

2002

annual report

massachusetts housing partnership



BRINGING DOLLARS AND SENSE TO AFFORDABLE HOUSING



page 2

community assistance

MHP helps communities, developers find common ground



page 4

production

using lines of credit from banks to create affordable housing



page 6

preservation

dedicated to preserving the supply of affordable housing



page 8

innovation

a history of finding funding solutions



page 10

homeownership

a leader in helping low-income families buy their first home



page 12

staff

page 13

board of directors

page 14

mhp by the numbers

page 16

user's guide





Doug Foy, Chief of Commonwealth Development

Mitt Romney, Governor
Commonwealth of Massachusetts

Jane Wallis Gumble, Director
Department of Housing and Community Development

AS REQUIRED BY SECTION 35 OF CHAPTER 405 OF THE ACTS OF 1985, THE 2002 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

JOHN H. ROGERS, CHAIR
House Ways and Means Committee

ERIC KRISS, SECRETARY
Executive Office for Administration and Finance

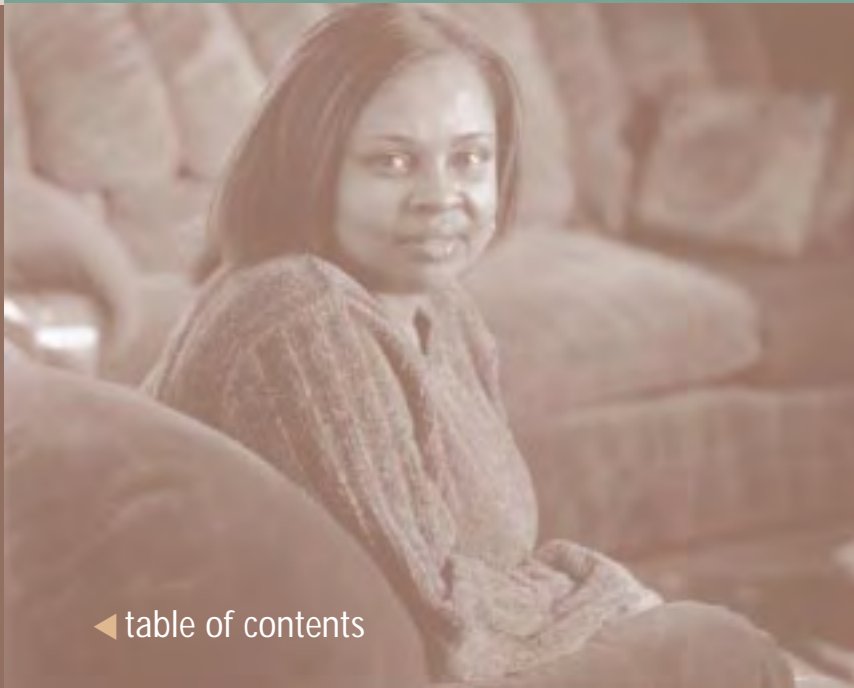
new housing team for massachusetts

In its mission to promote community leadership and to emphasize private—not just public— investment in our neighborhoods, MHP works in concert with the Governor and the state's leading housing agency, the Department of Housing and Community Development.

Governor Mitt Romney has established four state housing priorities: double housing starts, implement smart growth principles, make Chapter 40B more effective and enact public housing reform.

To lead this effort, Governor Romney has appointed Doug Foy to the new position of Chief of Commonwealth Development. He will coordinate the efforts of three cabinet-level departments—housing, transportation and environmental affairs.

Romney has reappointed Jane Wallis Gumble as Director of the Department of Housing and Community Development. She will take the lead on housing and continue to serve as an ex officio member of the MHP Board of Directors.



