

# MORE THAN MONEY



Massachusetts  
Housing  
Partnership  
Fund

2000 Annual Report

Massachusetts Housing Partnership Fund

[www.mhpfund.com](http://www.mhpfund.com)

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As required by Section 35 of Chapter 405 of the Acts of 1985, the 1999 annual report of the Massachusetts Housing Partnership Fund is respectfully submitted to:

**Jane Swift, Governor**  
Commonwealth of Massachusetts

**Mark C. Montigny, Chairman**  
Senate Ways and Means Committee

**John H. Rogers, Chairman**  
House Ways and Means Committee

**Stephen P. Crosby, Secretary**  
Executive Office for Administration and Finance

## *Working together* with Governor

*Jane Swift and our state-level partners — the Department of Housing and Community Development, Massachusetts Housing Finance Agency and Community Economic Development Assistance Corporation — we help deliver cutting-edge housing programs to hundreds of communities and thousands of households in Massachusetts each year.*

*(At right, Governor Swift announces state funding for an MHP-financed housing development in Hadley.)*

Terr Cappucci

The Massachusetts Housing Partnership Fund (MHP) is a quasi-public state agency that promotes more stable and diverse neighborhoods in cities and towns across Massachusetts through the development and preservation of affordable housing. MHP was established by an act of the Legislature in 1985 and was originally capitalized by state-chartered savings and cooperative banks. A subsequent state law enacted in 1990 now requires that below-market lines of credit be provided to MHP as a condition of state approval for certain bank acquisitions.

**For more information on MHP's programs and resources, please visit [www.mhpfund.com](http://www.mhpfund.com).**

# RISING TO THE *Challenge*

*While much has been accomplished in Massachusetts to address our needs for affordable housing, this is no time for complacency.*

We are facing what is probably the most severe housing crisis of any state in the country. Pride in what's been accomplished is no substitute for taking action to address the Commonwealth's unmet housing needs. It will take more than money to successfully address those needs.

The Massachusetts Housing Partnership Fund (MHP) is a statewide leader in this effort:

- MHP has financed more than eight thousand units of affordable rental housing across the Commonwealth using credit from Massachusetts banks. Most of these loans are supporting local housing and revitalization strategies and most of the properties we finance could not obtain comparable financing elsewhere.
- MHP has made it possible for more than six thousand low-income buyers to purchase their first homes — and served lower-income families with more success than any other homebuyer program in Massachusetts.
- MHP has supported local housing efforts — ranging from inclusionary zoning to development of housing on surplus public land — in 282 of the state's 351 cities and towns.
- Through funding to our sister agency, the Community Economic Development Assistance Corporation, MHP has made vital predevelopment financing available for more than seventeen thousand housing units developed by community development corporations and other nonprofits.
- MHP has become the leader in Massachusetts in providing financing for affordable single person occupancy housing, which serves a critical working population that has largely been abandoned by the private housing market.

*Continued on Page 16*



# MORE *efficient*

## **Siochain Apartments, East Boston**

Sometimes the only way to get great results is to change the system. Just ask the Neighborhood of Affordable Housing (NOAH), a nonprofit community development corporation in East Boston. MHP's Single Package Financing program was designed to help groups like NOAH build affordable housing faster and at a lower cost. Ten new apartments, serving families between 30 and 65 percent of median income, are nearing completion through this demonstration project, which combined the resources of MHP, the City of Boston, and Boston Community Capital.

*Gabriel Guerra and Rosa Morales are in luck. Just as their family began to grow — pictured here are daughter Britania Morales and son Gabriel A. Guerra — they learned their housing would grow with them. They moved temporarily from a small one-bedroom apartment in the building that is now Siochain and will return to a two-bedroom apartment when construction is completed.*



PHOTOS  
Clockwise from top right:

**DeWitt Jones**  
Executive Director, Boston  
Community Capital

**A Siochain unit under construction**

**Philip Giffie**  
Executive Director, NOAH

**David Fernandes**  
NOAH Director of  
Real Estate Development

**Joe Bamberg**  
NOAH Project Manager of  
Real Estate Development

**Charlotte Golar Richie**  
City of Boston Director of  
Neighborhood Development  
and Housing Chief

**Gabriel Guerra and Rosa  
Morales with children Britania  
Morales & Gabriel A. Guerra**

**Exterior view of Siochain**

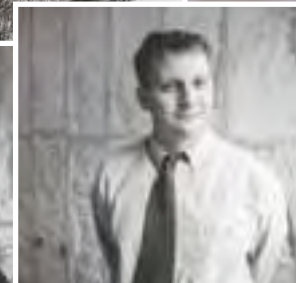


*"Probably no one but NOAH could have rehabbed these units because of the high cost involved. We do the whole ball of wax.*

