

# MASSACHUSETTS HOUSING PARTNERSHIP

## Fiscal Year 2013

### ***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 1,400 housing units not currently in MHP's portfolio of which at least 1,100 units are in developments that meet MHP affordability requirements and are: (1) newly constructed, (2) made affordable by new or extended use restrictions, (3) stabilizing a distressed neighborhood, or (4) at-risk of physical deterioration or loss of affordability.
- Finance at least 800 rental units and 500 SoftSecond purchases that are affordable to households below 60% of area median household income.

## ***Performance Goals (continued)***

- Close at least 400 SoftSecond loans in the eight cities with the most highly-distressed census tracts (measured by total bank-owned or recently foreclosed properties): Worcester, Brockton, Springfield, Lynn, New Bedford, Boston, Attleboro and Fitchburg.
- Stabilize 500 distressed or foreclosed multifamily units as a result of cooperation with city officials, Attorney General's office, housing courts, local receivers and responsible new owner/developers through the MHP-funded Neighborhood Stabilization Loan Fund and receivership initiative.
- At least \$3 million in energy conservation improvements tied to lower operating costs are under construction to be financed by MHP in properties within MHP's existing rental portfolio.

### ***Financial Strength***

- Achieve unrestricted positive cash flow from operations of at least \$800,000 net of 70% cash-funding of loan loss reserves (stretch goal of \$1 million).
- Commit \$100 million in bank-financed loans that generate revenue to MHP with net present value of at least \$5.5 million.

### ***Product & Service Innovation***

- Convert the SoftSecond program to a single mortgage platform by January 1, 2013 consistent with the term sheet jointly developed by MHP, the Massachusetts Bankers Association and the Massachusetts Affordable Housing Alliance. During this transition year maintain all existing lender relationships and recruit at least one new large volume participating lender (stretch goal of two new large volume lenders).
- Develop and implement a fixed-rate construction product, in which construction period risks are assumed by other participating lenders, in order to reduce project financing costs and more efficiently draw down bank financing commitments to MHP within contractual deadlines.

## ***Performance Goals (continued)***

### ***Product & Service Innovation***

- Obtain approval as a Multifamily Accelerated Processing (MAP) lender from the Federal Housing Administration. Develop other new sources of loan capital to supplement or replace bank loan agreements pursuant to MHP's authorizing statute, which may include lending relationships with Fannie Mae, Freddie Mac and the Federal Home Loan Bank of Boston, correspondent lender relationships with Massachusetts banks and a risk-sharing agreement with FHA.

### ***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:

- Advancing land use policies that allow housing development needed to support stronger economic growth, with the objective of developing and releasing a comprehensive state policy proposal no later than 12/31/12;
- Supporting an effective statewide foreclosure response through a combination of market analysis, neighborhood stabilization lending, receiverships, and mortgage lending in distressed/underserved markets;
- Identifying and promoting more efficient design, reduced construction and soft costs, and more effective incentives to reduce public subsidy costs and annual operating costs for new affordable housing development;
- Identifying and promoting strategies and system changes needed to produce additional housing for homeless and extremely low-income individuals and families and to preserve existing low-income public housing; and
- Supporting the nonprofit capacity needed to respond to state housing priorities.

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 and number of months' operation supported by unrestricted cash (to be included in quarterly financial statements as opposed to quarterly goals reports)
- Multi-year throughput analysis for MHP's rental financing showing progress from commitment through stabilized occupancy (reported semi-annually)
- Dashboard page showing recent trends in portfolio quality, including changes in loan loss reserve balances
- Geographic/demographic profile of MHP's multifamily lending
- Number of MHP-financed units affordable to extremely low income households (below 30% of median household income)
- Number of cities and towns served by MHP financing and technical assistance.
- Race, income and household characteristics of SoftSecond borrowers and neighborhood characteristics of properties financed (to be reported annually)
- SoftSecond loan closings
- Number of foreclosed properties purchased with SoftSecond financing
- SoftSecond delinquency/foreclosure rates
- Referrals to MHP web site by search engines