◀ [table of contents](#)

MHP 2002 Highlights

Created in 1985 as a joint effort of the public and private sectors, MHP's mission is to help create and preserve affordable housing. In 2002, MHP achieved the following milestones:

- MHP's loan fund grew to nearly a half-billion dollars in below-market financing and another \$59 million in grants.
- Using these bank funds, MHP has now financed over 23,000 rental units, most of which are affordable to low-income individuals and families.
- MHP's Soft Second Loan Program has leveraged nearly \$1 billion in private mortgage financing and helped over 6,500 families purchase their first home. It is the leading mortgage lender to low-income and minority borrowers in Boston.
- Through community assistance, technical assistance or financing, MHP has now supported local housing initiatives in 315 of the state's 351 cities and towns.
- MHP's three-year effort to provide expert consultants to advise cities and towns on comprehensive permits (Ch. 40B) has resulted in local permitting of nearly 2,000 new housing units
- This past year, MHP launched a new financing program that makes lower-rate tax-exempt bond financing available to smaller developments, particularly those developed by non-profits.
- MHP teamed with the Department of Housing and Community Development to start a pilot program designed to help suburban communities build new rental housing on a smaller scale.

massachusetts housing partnership **bringing dollars and sense to affordable housing**

massachusetts housing partnership • 2002 annual report



VINCENT P. McCARTHY, *Chair*
Massachusetts Housing Partnership Board

CLARK L. ZIEGLER, *Executive Director*
Massachusetts Housing Partnership

It will take leadership, bold thinking, and significant new resources to address this housing crisis. Simply doing more of the same is not an answer.

OUR state now has one of the lowest rates of housing production in the United States and our housing costs are among the highest. There is a widening gap between what people earn and what it costs to rent an apartment or buy a home in Massachusetts. And we have lost far too many young people from our work force over the last decade as they pursue careers in other states where housing is more affordable.

It will take leadership, bold thinking, a willingness to change old attitudes and significant new resources to address this housing crisis. Simply doing more of the same is not good enough.

MHP accepts that challenge. Throughout its history, MHP has been a reliable resource of advice, support, financing and technical assistance for the development of affordable housing. These efforts have produced over 23,000 housing units and reached 315 of the state's 351 cities and towns.

Equally important, MHP has been a laboratory for new ideas. We have championed financing innovations that expedite the development and preservation of affordable

housing while substantially reducing costs. We have teamed with the banking industry to offer a mortgage product for first-time homebuyers that serves more low-income and minority borrowers more successfully than anyone else in Massachusetts. And we have advanced local leadership and innovation to help city and town officials create more affordable housing while shaping development to address unique local needs and concerns.

2003 brings many exciting opportunities with the creation of Governor Romney's "commonwealth development" team and with the integration of the state's housing transportation and environmental agencies to promote smart growth. We look forward to being part of this effort, and in the meantime, want to express our appreciation to former Governor Swift, to the legislative leadership and to the many others across the Commonwealth who support MHP and its work.

Vincent P. McCarthy
Clark L. Ziegler

community assistance

MHP helps communities, developers find common ground



helping communities

MHP community assistance highlights:

- 111 technical assistance grants to towns to help with 40B negotiations.
- 40B assistance has led to local permitting of 1,929 new housing units.
- In 2002, early MHP advice and funding resulted in the completion of housing development in Chesterfield, Haverhill, Newton and Watertown.
- Launched program to foster small-scale housing development. Westford, Truro and Bedford picked for the program.

a bridge to affordable housing solutions

when local officials worried about growth meet developers wanting to build affordable housing, MHP tries to help both parties reach common ground.

In 1999, Boxborough was trying to figure out how to boost its dwindling supply of affordable housing while responding to a developer's request for a comprehensive permit to build 48 homes, 12 of them affordable.

Enter MHP, which paid for a consultant who not only helped Boxborough take initial steps toward

devising a housing plan, but also helped it negotiate with the developer over the 40B proposal known as Boxborough Meadows. Today, Boxborough has devised a program to buy and convert existing condominiums into affordable units. Meanwhile, the 40B development pictured above is nearly complete, with affordable homes going for \$116,000.

