

MASSACHUSETTS HOUSING PARTNERSHIP

Fiscal Year 2020

Mission

MHP works with communities to create innovative policy and financing solutions that provide affordable homes and better lives for the people of Massachusetts.

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 3,600 housing units over three years (FY19-FY21).
- Loan commitments are accepted on 1,800 newly-constructed units over three years (FY19-FY21) [Note: for purposes of this goal, newly-constructed units include mill and school conversions and other adaptive re-use projects.]

Performance Goals (continued) (p. 2)

- Loan commitments are accepted on 1,800 newly-affordable low-income rental units (i.e., units that are newly-constructed or have at least 10 years of extended affordability) (FY19-FY21).
- Close 750 ONE Mortgage loans or \$185 million in financing for historically underserved communities and borrowers (defined as loans in Gateway Cities, to households below 80% of area median income, and/or to borrowers of color).
- Implement ONE+Boston loan program and increase to 175 ONE Mortgage loan closings in the city of Boston.

Financial Strength

- Achieve unrestricted positive cash flow from operations of \$10 million over three fiscal years (FY19-FY21).
- Achieve \$2.5 million in received commitment and application fees over three fiscal years (FY19-FY21).
- Achieve a net present value (NPV) of at least 5% for loan commitments under all capital sources.

Product & Service Innovation

- Increase online engagement across all web and social media channels by 25% to 225,000 engagements per quarter.
- Develop and test a new and more effective messaging framework for local affordable housing initiatives in collaboration with CHAPA and a national consultant.
- Create web-based templates and a corresponding training webinar to help local officials craft effective requests for proposals (RFPs) for production of affordable housing on municipal land.

Product & Service Innovation (continued) (p. 3)

- Work with 20 communities to create municipal affordable housing trusts or to develop actionable next steps for their existing trusts including strategies to advocate for local funding.
- Work with lenders representing a combined 85% of ONE Mortgage loan volume to successfully implement lower minimum credit scores.

System Change

Address major challenges facing the affordable housing delivery system in Massachusetts and make formal recommendations to the MHP board on at least two action items that involve: (1) implementation of a new program or program demonstration by MHP or modification of existing MHP or state programs; (2) a recommended change in state law or state or local policies; or, (3) recommended best practices to be advanced through MHP publications, training and outreach. The system challenges to be considered for further action by MHP (in conjunction with strategic partners wherever possible and appropriate) include, but are not limited to:

- Exploring and testing improvements to the way that housing is currently developed and financed for extremely low-income individuals and families where those improvements have potential to improve service delivery and reduce time and cost.
- Benchmarking the alignment of new housing development with the availability of public transportation, proximity to jobs, and walkability to reduce auto dependence.
- Developing a proposed mechanism to share a portion of the additional state revenue that results from new housing construction with the cities and towns that approve the construction and are directly impacted by it.
- Incentivizing residents of subsidized rental housing to become homeowners or move to market-rate rental housing to free up subsidized units for people in greater need.
- Reducing the impact of limited infrastructure and outdated or unreasonable state and local septic regulation as an impediment to new housing supply.

System Change (continued) (p. 4)

- Better understanding the displacement of low-income residents that results from inadequate housing supply and/or local market impacts of new housing construction and the effectiveness of mechanisms that seek to reduce or mitigate that impact.
- Reducing the costs of affordable housing construction through different management approaches (e.g., LEAN construction) and/or different design and construction techniques (e.g., modular construction).

Leadership and Advocacy

Provide robust public leadership that reinforces the importance of affordable housing to the Commonwealth and supports state policies that expand affordable housing opportunities. Those efforts include public speaking and legislative testimony, research and publications, and content delivery via social media and will specifically address:

- Support for the Baker Administration's Housing Choice Initiative, which recognizes and rewards cities and towns that have permitted substantial amounts of new housing and/or adopted local housing strategies and zoning practices that increase the supply of affordable housing.
- Closing the data gap that currently prevents state policymakers from knowing where new housing is being produced, and at what density, in relation to jobs, transportation, and proximity to city, town and neighborhood centers.
- Support for comprehensive regional planning and land use reform legislation with a continued focus on multifamily housing, accessory dwelling units, cluster development, and the governor's Housing Choices bill (to reduce the margin on certain local zoning votes from 2/3rds to a simple majority).
- Support for state policies that reduce impediments to housing supply, particularly including mitigation of local school costs relating to new housing construction and improved septic system regulation.
- Enlisting support for affordable housing from non-housing sectors such as business leaders and health care institutions.

Additional Performance Indicator

(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.
- Leading indicators of future MHP multifamily loan volume including units and dollar value of term sheets and commitments issued and units and dollar value of Project Eligibility Letters issued for prospective developments utilizing Chapter 40B.
- 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).
- Dashboard page showing recent trends in portfolio quality, including changes in loan loss reserve balances.
- Number of cities and towns served by MHP financing and technical assistance.
- Total ONE Mortgage loan closings and historical trends in SoftSecond/ONE Mortgage delinquency and foreclosure rates compared to other mortgage types.
- Race, income and family characteristics of ONE Mortgage borrowers and neighborhood characteristics of properties financed (to be reported annually)