*Buildings like this won't be fixed by the private market. They have major structural problems and can't be rehabbed piecemeal.*

*There's a cost to doing that well, and MHP's Single Package Financing really allowed us to get started."*

Phil Giffie, NOAH





*“This is a National Landmark District so there are a lot of additional redevelopment complications. This effort has brought together an unlikely collaboration of developers, city officials, frustrated neighbors and others, and I’ll tell you, the neighbors have been enduring this for so long.”*

Frances Gagnon, Historic Commission



*“Transforming this row of seriously blighted buildings into a healthy block of family apartments will be a defining moment for this neighborhood and for my administration. It’s one of our top priorities, and I look forward to celebrating that day soon with the neighbors.”*

Mayor Michael J. Albano

PHOTOS  
From upper left

**Frances Gagnon**  
Chair, Historic Commission

**Jeff Oldenberg**  
Principal, Valley Real Estate

**Kathleen Lingenberg**  
housing director, City of Springfield

**Mayor Michael J. Albano**  
Views of Franklin Street

**Yasmin and Alex Cortes**  
president and former president  
of the Lower Liberty Task Force



# MORE engaged

Being at the right place at the right time can make all the difference. That’s the premise behind MHP’s Intensive Community Support Team. They provide sustained, hands-on assistance to communities “on the ground” to ensure the success of housing and community revitalization efforts. In Springfield’s Lower Liberty neighborhood, the team helped city officials and community leaders push forward a redevelopment plan for the Franklin-Belle block where 86 percent of the units were abandoned or uninhabitable.

*Yasmin and Alex Cortes are a powerful team in the Lower Liberty Task Force. When Alex stepped down as president, Yasmin stepped up. During their leadership, a former pool house across the street was renovated into a community center and a playground was added, buildings in the neighborhood have been rehabbed and trees added throughout the neighborhood.*

What’s next?

*“We want to unite the two sides of Lower Liberty [separated by Interstate 291] so we can organize the neighborhood and make sure people vote,” says Yasmin.*





*Collin and Kerry Reynolds, pictured here with daughter Jhanel, closed on their new home in April 2000. One look and it's easy to see why they are so happy here. It is a vision of the American dream, right down to the white picket fence.*



**Jhanel Reynolds**

**Homeowners Collin, Kerry and Jhanel Reynolds**

**Mark Gill**

*Assistant Vice President, Eastern Bank*

**Collin Reynolds**

*at home*

**Martha Marquis**

*Neighborhood Operations Manager, Lynn Housing Authority*



*"We've really worked to expand the Soft Second program in Lynn because we know it's a good product that works well in this market,"*

Martha Marquis, Lynn Housing Authority

*"This is an excellent program. Eastern Bank is committed to building homeownership in Lynn and the Soft Second program offers one of the best and most affordable products I've seen to help families buy their first home. Many of my Soft Second clients would not have qualified under a different program, and honestly, they are great homeowners."*

Mark Gill, Eastern Bank

# MORE *affordable*

The Soft Second Loan Program helps more families become successful homeowners at lower incomes than any other program in Massachusetts. More than 40 cities and towns joined the program in 2000 and the City of Lynn doubled its participation through expanded homebuyer counseling and down-payment assistance programs.





Clockwise from upper left:

**Aunt Sarah's Place**  
Former lodging house that will be rehabbed with MHP financing

**Land the Town wants to use for preservation and affordable housing**

**The Manor**  
Former nursing home

**Kevin Shea**  
Barnstable Director of Community Development

**John Klimm**  
Barnstable Town Manager

**View of Barnstable town-owned lands**

**Edward Marchant**  
MHP 40B consultant



You have to move quickly to keep up with local officials. Faced with a full-fledged housing crisis, Barnstable Town Manager John Klimm and Community Development Director Kevin Shea are spearheading many innovative strategies to increase the town's supply of affordable housing. MHP has kept up every step of the way, providing advice, technical assistance, and long-term financing.

When the Barnstable Housing Authority wanted to purchase and develop Aunt Sarah's Place, a former lodging house, MHP quickly put together a half-million dollar financing package consisting of a conventional mortgage and 0% deferred payment loan. The result is 13 apartments affordable to individuals and families with incomes below 65 percent of median income.

When Barnstable's Zoning Board of Appeals hit a roadblock during the review of Settlers Landing, a proposed affordable housing development, MHP hired housing consultant Edward Marchant to assist the Town. He helped the Town reach an agreement to approve 36 units of new housing.

# MORE *flexible*

MHP has recently helped the Town pursue five other housing opportunities, including the Manor (the redevelopment of a former nursing home) and four parcels that may be acquired to combine open space preservation with affordable housing development. In Barnstable, and across the Commonwealth, when city and town officials are trying to address their housing needs, MHP is there to help.



