serve lower and moderate-income people. When Bank of America's proposed acquisition of Fleet Financial Corporation is completed, MHP's loan pool will double, meaning it will continue to play a role in helping the state maintain and grow its affordable housing supply.

## statement of position

	as of June 30th, 2003	as of June 30th, 2002
Cash and Investments	\$ 60,373,784	\$ 60,348,625
Program receivables, net of reserves	4,550,866	4,098,340
Loans, net of reserves	141,054,570	137,065,087
Prepaid expenses, equipment and other assets	<u>246,388</u>	<u>6,138,888</u>
<b>Total Assets</b>	<b>\$ 206,225,608</b>	<b>\$ 207,650,940</b>
Accounts payable and accrued expenses	1,688,288	1,969,405
Notes payable, project loans	141,431,374	137,907,908
Deferred income	24,536,658	27,365,825
SoftSecond Loan Program—loss reserves	<u>9,292,687</u>	<u>9,094,271</u>
<b>Total Liabilities</b>	<b>176,949,007</b>	<b>176,337,409</b>
Fund Balances—Restricted/Board Designated	25,461,486	28,123,850
Fund Balances—Unrestricted	<u>3,815,115</u>	<u>3,189,681</u>
<b>Total Fund Balances</b>	<b>29,276,601</b>	<b>31,313,531</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 206,225,608</b>	<b>\$ 207,650,940</b>

## statement of operations

Income from direct lending	\$ 2,612,550	\$ 2,392,719
Provisions for loan losses	(459,829)	(841,911)
Program funding and support	6,641,536	23,737,449
Earnings on bank deposits and investments	979,814	1,148,949
Other income	<u>258,864</u>	<u>187,841</u>
<b>Total Revenues and Support</b>	<b>10,032,935</b>	<b>26,625,047</b>
Salaries and Benefits	2,985,152	2,979,199
Community outreach, training and publications	104,886	115,693
Occupancy and equipment	337,858	350,255
Professional fees and services	251,052	67,800
Mortgage subsidies and reserves	6,864,070	7,820,510
Other program costs	<u>1,526,847</u>	<u>881,419</u>
<b>Total Program and Operating Costs</b>	<b>12,069,865</b>	<b>12,214,876</b>
<b>Total Operating Income</b>	<b>\$ (2,036,930)</b>	<b>\$ 14,410,171</b>

*The statements are summarized from audited financial statements, which are available upon request.*



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