All over the state, MHP has provided advice and early financial assistance to local officials, neighbor-



Jerry and Dayna McCarthy, shown here with Nicholas (4), Peyton (2) and Jillian (eight months), might've had to move out of state had they not been picked in a lottery held to select homebuyers for the 12 affordable homes built under Chapter 40B.

hood leaders and developers so that housing proposals can become a reality. Its advice in Boxborough was the forerunner of its 40B technical assistance program, which in the last three years has provided 111 grants to cities and towns to help them work in good faith with developers proposing to use Ch. 40B, which can exempt affordable housing from local regulations. This has resulted in the issuance of local permits for the construction of 1,929 new housing units.

One of those units went to lifelong Massachusetts residents Jerome and Dayna McCarthy, who moved into Boxborough Meadows this past fall. "My husband's family has been in Boxborough for three generations, but because of the prices, we thought we were going to have to move out of state," said Dayna McCarthy. "We're exactly the type of family that benefits from housing like this."



Boxborough Selectman Les Fox credits early technical assistance from MHP with helping the town deal constructively with 40B. "Things went well because we were advised to keep the dialogue going with the developer and (the process) felt more like a conversation. Boxborough Meadows is a good example of a balanced project design achieved through cooperation and constructive interaction between the developer and the town."

production

using lines of credit from banks to create affordable housing



creating housing

Some of the new developments MHP helped finance in 2002 with its lines of credit from the banking industry:

- Boston: Howard Dacia, 26 units
- Boston: Talbot Bernard, 44 units
- Boston: Viet-AID, 6 units
- Brockton: Walkover Commons, 80 units
- Franklin: Franklin Commons, 96 units
- Hadley: Windfield Family Apts., 80 units
- Sandwich: Osprey Lane, 36 units

30 new apartments punctuate MHP efforts in Haverhill

when Vincent Geddes used to make trips across Haverhill to St. James Church, he sometimes noticed prostitutes across the street after Mass. Now, he and his wife June live nearby in a new condo and don't mind the neighborhood at all.

It's a transformation the Lawrence Eagle-Tribune hailed as a testimony to the "power of investment and committed local groups to turn around urban decay." In turn, people involved have credited MHP for aiding their pursuit of neighborhood revitalization.

MHP's community assistance staff provided a range of early help, from commissioning a housing needs study for the city to helping it set up an affordable housing partnership, which provided needed local support. MHP also provided advice and technical assistance funding to Rev. Gregory Thomas and the newly formed Victory Development, which built the four-unit condo building where the Geddes now live.



At left, work is nearly complete on 30 new affordable apartments at 140 White St. Above, Vincent and June Geddes became first-time homebuyers when they bought a new condo at 92 White St. for \$54,000. What they're saving in rent goes toward health insurance.

“When we started out, we had no money, less expertise but a willing heart,” said Rev. Thomas. “(MHP) was always willing to share, criticize and give us support. They were accessible for questions as simple as ‘Are we doing the right thing.’”

By the time developer William Caselden started looking at the ‘Acre’, he saw momentum and a trail already blazed. “If we were presented with what we usu-

ally see—people telling us to go away—we might not have stuck with it,” he said “Instead the city and community response was ‘show us something that makes sense.’”

Now, Caselden is building 30 new affordable apartments thanks in part to long-term financing from MHP. It’s the latest in a revitalization effort the Eagle-Tribune said is “helping beautify the neighborhood and provide some long-needed affordable housing for the city.”