Board of Directors  
Clockwise from upper left

**Richard C. Lawton**  
President, Webster Five Cents Savings Bank

**Vincent C. Manzi, Jr.**  
Partner, Manzi & McCann

**Catherine Racer**  
Associate Director, Department of  
Housing & Community Development  
(designee for Director Jane Wallis Gumble)

**Vice Chairman**  
**Stanley J. Lukowski**  
Chairman and CEO, Eastern Bank

**Linn Torto**  
Assistant Secretary, Executive Office  
for Administration & Finance  
(designee for Secretary Stephen P. Crosby)

**Secretary/Treasurer**  
**Lawrence D. Beane**  
President, Greenfield Co-Operative Bank

**Chairman**  
**Vincent P. McCarthy**  
Senior Partner, Hale & Dorr LLP



The Massachusetts  
Housing Partnership  
Fund is governed by  
a seven-member board  
of directors appointed  
by the Governor.



# STATEMENT OF *position*

As of June 30th

	2000	1999
Cash and investments	\$48,533,547	\$32,479,891
Program receivables, net of reserves	\$6,127,578	\$6,306,520
Project loans, net of reserves	\$116,315,612	\$95,877,066
Prepaid expenses, equipment and other assets	\$6,326,354	\$239,088
<b>Total Assets</b>	<b>\$177,303,091</b>	<b>\$134,902,565</b>
Accounts payable and accrued expenses	\$2,122,434	\$2,013,008
Notes payable, project loans	\$115,674,719	\$96,256,842
Deferred income	\$35,382,091	\$16,193,361
Soft Second Loan Program - loss reserves	\$7,378,910	\$6,682,794
<b>Total Liabilities</b>	<b>\$160,558,154</b>	<b>\$121,146,005</b>
Fund Balances - Restricted and Board Designated	\$14,022,096	\$11,749,061
Fund Balances - Unrestricted	\$2,722,841	\$2,007,499
<b>Total Fund Balances</b>	<b>\$16,744,937</b>	<b>\$13,756,560</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$177,303,091</b>	<b>\$134,902,565</b>

# STATEMENT OF *operations*

Income from direct lending	\$2,197,803	\$1,774,595
Reserve for loan losses	(\$579,444)	(\$535,653)
Program funding and support	\$11,630,065	\$5,391,159
Earnings on bank deposits and investments	\$1,580,396	\$799,308
Other income	\$113,093	\$114,442
<b>Total Revenues and Support</b>	<b>\$14,941,913</b>	<b>\$7,543,851</b>
Salaries and benefits	\$2,194,223	\$1,859,718
Community outreach, training and publications	\$71,294	\$55,674
Occupancy and equipment	\$293,594	\$257,305
Professional fees and services	\$216,690	\$180,859
Mortgage subsidies and reserves	\$7,176,052	\$4,445,601
Other program costs	\$2,001,683	\$729,134
<b>Total Program and Operating Costs</b>	<b>\$11,953,536</b>	<b>\$7,528,291</b>
<b>Surplus</b>	<b>\$2,988,377</b>	<b>\$15,560</b>

The statements of position and operations are summarized from audited financial statements which are available upon request. For updated financials in fall 2001 please visit [www.mhbfund.com](http://www.mhbfund.com).

# financial SUMMARY

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

## Loans

Bank of Ireland	\$2,149,221
The Bank of Western Massachusetts	\$4,362,549
Citizens Bank of Massachusetts	\$31,758,258
First Massachusetts Bank, NA	\$24,407,606
Flagship Bank and Trust Company	\$2,385,423
Fleet National Bank	\$143,775,888
Mellon Bank, NA	\$74,337,381
PNC Bank, New England	\$8,848,836
Slade's Ferry Trust Company	\$223,113
Sovereign Bank	\$148,683,641
<b>TOTAL LOANS:</b>	<b>\$440,931,916</b>

## Grants

Andover Bank	\$13,454
Bank Boston	\$10,000,000
Citizens Bank of Massachusetts	\$2,595,451
Fleet Boston Corporation	\$12,000,000
<b>TOTAL GRANTS:</b>	<b>\$24,608,905</b>





