

Massachusetts Housing Partnership

CREATING HOUSING... ALL OVER THE MAP



2004 ANNUAL REPORT

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HOW MHP WORKS

MHP is a privately-funded public affordable housing organization that works in concert with Governor Mitt Romney and the state Department of Housing and Community Development to help increase the supply of affordable housing in Massachusetts.

Thanks to a 1990 state law, MHP uses funds from the banking industry to provide much-needed long-term financing for affordable rental housing at below-market rates. Bank acquisitions such as the acquisition of FleetBoston by Bank of America trigger the state statute that funds MHP. Since 1990, MHP's loan pool has grown to nearly a billion dollars. MHP has used this money to finance over 11,000 units of rental housing.

MHP also helps communities in their efforts to build housing and offers a mortgage program that has helped over 7,700 lower-income families achieve homeownership. In all its efforts, MHP focuses its resources on serving lower-income people in developments that have a community focus.

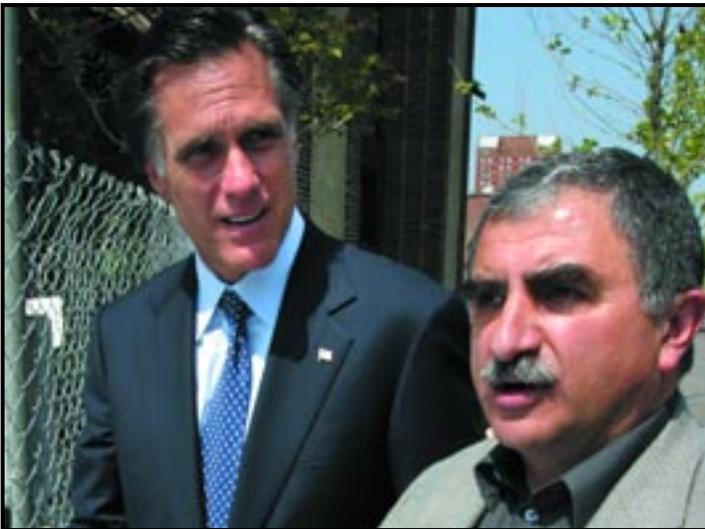
As required by Section 35 of Chapter 405 of the Acts of 1985, the 2004 Annual Report of the Massachusetts Housing Partnership Fund is respectfully submitted to:

Mitt Romney, Governor
COMMONWEALTH OF MASSACHUSETTS

Therese Murray, Chair
SENATE WAYS AND MEANS COMMITTEE

Rep. Robert A. Deleo, Chair
HOUSE WAYS AND MEANS COMMITTEE

Eric Kriss, Secretary
EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE



> On May 14, 2004, Governor Mitt Romney came to Egleston Crossing in Roxbury to announce that MHP would receive a \$406 million loan and \$18 million grant from Bank of America, as a condition of the bank's purchase of FleetBoston. Afterward, the governor received an update on non-profit Urban Edge's affordable housing efforts from its executive director, Mossik Hacopian.



Letter from the Chairman and Executive Director

CREATING HOUSING... ALL OVER THE MAP

A mother and child found a decent apartment in Boston. A bus driver in Hyannis lives just five minutes from her daughters' school. A couple in Worcester found an affordable apartment so they can save for a home.

These and many other stories make up MHP's bottom line for 2004. From Springfield to Boston to Gloucester to Provincetown, our efforts resulted in new housing and new opportunities for thousands of individuals and families.

Created by the Legislature and funded by the banking industry, MHP does a lot more than produce affordable housing. Our mission is to find better ways of addressing the Commonwealth's housing needs. Toward that end, we had many significant successes in 2004:

- > Delivering in-depth support that enabled Truro and Westford to launch private construction of affordable rental housing on formerly town-owned land; an initiative that will expand to other communities in 2005.
- > Providing \$32 million for rental housing development at lower rates or on better terms than available from other lenders, which by year-end brought MHP's total rental financing to \$398 million and nearly 12,000 units.
- > Revamping our rental financing in response to customer feedback to provide lower rates, access to tax-exempt financing with greater flexibility and lower fees, direct loans of up to \$15 million, and larger financing packages with other participating lenders.
- > Expanding our SoftSecond mortgage program, which exceeded 7,700 loans and a billion dollars in bank financing and now serves more low-income and minority homebuyers more effectively than any other public or private mortgage program in the Commonwealth.
- > Being a major source of support for communities that are trying to meet their local housing needs while insisting that cities and towns be more accountable for their housing, zoning and land use policies.