Great Bridge Properties Co-Owner William P. Caselden has received a commitment for \$1.4 million in long-term financing from MHP, which is the only public agency in the U.S. to use lines of credit from banks to provide long-term loans for affordable housing and neighborhood development. “There’s a void in the housing market where it’s hard to find financing for relatively small real estate deals, say 20 to 30 units and under \$2 million,” says Caselden. “MHP has the funds and a mission to do these types of deals. If it weren’t for MHP, we’d be out there banging our heads for financing.”

preservation

dedicated to preserving the supply of affordable housing



preserving neighborhoods

Recent examples of affordable housing preservation achieved with MHP rental financing programs:

- Boston: Dixwell Park, 33 units
- Boston: Harvard Hill, 37 units
- Brighton: Hano Homes, 15 units
- Cambridge: Cast Apartments, 42 units
- Charlestown: Mishawum, 337 units
- Chesterfield: Chesterfield Hotel, 7 units
- Westfield: Edgewood, 84 units

focused on properties that save neighborhoods

a few years ago, *Worcester Magazine* identified the crumbling old mansion at 98 Austin St. as one of the 10 worst properties in the city because of code violations and frequent appearances in the police blotter.

The publicity sparked neighborhood groups and the city to target it and the building next door for revitalization. But this moral imperative ran headlong into the reality that it's hard to finance the preservation of older, smaller properties.

MHP's mission is to fill that niche. Created by an act of the legislature, MHP uses lines of credit from the banking industry to provide long-term financing for affordable housing. MHP focuses these funds on smaller properties through programs like Perm PLUS and the Small Scale Rental Production Program.

The result: more than half of the rental projects financed directly by MHP are smaller than 24



The preservation of 98 Austin St. enabled Tonya Johnson to move from a two-bedroom apartment to a three-bedroom apartment with her daughters Tanine, Tyriana and Dennisja.

units and these efforts have sparked neighborhood revitalization from Boston to Springfield, from Lawrence to New Bedford.

“It’s a bias (of lenders) to look at production of scale,” said Mike Whalen of Worcester Common Ground, the non-profit that is redeveloping Austin St. “This is where MHP steps up to the plate. Financing smaller properties creates the type of housing people want. It’s housing on a human scale, housing that’s part of the fabric of the neighborhood.”

Located high on a hill, 98 Austin St. once again stands proud. The Greek revival home has been

redeveloped into five affordable rental apartments and the building next door is being renovated into four more apartments. All rents are geared for lower-income people, such as Tonya Johnson, a mother of three who moved into a three-bedroom apartment and was able to save approximately \$120 a month in rent. “Now I can buy the things I need today,” says Johnson. “Now I have money so the kids can play basketball and attend after school programs.”



Worcester Common Ground Executive Director Mike Whelan and his non-profit organization are redeveloping other properties in the neighborhood. In addition to the two properties on Austin St., WCG is redeveloping a nearby vacant property at 133 Chandler St. into five affordable apartments. MHP is providing a \$110,000 first mortgage and a \$760,601 second mortgage at zero percent interest for Austin St., and a \$215,000 first mortgage and a \$200,000 second mortgage at Chandler St.

innovation

a history of finding funding solutions



finding a way

Over the years, MHP has been an innovator in affordable housing:

- Was the first organization in the U.S. to use lines of credit from the state's banks for affordable housing.
- Launched the Perm PLUS Program, which combines MHP first-mortgage financing with a 0 percent interest deferred payment loan.
- Teamed with the Massachusetts Housing Investment Corp. to create OneSource, which combines construction and permanent financing in a single closing with a single set of loan documents.

a new program to help small borrowers

near the end of a community meeting two years ago, MHP asked housing advocates if there was anything else it could do. The question caused Mark Winkeller of Braintree-based Caritas Inc. to stir in his seat. As CEO of the leading non-profit provider of single-person housing in the Boston area, he was constantly on the lookout for better financing.

"I told them they should come up with something that would allow smaller non-profits to get tax-exempt bond financing," he recalls.

MHP took Winkeller's suggestion to MassDevelopment and Fleet's Community Investment Group and together they came up with a financing program called the Massachusetts Tax-exempt Credit for Housing (MATCH).

Translation: Smaller borrowers can get financing at lower rates, allowing them to keep rents low so that folks like Mary Franklin of Everett can afford a place to live.