## LENDING

From left to right

**Klara Grape**  
Loan Officer

**Dianne Glennon**  
Senior Loan Officer

**Mark Curtiss**  
Director of Lending

**Megan Magrane**  
Lending Assistant

**David Rockwell**  
Deputy Director of Lending

**Wendy Hanna Cohen**  
Loan Officer

**Tom Beard**  
Loan Officer

## PORTFOLIO MANAGEMENT

**Cynthia Mohammed**  
Assistant Portfolio Manager

**Derryl Dion**  
Portfolio Analyst/Operations Coordinator

**Geoff MacAdie**  
Portfolio Manager

**Arthur Allen**  
Director of Portfolio Management

**Semih Pilosof**  
Portfolio Analyst

**Eric Bonney**  
Portfolio Manager

**Maria Moran**  
Loan Administrator

**Linda Hill**  
Portfolio Manager

## ADMINISTRATION & FINANCE

**Dave Oteri**  
Controller

**Carole Spear**  
Secretary/Receptionist

**Scott MacIntyre**  
Information Systems Coordinator

**Maryann McGinnis**  
Office Manager

**Steve Dansby**  
Chief Financial Officer

**Gulshan Chaudhry**  
Staff Accountant

## COMMUNITY ASSISTANCE & INTENSIVE COMMUNITY SUPPORT

**Heather Hennessey**  
Soft Second Program Manager

**Matthew Engel**  
Community Programs Assistant

**Ann Houston**  
Director of Community Assistance

**Bruce Dillenbeck**  
Homebuyer Services Coordinator

**Rita Farrell**  
Intensive Community Support Director

**Alice Wong**  
Senior Project Manager, Intensive Community Support

**Michael Thomas**  
Community Programs Manager

**Deborah Clarke**  
Loan Processing Coordinator

## EXECUTIVE & LEGAL

**Judy Jacobson**  
Deputy Director/General Counsel

**Renaan Johnson**  
Administrative Assistant

**Clark Ziegler**  
Executive Director

**Jill Mittelhauser**  
Communications Director

**Cam Tewksbury**  
Loan Closing Coordinator

**Ben Fernandez**  
Assistant General Counsel

*staff*



*Yet these and other housing efforts in Massachusetts are not enough. Not nearly enough.*

The Swift Administration reports that Massachusetts produces new multifamily housing at just one-third the national per capita rate — reflecting a 70 percent decline in multifamily production over the last decade. A major study by Northeastern University and the Archdiocese of Boston found that we need to build an additional 7,000 rental housing units a year in greater Boston simply to meet existing demand. UMass reports that more than a quarter million residents are paying more than half of their monthly income for rent. And the Census Bureau reported last year that housing costs in Massachusetts are rising faster than any other state in the union.

Money alone will not solve this problem. It will also take decisive state and local leadership, a sustained commitment, and a willingness to challenge conventional wisdom and break down barriers. We will not solve our state's housing problems by simply doing more of the same. And that is why MHP was created in the first place.

*MHP doesn't just talk about changing the system. We lead by example:*

- **Keeping focused on small properties**, which represent the vast majority of rental housing in Massachusetts. MHP is the only lender in Massachusetts with a primary focus on keeping smaller rental properties affordable and finding ways to build new rental housing in smaller-scale developments that meet less community resistance. Most rental properties we finance total 30 units or less.
- **Making affordable housing development faster and less complex** through pioneering approaches like Perm Plus and Single Package Financing, which have expedited housing construction and reduced development costs by tens of thousands of dollars per unit.

- **Breaking through the gridlock of suburban development** by helping towns change their zoning to promote affordable housing, combine housing development and open space preservation, and resolve differences with developers proposing to build affordable housing. We *can* and *should* be developing affordable rental housing in the suburbs and smaller towns.
- **Focusing on those in greatest need** by serving individuals and families at the lowest possible incomes. Most of our financing for rental housing and homeownership serves people with incomes below 60 percent of median — and in some cases substantially less. At the same time, we seek to promote stable and diverse neighborhoods and avoid concentrations of poverty.
- **Serving all of Massachusetts** by recognizing that the housing boom in metropolitan Boston has not reached every corner of the Commonwealth. Some regions and some older industrial cities in Massachusetts have never fully recovered from the last recession. MHP recognizes these distinct housing needs and has invested tens of millions of dollars in communities beyond I-495.

*We are grateful for our strong state leadership on affordable housing from the Governor and from the Legislature. The challenges are greater than ever, but so are the opportunities to change the system and achieve better and more lasting results. On behalf of Governor Swift, Housing and Community Development Director Jane Gumble, and the board and staff of MHP, we look forward to continuing this important work with you.*

**Vincent P. McCarthy**  
Chairman

**Clark L. Ziegler**  
Executive Director



**The community murals presented**

**throughout this report were**

**photographed in Cambridge,**

**Dorchester, Hyde Park, Jamaica**

**Plain, Roxbury and West Roxbury.**

**Most are the work of the Boston**

**Youth Fund's Mural Crew, a**

**city-sponsored public art**

**program for young Boston**

**artists. The Mural Crew has**

**created over 60 murals and other**

**public art projects throughout**

**Boston's neighborhoods. The**

**mural on this page entitled,**

**"Potluck," was photographed in**

**Cambridge and was created by**

**local artist David Fichter.**