Clark L. Ziegler
EXECUTIVE DIRECTOR

Stanley J. Lukowski
CHAIRMAN

MHP is proud of these accomplishments but we have no illusions about the magnitude of the housing crisis in Massachusetts or the work that remains undone. We have the worst combination of high housing costs and low housing production of any state in the U.S. There is rampant local opposition to new housing construction and zoning practices in most cities and towns prevent the "smart" new development that we desperately need.

Solving that problem will require bold policy changes like we've seen recently from the Romney Administration and the Legislature. We hope to see more. Yet policy changes alone do not get things done. The solution to our state housing crisis ultimately rests upon the good will of developers, community leaders and concerned citizens working together in virtually every city and town in the Commonwealth. That is the heart of MHP's work and a challenge that MHP gladly accepts.

Community Housing Initiatives

Helping communities use their land for housing

2

SALLY'S WAY, TRURO
Total units: 14 affordable rental apartments.

MHP FINANCING
\$1 million in first-mortgage financing

\$750,000 deferred-payment second mortgage

OTHER FINANCING
DHCD: \$1 million in HOME Funds; three project-based Section 8s.

Fourteen affordable units will be built on town land near the Truro library, which is the large building in the lower right portion of the aerial photo. Provincetown Harbor can be seen in the distance.

IN TRURO, DEVELOPER TO BUILD 14 AFFORDABLE UNITS NEAR TOWN'S LIBRARY

In June 2004, 50 people gathered in Provincetown to celebrate the opening of six new affordable apartments. Holding back tears, 14-year resident Lynn Stanley said she would have had to move off Cape if she hadn't got an apartment. Lifelong resident Mary Peres, widow and mother of an autistic son, said her endless anxiety about housing was over.

Such is life on the outer Cape, where home prices in Wellfleet, Truro and Provincetown average over \$600,000 and the working class lives in the growing shadow of prosperity.

The Cape is just a snapshot of Massachusetts, where prices continue to rise, and housing needs are overwhelmed by concerns that the farm down the street could be turned into hundreds of apartments. Two years ago, MHP and the state Department of Housing and Community Development (DHCD) decided to tackle this paradox by starting a pilot program to demonstrate how smaller suburban towns could get affordable housing built in their communities.

Today, two efforts are ready to go. Westford has leased town land to a private developer for the construction of 15 rental apartments. Truro has done the same, with 14 rental apartments slated to be built. DHCD and MHP are providing financing. In both cases, MHP helped the towns take initial approval and development steps.

MHP has learned two things from this pilot. First, many towns have land that is perfectly positioned for housing. Second, when it helps communities, MHP needs local champions to work the project everyday and keep the town informed. In Westford, it is housing authority director Chris Pude. In Truro, it is former selectwoman and current housing authority director Sally Sears-Mack. "Without them, this wouldn't have happened," says Rita Farrell, MHP's director of Community Housing Initiatives.

Down in Truro, Sears-Mack says the challenge is explaining to voters who the housing is for. "Lots of people have this sort of dated view that it's for hobos or people riding the rails when it's really for the police, the firefighters and the teachers," she says. "With the median price of a home in Truro over \$600,000, the poor people are us."





MASSACHUSETTS
HOUSING PARTNERSHIP
HIGHLIGHTS

MHP's Community Housing Initiatives staff provides advice and financial assistance in the early stages of development. The following are recent efforts in which MHP has advanced town-driven plans for housing:

Amherst – 10 units (housing authority; downtown)

Bedford – 15 units proposed (suburban pilot)

Chatham – 40 units (housing authority & town land)

Northampton – 24 units (near downtown)

Springfield – 36 units (neighborhood revitalization)

Taunton – 64 units (mill conversion)

Truro – 14 units (suburban pilot)

Wayland – 10-16 units proposed (abandoned federal property)

Westford – 15 units (suburban pilot)

Since 1999, MHP has made 130 grants to help more than 80 towns negotiate with developers proposing to build housing under the state law known as 40B. Recent grants include:

Boylston
Douglas
East Bridgewater
Easthampton
Easton
Holliston
Ipswich
Lunenburg
Norwell
Scituate
Somerset
Tewksbury
Westhampton

< Jeanne Foulke, left, and Sally Sears-Mack share a moment at the Truro Library. Foulke has worked on housing issues in Truro for 17 years, most recently as chair of the housing authority. She and Sears-Mack have championed Truro's affordable housing efforts.

WORCESTER COMMON GROUND TRANSFORMS BRICK 3-STORY INTO 5 AFFORDABLE APARTMENTS

Rental Financing Revitalizing old buildings, sparking neighborhood comebacks

While Truro is showing how a town can provide affordable housing on its own land, in places like Worcester, Springfield, Lowell and New Bedford, opportunity often comes disguised as abandoned buildings that haunt neighborhoods trying to recapture their better days. MHP has a long history of working with cities and dedicated non-profits to revitalize urban buildings big and small. Chandler Street in Worcester is a great example.