Normally, tax-exempt financing is done for large borrowers. But in this program, MassDevelopment issues



Besides the affordable rent, the best thing about Mary Franklin's Everett apartment is that it's just a few miles away from where her grandchildren live.

the bonds and then lends the money to MHP, which in turn lends to non-profits like Caritas. Funding banks like Fleet and the Federal Home Loan Bank back the bonds with letters of credit, which result in low long-term interest rates. The program is geared toward loans between \$3 and \$5 million.

In the summer of 2002, Caritas was the first to take advantage of MATCH, refinancing 13 of its 18 properties and 260 of its 425 rooms, including the 29 rooms in

its three-story Everett property pictured on the preceding page. Caritas was able to lower its 20-year interest rate from 8.74 percent to 6.20 percent, a bottom line not lost on Everett's Mary Franklin.

"The rental market is scary," said Franklin, who pays \$380 a month. "I like it here and it's the only place I can afford."



Caritas Inc. CEO Mark Winkeller is the largest operator of single-person rooming houses in the Boston area. Residents typically pay \$105 per week for a room, with shared kitchen and bath. The typical resident is a low-wage service sector worker making \$14,000 per year, Winkeller says. MATCH financing allowed him to keep costs down. "(MHP) has done a phenomenal job concentrating on the smaller borrower who doesn't get attention from the bigger institutions."

homeownership

a leader in helping low-income families buy their first home



homeownership leader

The Soft Second Loan Program is administered by MHP, partner banks, communities and homebuyer service agencies. Highlights include:

- Makes more loans to low-income and minority borrowers in Boston than any other first-time homebuyer's program.
- Is an industry leader in maintaining low delinquency and foreclosure rates.
- Supports pre- and post-purchase services, including pro bono legal services.
- Is offered in over 250 communities by more than 40 banks.

helping people feel like they belong *there's*

no shortage of headlines about the Soft Second Loan Program. It's helped over 6,500 families buy their first home. It maximizes private bank money with a minimum of public dollars. The average income of the families it serves is \$34,000.

Yet its full measure can be found in the words of Gretchen Chalmus-Johnson, a single mother of four and Boston school custodian who bought a \$135,000 condo with a Soft Second mortgage.

"When you're a single parent, there's always fear. You ride around looking at houses you can't afford, you begin to feel unworthy and say to yourself 'who's going to help me?' But once I got over the fear and started looking, doors started opening up for me."

One door led to a homebuyer's workshop sponsored by the City of Boston. Another led to first-time homebuyer classes at the Massachusetts Affordable Housing Alliance. The next door led to a mortgage through



Owning a home is just one of Gretchen Chalmus-Johnson's proud achievements. A senior custodian at Roxbury's Early Learning Center, she received the city's Shattuck Award in recognition of her many community activities.

Boston Private Bank and Trust. The last door opened up to a two-bedroom condo in Roslindale, with a mortgage payment of \$760 per month.

Chalmus-Johnson's story is no different than the thousands of others who've bought their first home with a Soft Second loan, from the administrative assistant who was able to buy a condo and stay in Watertown with her young son, to the 34-year-old information system specialist in Framingham who was able to buy a house in his hometown, Hopedale.

"This helped me out a lot," said Chalmus-Johnson. "I'm paying less and I own it. Now I can use my money to fix this place up. When you rent, you really can't do anything."



Boston Private Bank & Trust Vice President Martha Garcia helped Chalmus-Johnson get her mortgage and has made nearly 100 Soft Second loans. The program works by combining a conventional first mortgage from a bank with a subsidized second mortgage. "When you own your own home, it adds more value to your life," says Garcia. "You want to be able to leave something for your children, you want to have roots and be a part of the community. That's what homeownership does and the Soft Second program is one of the best mortgage programs out there."

mhp staff

bringing dollars and sense to affordable housing



executive legal

The executive/legal group oversees all aspects of MHP. Ziegler and Jacobson each represent more than 20 years of affordable housing experience in Massachusetts.

