

MASSACHUSETTS HOUSING PARTNERSHIP

Fiscal Year 2014

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 1,200 housing units not currently in MHP's portfolio of which at least 1,000 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 (not currently in MHP's portfolio) and 400 SoftSecond or ONE Mortgage home purchases that are affordable to households below 60% of area median household income.

Performance Goals (continued)

- Building permits are issued for 800 new multifamily housing units financed by MHP that are counted toward the Governor's 10,000 unit multifamily development goal.
- Half of all closed SoftSecond/ONE Mortgage loans (or 500 loans, whichever is greater) are in Boston or the Commonwealth's Gateway Cities.
- Active technical assistance from CHI team to support zoning reform and/or site development in four growth-area communities identified by MHP and DHCD as potentially significant contributors to the Governor's 10,000 unit multifamily development goal.

Financial Strength

- Achieve unrestricted positive cash flow from operations of at least \$2.1 million (excluding 70% cash-funding of loan loss reserves) and \$900,000 (inclusive of LLR cash funding).
- 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

- Develop two alternative sources of capital for multifamily lending (including, but not limited to, the Federal Housing Administration's Multifamily Accelerated Processing (MAP) or risk-sharing programs, Fannie Mae loss-sharing with Delegated Underwriting and Servicing (DUS), or direct advances from the Federal Home Loan Bank) that are fully available by fiscal year-end.
- Retain or recruit 25 active ONE Mortgage lenders.

Performance Goals (continued)

Product & Service Innovation

- Pursue the Federal Housing Administration, Federal Home Loan Bank and/or direct purchase by CRA-motivated investors to facilitate a secondary market for ONE Mortgage loans that is either program-wide or specifically targeted to lenders that would otherwise have balance sheet limitations that constrain loan volume.

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 land use reform by the Legislature including a requirement that every local zoning bylaw and ordinance allows for the development of multifamily housing, including housing for families with children;
- Proposing reform to state policies that impede housing growth, including impacts of new development on school budgets, sharing of growth revenue with cities and towns, and state regulation/financing of shared septic and wastewater treatment systems;
- Responding to concentrations of distressed and foreclosed properties through market analysis, 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;
- Developing and promoting strategies and system changes needed to preserve existing low-income public housing; and
- Identifying rural housing needs in the Commonwealth and state strategies that would more effectively address those needs.

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)
- 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)
- SoftSecond loan closings
- Number of foreclosed properties purchased with SoftSecond/One Mortgage financing
- 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 (to be reported semi-annually).