Seized by the city for back taxes, 133 Chandler St. looms at the edge of a neighborhood that has been coming to life thanks to Worcester Common Ground (WCG). This non-profit has been buying and renovating small multi-family homes off Chandler St. into homeownership and rental opportunities. Since 1994, it has developed a small playground, a community garden and 62 units of affordable housing, some with financing from MHP's bank-funded loan pool.

"Neighborhood revitalization is not just a house here, a house there," says Kevin Ksen, WCG's neighborhood initiatives coordinator. "It's also the lots in between. Chandler Street proved we could do something larger and extend this revitalization out to one of Worcester's busier streets."

133 CHANDLER ST., WORCESTER

Total units: Five affordable apartments, 1,000 square feet of commercial space.

MHP FINANCING

\$215,000 in first-mortgage financing

\$200,000 deferred-payment second mortgage

OTHER FINANCING

The state's Affordable Housing Trust Fund; The City of Worcester

The non-profit Worcester Common Ground rehabilitated this abandoned three-story property into five affordable apartments.

Thanks in part to \$415,000 in MHP financing, 133 Chandler St. today boasts four two-bedroom apartments and one one-bedroom apartment, plus 1,000 square feet of first-floor commercial space. But the real value can be seen in the two-bedroom apartment of Marco Padilla and Jovita Natal, a Honduran-born couple that came to the U.S. 14 years ago.

Jovita says their journey began on a Honduran beach when they'd look up at the jet planes heading toward America and vow they'd be on one someday. Soon, Marco and Jovita came to New York City. For 10 years, he worked for an asbestos removal company. Four years ago, yearning for a quieter place than their Bronx neighborhood, they moved to Worcester, where they were joined by Jovita's mother Romeila.

After working at Jiffy Lube for two months, Marco got a job at Polar Beverage, where he's been ever since, driving a forklift on second shift, 10 hours a day, five days a week. Jovita works in the mail room at the Worcester Telegram.

For a time, they lived in a small one-bedroom, paying \$600 a month. Because Marco worked nights, they could manage the tight quarters. When Chandler Street came along, they jumped at the chance. The rent - \$585 a month - is less than they were paying for the one-bedroom. "It's not hard coming to America if you work hard," says Marco. "Of course, I would love to buy a house. When I have money left over, I save it."



A man and a woman are sitting on a green armchair. The man is wearing a pink shirt and the woman is wearing a red and white striped shirt. Behind them is a large painting of a park with a path and trees.

MASSACHUSETTS HOUSING PARTNERSHIP

HIGHLIGHTS

In small cities all over Massachusetts, MHP has provided financing for the creation of new housing on underutilized or abandoned sites, as well as financing for the rehabilitation of existing housing. The following is a list of recent MHP efforts, with affordable rental unit totals and the total amount of MHP financing dollars:

Gloucester – LePage Glue Factory, 43 units, \$2.7 million

Lowell – Liberty Square Housing, 33 units, \$1.1 million

Lynn – St. Jean Baptiste, 24 units, \$1.1 million

New Bedford – Women’s Institute, 12 units, \$300,000

Northampton – Millbank, 24 units, \$1.8 million*

Springfield – Lower Liberty, 36 units, \$379,000*

Taunton – Robertson Mill, 64 units, \$2.7 million*

* Also received support from MHP’s Community Housing Initiatives group in the early stages of the development process.

< Marco Padilla and Jovita Natal relax in their new two-bedroom apartment. The rent is less than what they were paying for a nearby one-bedroom and increases their chances of saving enough money to buy a home.

Rental Financing

Creating solutions so rents can be more affordable

6

SOUTHSIDE VILLAGE,
HYANNIS
Total units: 14 affordable
apartments

MHP FINANCING
\$495,000 in first-mortgage
financing
\$750,000 deferred-payment
second mortgage
\$225,000 from Home
Fundors

The 14-unit Southside Village was built by local builder John McShane and then sold to Housing Assitance Corporation (HAC) of Hyannis. It consists of 12 two-bedroom and two three-bedroom apartments.

HYANNIS 40B DEVELOPMENT PROVIDES STABILITY FOR WORKING MOTHER

The affordable housing challenge doesn't end when a town finds land or a non-profit develops an old building or mill. The next hurdle is making the rents as low as possible because having a job in Massachusetts doesn't guarantee you can afford a place to live.

An MHP-funded analysis of the most recent census revealed that the number of "hidden homeless" – people with children doubling up and living with other family members – rose 95 percent from 1980 to 2000, from 26,685 families to 52,008.

