

# MASSACHUSETTS HOUSING PARTNERSHIP

## Fiscal Year 2021

### *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 3,100 housing units over three years (FY19-FY21).
- Loan commitments are accepted on 1,400 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 1,400 newly-affordable low-income rental units (i.e., units that are newly-constructed or have at least 10 years of extended affordability) (FY19-FY21).
- Provide new lower-cost financing to stabilize 400 existing affordable units in properties that are performing below 1.2x debt service coverage.
- 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).
- Close 150 ONE Mortgage loans 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 to 250,000 engagements per quarter.
- Update MHP's 2005 guidebook "Developing Affordable Housing on Public Land" after seeking expert legal guidance on applicability of public construction laws to land dispositions and reaching consensus on that issue, if possible, with state Inspector General and Attorney General.

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

- Work with at least two communities on replicable models of multifamily zoning or single-family “upzoning” to address the housing needs of low-income workers.
- Assess eliminating or reducing the ONE Mortgage requirement that at least 1.5% of the minimum 3% down payment be from a borrowers own funds (not from a down payment assistance program). Identify any additional default risks and the potential to increase program participation by households of color.

## ***Policy Leadership and System Change***

The following goals address systemic housing problems that call out for analysis, program development and policy leadership by MHP. A portion of every MHP board meeting in FY21 will be reserved for discussion of progress in addressing these issues:

- Develop and propose state policy, programs and/or legislation, including modifications to MHP programs, to be actively anti-racist and to ensure that the Commonwealth and its policies encourage and create racial equity in housing and promote the development of racially and economically diverse neighborhoods.
- Develop and propose state policy, programs and/or legislation to prevent or mitigate an eviction and foreclosure crisis when the state and federal eviction and foreclosure moratoria end (potentially as soon as August) and advocate for additional federal and state supports to maintain housing security and affordability.
- Develop and propose state policy, programs and/or legislation to promote housing development in smart locations that reduces climate impacts by providing a range of mobility options and access to jobs, transit and other opportunities.
- Develop and propose state policy, programs and/or legislation to protect low-income households from displacement as a result of market-rate development while also promoting an adequate housing supply at the state and regional level.
- Identify and publicize the extreme inadequacy of existing federal and state resources to close the gap between the cost of housing and what low- and moderate-income households can afford and advocate for federal and state policies extending beyond the housing sector that would reduce income inequality and increase wage rates.

## ***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.
- Monthly rent collection data (both residential and commercial) for MHP-financed rental properties deemed to be at highest risk.
- Total draws on operating reserves and the unpaid principal balances of the loans that have seen reserve draws as a percent of the MHP servicing portfolio.
- Unpaid principal balances of loans in forbearance as a percent of the MHP servicing portfolio and the deferment amounts and repayment status of all loans in forbearance.
- 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).