

MASSACHUSETTS HOUSING PARTNERSHIP

Fiscal Year 2015

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 (1) at least 1,000 units are mission-critical (newly constructed, made affordable by new or extended use restrictions, or stabilizing a distressed property or neighborhood) and (2) at least 800 are newly constructed units.
- Finance 700 rental units affordable to households below 60% of area median household income that are newly-constructed or have at least 10 years of extended affordability and 350 ONE Mortgage home purchases that are affordable to households below 60% of AMI.

Performance Goals (continued)

- Half of all closed SoftSecond/ONE Mortgage loans (or 400 loans, whichever is greater) are in Boston or the Commonwealth's Gateway Cities.
- In-depth technical assistance is provided by the CHI team to promote development of multifamily housing in four communities in metropolitan Boston and Cape Cod with a population greater than 5,000 where multifamily housing has represented less than 25% of new housing production over the last decade.

Financial Strength

- Achieve unrestricted positive cash flow from operations of at least \$2.7 million (excluding 70% cash-funding of loan loss reserves) and \$1.5 million (inclusive of LLR cash funding).
- Commit \$120 million in new loan originations from all capital sources including \$80 million in bank-financed loans pursuant to Chapter 102 and \$25 million in loss sharing loans through Fannie Mae that generate revenue to MHP with net present value of at least \$6 million.

Product & Service Innovation

- Commitments are accepted for at least five loans using one of MHP's new loan platforms (including, but not limited to, Fannie Mae loss sharing, conventional FHA MAP, and FHA risk-sharing).
- Pursue Fannie Mae, 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.

Performance Goals (continued)

Product & Service Innovation

- Assist sponsors of three affordable housing development projects to use innovative design and construction techniques to reduce projected development costs (excluding site costs) by at least 10% relative to baseline costs for comparable projects in Massachusetts and to make those projects fully prepared for state funding applications.
- Develop new MHP financing and technical assistance programs as needed to implement a new state rural housing policy.

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; and
- Responding to concentrations of distressed and foreclosed properties through market analysis, receiverships, and mortgage lending in distressed/underserved markets;
- 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.

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)
- 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 (to be reported semi-annually).