Kathy Woods knows this first-hand. Her marriage ended in 2000 and she found herself faced with trying to raise two daughters on a school bus driver's salary. By 2001, she had to sell her house and move in with her parents.

Providing decent rental housing for lower and moderate-income families is MHP's mission. Thanks to a 1990 state law, banks that purchase other banks are required to loan money to MHP for affordable rental housing. MHP uses these lower-interest private funds - often in combination with its own second-mortgage subsidy, plus state tax credits and the affordable housing trust fund – to create rental housing that can be the first rung on a ladder out of economic oblivion.

Kathy Woods found her ladder at Southside Village in Hyannis, a 14-unit effort built under the law known as Chapter 40B and owned by the Housing Assistance Corporation of Cape Cod. MHP provided \$495,000 in first-mortgage financing and another \$975,000 in second-mortgage financing. The result: all units are affordable, with rents ranging from \$524 to \$931 a month.

All over the state, MHP has put its financing to work to make rental housing efforts more affordable for working families. Recently, MHP has used a privately-funded loan pool called Home Funders in combination with its own financing to create more units for lower-income renters, not only in Hyannis but in Allston, Roxbury, Gloucester, Harwich, and New Bedford.

In Hyannis, Woods is paying \$529 a month for a two-bedroom apartment that is a five-minute walk from where her daughters go to school. "This is not my final stop," she says. "But it's nice to have an option when you're struggling to get by."





**MASSACHUSETTS
HOUSING PARTNERSHIP**

HIGHLIGHTS

MHP uses its bank-funded loan pool, often in combination with its own second-mortgage financing and Home Funders, to help borrowers offer the lowest rents possible. Here are some recent examples in which MHP has helped create new affordable housing for lower-income households:

Boston – Egleston Crossing,
64 units, \$7 million*

Boston – Brian J. Honan Apartments,
50 units, \$3.2 million*

Falmouth – 704 Main St.,
66 units, \$4.3 million

Franklin – Franklin Commons,
96 units (63 affordable), \$6.6 millions

Gloucester – LePage (147 Essex
Ave.), 43 units, \$2.7 million*

Harwich – Sisson Road,
14 units, \$1.67 million*

Hyannis – Southside Village,
14 units, \$1.4 million*

Provincetown – 40A Nelson Ave.,
6 units, \$667,000

Westport – Edgewater Apartments,
36 units \$1.6 million

* Received second-mortgage funding from Home Funders, which helps borrowers offer more units to lower-income families. Home Funders was founded by the Paul and Phyllis Fireman Charitable Foundation, The Highland Street Connection, The Hyams Foundation, The Boston Foundation, and The Mellon Charitable Giving Program/ Peter E. Strauss Trust.

< After four moves in three years, Kathy Woods and her daughters Kirstie (l) and Ashley (r) feel right at home in their new Hyannis apartment.

Rental Financing

Working together for a more affordable Boston

EGLESTON CROSSING, ROXBURY

Total units: 64 affordable
apartments

MHP FINANCING

\$6.2 million in first-mortgage
financing

\$750,000 in second-mortgage
Home Funders financing

Mayor Menino's Leading the Way campaign includes the revitalization of Egleston Crossing. Urban Edge, one of the city's leading non-profit community organizations, is redeveloping this part of Washington Street, thanks in part to MHP. When completed, it will boast 64 affordable rental units, 15 of which will be dedicated to formerly homeless individuals and families. There will also be 8,000 square feet of commercial space.

No matter what it does, MHP knows there's one outside factor to its success – local leadership. And one of the strongest local voices is Boston Mayor Thomas Menino. "He does something most mayors don't do," says Nicolas Retsinas, director of Harvard University's Center for Housing Studies and an MHP board member. "He puts numbers and a date in the same sentence."

In 2000, Menino wrote "Leading the Way," a three-year housing strategy that promised to preserve more than 5,000 affordable units and build 7,500 new units, 2100 of them affordable. With those goals surpassed, he launched a second phase, vowing in the following four years to create 10,000 new units, renovate 2,000 distressed properties and target \$10 million to fight homelessness. To spark phase two, he's pledged \$25 million in city resources.

The vision of Menino and staff members like housing chief Charlotte Golar Richie have allowed MHP to put its bank-funded long-term financing to work. Since 2000, it has helped create or preserve nearly 1600 units in Boston, increasing its investment in Boston to over \$130 million for the financing of over 3800 units since 1991.

In addition, MHP has worked with the city to create programs which have not only met the city's needs, but have often been taken statewide. For example:

- > When real estate prices soared, MHP and the city worked to create Hidden Assets to help developers buy and renovate properties, while still keeping them affordable. This evolved into a statewide financing program called Perm Plus.
- > When high rents raised fears of more homelessness, MHP worked with the city and Boston's philanthropic communities to create Home Funders so more rental apartments could be built for lower-income people.
- > With the prices of two and three-family homes rising, MHP combined its successful SoftSecond Loan Program with city resources to create Triple Decker Plus to help first-time homebuyers buy two or three-family properties.

"MHP has always been creative in working with us," says Mayor Menino. "As the market changes, MHP figures out different ways to finance affordable housing so that people don't get priced out of the city. MHP gets what affordable housing is all about."

So does the Mayor.





MASSACHUSETTS HOUSING PARTNERSHIP

HIGHLIGHTS

In Boston, MHP has provided \$130 million in loans for the financing of over 3800 units. The following is a list of recent efforts financed by MHP.

NEW PRODUCTION

Brian J. Honan Apartments, Allston-Brighton CDC, 50 units, \$3.2 million

Clarendon Y, YWCA of Boston, 79 units, \$9 million

Dartmouth Hotel, Nuestra Comunidad, 65 units, \$4.8 million

Egleston Crossing, Urban Edge, 64 units, \$7 million

Howard Dacia, Nuestra Comunidad, 26 units, \$971,000

Talbot Bernard Homes, Codman Square NDC, 44 units, \$1.7 million

NEW PRODUCTION & PRESERVATION

Morville House, Fenway CDC, 145 units preserved, 33 new units, \$14 million*

PRESERVATION

Brunswick-Holborn Apts., Dorchester Bay EDC, 49 units, \$2.2 million

Columbia Wood, Dorchester Bay EDC, 49 units, \$2.6 million

Interfaith Apts., Madison Park Dev. Corp., 69 units, \$9.7 million

Harvard Hill, Urban Edge, 37 units, \$1.9 million

Robert Fortes House, IBA, 44 units, \$3.6 million*

* Financed through MHP's MATCH program, which gives smaller borrowers access to tax credits and lower tax-exempt interest rates.

< In Dorchester, Nuestra Comunidad worked with the City of Boston to turn 14 vacant or blighted lots into 20 affordable units. Lashia Furtado and foster son Rashad live in a new unit. "I need a safe environment for my children," says Furtado, a specialized foster care provider

Smart Preservation

Keeping an eye on saving what we have

HRI KEEPS 42 UNITS AFFORDABLE IN CAMBRIDGE

An MHP-funded analysis of the 2000 census found that while 37,000 multi-family units were created, 20,000 were lost. In other words, the Massachusetts housing picture is a bucket with holes in it. For every few new units we put in, we lose one out the bottom. That's why while MHP has focused on affordable rental production the past few years, it is still keeping an eye on preserving what we've got.

Call it "smart preservation". From Boston to Springfield, MHP has kept properties affordable for the low-income and elderly. Financing solutions like its MATCH program, which gives smaller non-profits access to lower interest rates via tax credits, has helped property owners ensure long-term affordability and avoid the risk of seeing lower-income and elderly tenants lose their homes to the skyrocketing real estate market.

Take CAST Apartments in Cambridge. Purchased in 1971 with a federally-assisted loan, its 42 one to five-bedroom affordable units were in danger of being lost when the federal use restriction expired. Enter Homeowners Rehab Inc. (HRI). Thanks in part to \$4.5 million in MHP financing, HRI purchased the property for \$6 million, did \$2.8 million in renovations and was able to keep all the units affordable.

Improvements included making two ground-floor apartments handicapped accessible, one of which has proved to be a port in the storm for Maria Olivera. Rheumatoid arthritis forced her to quit her job of nine years and get two knee replacements. Two years ago, doctors gave her more bad news, diagnosing her blurred vision and the numbness in her arms as the beginnings of multiple sclerosis.

Even though she could still walk, the stairs in her third-floor apartment were getting difficult. So Olivera contacted the Cambridge Housing Authority and got one of the new accessible units at CAST.

"I'm still walking on my own and am going to try to do things my way for as long as I can." says the 39-year-old Olivera. "Right now, I'm in denial, but eventually I'm going to need help. Getting this place has taken a weight off my shoulders. It helps, being on the first floor. It's where I need to be for the long run."

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CAST APARTMENTS,
CAMBRIDGE
Total affordable units: 42

MHP FINANCING
\$4.5 million

According to the City of Cambridge, the average rent for a two-bedroom is \$1,725 and the suggested minimum salary needed to afford it is \$69,000. The preservation of affordability at CAST apartments means a two-bedroom will rent for \$1,116 or less, meaning a family of four making \$48,000 or less still has an opportunity to afford an apartment in the city.





MASSACHUSETTS
HOUSING PARTNERSHIP

HIGHLIGHTS

MHP also helps preserve existing affordable housing in Massachusetts. Examples of Boston preservation efforts are on Page 9. The following are other recent examples of efforts involving MHP financing:

Athol – Cottage-Hapgood,
34 units, \$715,000

Arlington – Housing Corp. of
Arlington, 12 units, \$1.9 million

Beverly – Gloucester Crossing,
6 units, \$750,000

Brookline – 1876 Beacon St.,
15 units, \$850,000

Cambridge – CAST Apts.,
42 units, \$4.5 million

Lawrence – Windsor House,
69 units, \$1.4 million

Springfield – High St.,
50 units, \$1.2 million

Springfield – Museum Park,
92 units, \$1.6 million

Weymouth – Bridge St.,
7 units, \$625,000

< Maria Olivera stands in the arch-
way entrance to her first-floor
apartment, which was made
handicapped accessible during
the refinancing, renovation and
preservation of CAST apartments.

LAWRENCE FAMILY FINDS HAPPINESS IN HOMEOWNERSHIP

Homeownership Providing affordable mortgages for first-time homebuyers

One common thread in these stories is that MHP creates vital first rungs on the economic ladder. We do it by supporting local champions like Truro's Sally Sears-Mack and Boston Mayor Thomas Menino. We do it by using our unique bank-funded loan pool to help for-profit and non-profit borrowers offer the lowest possible rents. We do it so Hyannis' Kathy Woods can raise her daughters near their school, so Cambridge's Maria Olivera can live on the first floor, so Worcester's Marco Padilla and Jovita Natal can save enough to buy a home.

If owning a home is Padilla's punctuation point, then the SoftSecond Loan Program is MHP's exclamation point. Created in 1991 by the banking industry, community groups, the state and MHP to address the low rate of home loans to minorities, SoftSecond has helped over 7,700 families make the leap from renting to homeownership.

SoftSecond combines a conventional first mortgage with a second bank mortgage that is supported by a state subsidy, effectively lowering a borrower's monthly payments for the first 10 years. Since 1991, nearly a billion dollars in private bank financing has been leveraged. Only three-tenths of one percent of these loans has been foreclosed. And despite rising prices, the median income of a SoftSecond borrower from 2001 to 2003 was \$36,000, and 42 percent of the loans went to minorities.

One such family is Pablo and Purificacion Urbaez of Lawrence. She brought her two daughters from the Dominican Republic 22 years ago, while Pablo, a doctor, stayed to practice medicine. Five years ago, Pablo decided to join the family even though it would mean he could not practice. A job wasn't hard to find – he works in a Newburyport bakery – but they lived in an apartment plagued by rats and rising rents. "Living under a bridge would've been better," says Purificacion.

Enter Lawrence CommunityWorks, the local non-profit. In 2002, it held a lottery for four new-multifamily homes it had developed in a distressed part of the city. The Urbaez family knew they had to take a chance.

Today, they own a two-family home. They live in a three-bedroom apartment on the second and third floors, and rent out the first floor. They bought it for \$85,000 with a SoftSecond loan from Banknorth. On a fall morning in their living room, Purificacion describes what it all means.

"Emotionally, he can relax," she says, nodding toward her husband. "He knows he owns this place and no one can take it from him."

18-20 SUMMER ST.,
LAWRENCE

Owner-occupied two-family with ground-floor affordable rental apartment.

MHP FINANCING

The non-profit Lawrence CommunityWorks set out to revitalize the North Common neighborhood, turning four vacant lots and an abandoned property into four new two-family homes and a playground. The Urbaez family purchased this two-family home with a SoftSecond Loan from Banknorth.





MASSACHUSETTS
HOUSING PARTNERSHIP

HIGHLIGHTS

Created in 1991 to address racial disparities in Boston mortgage lending, SoftSecond has become a state success story. Today, it is offered in over 280 communities. The following is a list of communities that have taken the greatest advantage of the SoftSecond program from 2001 to 2003. In parentheses are the number and percentage of loans that went to Black or Latino borrowers.*

1. Boston – 443 (242, 54.6%)
2. Springfield – 157 (89, 56.7%)
3. Lynn – 68 (33, 48.5%)
4. Lawrence – 59 (53, 89.8%)
5. Holyoke – 50 (30, 60%)
6. Chicopee – 48 (6, 12.5%)
7. Worcester – 43 (20, 46.5%)
8. W. Springfield – 32 (5, 15.6%)
9. New Bedford – 30 (8, 26.7%)
10. Chelsea – 27 (21, 77.8%)

* Average household income of SoftSecond borrower during this period was \$36,000. Numbers do not include over 300 loans where ethnic information was not available).

< Pablo and Purificacion Urbaez of Lawrence, and their grandson Ariel, 3, stand outside their two-family home in Lawrence's North Common neighborhood. In the past two years, 69 Lawrence-area families have used SoftSecond to purchase their first home.

MHP Staff

EXECUTIVE/LEGAL

The executive/legal group oversees all aspects of MHP.



Clark L. Ziegler, EXECUTIVE DIRECTOR

Judith S. Jacobson, DEPUTY DIRECTOR & GENERAL COUNSEL

Ruston F. Lodi, DIRECTOR OF PUBLIC AFFAIRS

Nancy Blueweiss, ASSOCIATE GENERAL COUNSEL

Cam K Welch, LOAN CLOSING COORDINATOR

Courtney Koslow, SPECIAL ASSISTANT FOR POLICY

Patricia Josselyn, EXECUTIVE ASSISTANT

Kathleen Ferretti, LOAN CLOSING ASSISTANT

COMMUNITY HOUSING INITIATIVES

MHP helps cities and towns initiate and develop affordable housing through advice, advocacy and technical support.



Rita Farrell, DIRECTOR OF COMMUNITY HOUSING INITIATIVES

Susan Connelly, ASSOCIATE DIRECTOR OF COMMUNITY HOUSING INITIATIVES

Constance Kruger, TECHNICAL ASSISTANCE MANAGER

Gercide Luc, COMMUNITY HOUSING INITIATIVES PROGRAM ASSISTANT

Heather Hennessey Whelehan, HOMEOWNERSHIP DIRECTOR
 Gina Govoni, PROGRAM MANAGER
 Deborah Clarke, OUTREACH AND PROCESSING COORDINATOR
 Marie-Claire Dumornay, PROGRAM ANALYST
 Allister Greenidge, LOAN PROCESSOR

HOMEOWNERSHIP

This group manages the Soft Second Loan Program, which has helped over 7,700 low and moderate-income families purchase their first home.



ADMINISTRATION/FINANCE

This group combines to help run the day-to-day operations and track MHP's overall financial performance.



Charleen Tyson, CHIEF FINANCIAL & ADMINISTRATIVE OFFICER

David Oteri, CHIEF ACCOUNTING OFFICER

Scott MacIntyre, INFORMATION SYSTEMS COORDINATOR

Mary Ann McGinnis, PAYROLL & BENEFITS MANAGER

Carole Spear, FINANCE ADMINISTRATIVE ASSISTANT

Ivette Ortiz, OFFICE ADMINISTRATOR

LOAN FUNDS

This group uses lines of credit from banks to make long-term, fixed-rate loans for affordable rental housing.



- Mark Curtiss, **MANAGING DIRECTOR**
- David Rockwell, **DIRECTOR OF LENDING**
- Wendy Hanna Cohen, **DEPUTY DIRECTOR OF LENDING**
- Thomas Beard, **LOAN OFFICER**
- Nancy A. Sampson, **LOAN OFFICER**
- Richard A. Mason, **LOAN OFFICER**
- Megan Magrane, **LOAN OFFICER**
- Joshua Lappen, **LENDING ASSISTANT**
- Geoff MacAdie, **DIRECTOR OF PORTFOLIO MANAGEMENT**
- Cynthia Mohammed, **PORTFOLIO MANAGER**
- Peter Fraser, **PORTFOLIO MANAGER**
- Constance Huff, **PORTFOLIO ANALYST/OPERATIONS COORDINATOR**
- Nicole Verno, **ASSISTANT PORTFOLIO MANAGER**
- Christine Gimbel, **PORTFOLIO ANALYST TRAINEE**

MHP Board of Directors

MHP is governed by a seven-member board of directors. Two are appointed by the governor, two are cabinet secretaries or their designees, and three are nominated by the Massachusetts Bankers Association.



Catherine Racer,
ASSOCIATE DIRECTOR
DEPT. OF HOUSING AND
COMMUNITY DEVELOPMENT
(Designee for Director
Jane Wallis Gumble)

Carlo DeSantis,
EXECUTIVE OFFICE FOR
ADMINISTRATION AND FINANCE
(Designee for Secretary
Eric Kriss)

William P. McDonough,
FORMER PRESIDENT AND CEO
ABINGTON SAVINGS BANK

Nicolas P. Retsinas,
DIRECTOR
HARVARD UNIVERSITY JOINT
CENTER FOR HOUSING STUDIES



CHAIR
Stanley J. Lukowski
CHAIRMAN AND CEO
EASTERN BANK



VICE CHAIR
Vincent C. Manzi Jr.
PARTNER
MANZI & MCCANN,
LAWRENCE, MA.



SECRETARY/TREASURER
Richard C. Lawton,
PRESIDENT
WEBSTER FIVE CENTS
SAVINGS BANK

MHP by the numbers

HOW MHP IS FUNDED

MHP was founded on the premise that housing solutions depend in part on private investment. The state legislature formalized this in 1990, passing the Nationwide Interstate Banking Act. This law requires companies that acquire Massachusetts' banks to make funds available to MHP for affordable housing. This act addressed fears that bank industry consolidation might mean less community investment, and it gave evolving big banks a way to continue to channel money deep into the community.

Since 1990, MHP has been a critical part of the state's effort to provide decent affordable housing. MHP has made over \$397 million in loans and has financed over 11,000 units of rental housing. Most of these units are affordable and most serve lower and moderate-income people.

This past year's acquisition of FleetBoston by Bank of America triggered the statute that funds MHP, and resulted in a \$406 million loan and \$18 million grant to MHP. MHP now has nearly a billion dollars in its loan pool, meaning it will continue to play a role in helping the state maintain and grow its affordable housing supply.

MHP FINANCIAL SUMMARY

The Massachusetts Housing Partnership finances affordable housing and neighborhood development with private dollars from the following banks doing business in the Commonwealth:

Loans	Loan Agreements
Bank of Ireland	2,149,221
Banknorth	34,417,385
Bank of America	406,144,000
The Bank of Western Massachusetts	4,362,549
Citizens Bank of Massachusetts	32,637,599
Compass Bank*	8,716,740
Danvers Savings Bank	247,402
Flagship Bank & Trust Company	2,385,423
Fleet National Bank**	143,775,888
General Bank***	336,393
Hoosac Bank	350,328
Mellon Bank	74,337,381
Slade's Ferry Trust Company	223,113
Sovereign Bank	151,347,329
Wainwright Bank and Trust Company	9,139,063
Webster Bank	23,244,408
TOTAL LOANS	893,814,222
Grants	
Andover Bank	13,454
Bank Boston	10,000,000
Citizens Bank of Massachusetts	2,595,451
Fleet Boston Corporation	12,000,000
Bank of America****	18,000,000
TOTAL GRANTS	42,608,905

* Loan obligation assumed by Sovereign after its purchase of Compass Bank.

** Fleet's loan obligation, required when it purchased BankBoston, will be assumed by Bank of America.

*** Has subsequently merged with and is known as Cathay Bank.

**** \$9 million was received as of June 30, 2004; a second payment of \$9 million is due in May, 2007.

	as of June 30th 2004	as of June 30th 2003
STATEMENT OF NET ASSETS		
Cash and Investments	\$81,709,503	\$60,373,784
Program receivables, net of reserves	10,116,117	4,550,866
Project Loans, net of reserves	150,241,395	141,054,570
Prepaid expenses, equipment and other assets	743,370	246,388
TOTAL ASSETS	\$242,810,385	\$206,225,608
Accounts payable and accrued expenses	1,643,169	1,688,288
Notes payable, project loans	149,824,074	141,431,374
Deferred income	34,402,774	24,536,658
Lease Payable	218,685	0
Soft Second Loan Program - loss reserves	12,248,167	9,292,687
TOTAL LIABILITIES	198,336,869	176,949,007
Net Assets - Invested in Capital Assets	569,479	49,644
Restricted Net Assets	34,558,526	16,790,397
Unrestricted Net Assets	9,345,511	12,436,560
TOTAL NET ASSETS.....	44,473,516	29,276,601
TOTAL LIABILITIES AND NET ASSETS	\$242,810,385	\$206,225,608
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS		
Income from direct lending, net of provision for loan losses	\$2,798,612	\$2,152,721
Grants and other private support	19,023,258	125,363
Federal, state and local government support	6,411,056	6,335,173
Earnings on bank deposits and investments	1,063,538	979,814
Other income	657,440	439,864
TOTAL REVENUES AND SUPPORT.....	\$29,953,904	\$10,032,935
Salaries and Benefits	3,243,746	2,985,152
Community outreach, training and publications	59,084	104,886
Occupancy and equipment	574,613	337,858
Professional fees and services	252,156	251,052
First-time homebuyer mortgage subsidies and reserves (Soft Second)	6,074,280	2,455,340
Rental housing mortgage subsidies and reserves	2,102,913	4,408,730
Other program costs	2,450,197	1,526,847
TOTAL PROGRAM AND OPERATING COSTS.....	14,756,989	12,069,865
CHANGE IN NET ASSETS.....	\$15,196,915	(\$2,036,930)

These financial statements summarize information from MHP's audited financial statements which are available on request.

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