Clark L. Ziegler *Executive Director*
Judith S. Jacobson *Deputy Director/General Counsel*
Cam K Welch *Loan Closing Coordinator*
Ruston F. Lodi *Director of Public Affairs*
Pat Josselyn *Administrative Assistant*

administration finance

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

Steve Dansby *Chief Financial Officer*
David Oteri *Controller*
Scott MacIntyre *Information Systems Coordinator*
Mary Ann McGinnis *Office Manager*
Carole Spear *Finance Administrative Assistant*
Ivette Ortiz *Secretary/Receptionist*

lending

MHP is the only bank-financed state loan fund of its kind in the country and has secured nearly a half-billion dollars in financing from the banking industry. MHP uses these funds to provide long-term financing for affordable housing at below-market rates.

Mark Curtiss *Director of Lending*
David Rockwell *Deputy Director of Lending*
Wendy Hanna Cohen *Senior Loan Officer*
Dianne Glennon *Senior Loan Officer*
Klara Grape *Loan Officer*
Tom Beard *Loan Officer*
Megan Magrane *Assistant Loan Officer*
Roopa Karpe *Lending Assistant*

communitysupport

In addition to lending money, MHP helps cities and towns work out issues with developers by fostering local leadership and by helping to break down barriers to housing development through advice, advocacy and technical support.

Rita Farrell *Intensive Community Support Director*

Alice Wong *Senior Project Manager, Intensive Community Support*

Ann Houston *Director of Community Assistance*

Connie Kruger *Program Manager*

Tatiana Xenelis *Program Assistant*

homeownership

This group manages the Soft Second Loan Program, which has enabled more than 6,500 low and moderate-income families purchase their first home.

Heather Hennessey Whelehan *Soft Second Program Manager*

Bruce Dillenbeck *Homebuyer Services Coordinator*

Deborah Clarke *Loan Processing Coordinator*

Allister Greenidge *Soft Second Program Assistant*

Camilla Kemp *Clerical Assistant*

portfoliomanagement

This staff manages MHP's overall portfolio. Since 1990, MHP has financed nearly 10,000 units of rental housing and has \$321 million in loans and pending commitments.

Arthur Allen *Director of Portfolio Management*

Linda Hill *Portfolio Manager*

Geoff MacAdie *Portfolio Manager*

Eric Bonney *Portfolio Manager*

Cynthia Mohammed *Portfolio Manager*

Semih Pilosof *Assistant Portfolio Manager*

Constance Huff *Portfolio Analyst/Operations Coordinator*

Nicole Verno *Loan Administrator/Portfolio Analyst*

mhp board of directors



Chairman
VINCENT P. McCARTHY
Senior Partner
Hale & Dorr LLP



Vice Chairman
STANLEY J. LUKOWSKI
Chairman & CEO
Eastern Bank



Secretary/Treasurer
RICHARD C. LAWTON
President
Webster Five Cents Savings Bank



VINCENT C. MANZI, JR.
Partner
Manzi & McCann, Lawrence, MA



CARLO DeSANTIS
Associate Director
Executive Office for Administration & Finance
(designee for Secretary Eric Kriss)



KATE RACER
Associate Director
Department of Housing & Community Development
(designee for Director Jane Wallis Gumble)



LAWRENCE D. BEANE
President
Greenfield Co-Operative Bank

mhp by the numbers

the state's community bank for housing

private funds for public good

In these economic times, the Massachusetts Housing Partnership is more important than ever.

- In 12 years, MHP has secured nearly a half-billion dollar line of credit from the banking industry. MHP's ability to provide long-term loans at below-market rates will be key in Governor Mitt Romney and his administration's efforts to increase the supply of affordable housing.
- MHP's mission is to create and preserve the character of the state's housing supply—the small properties of 20 units or less, which comprise nearly 80 percent of our housing stock but attract little attention from most lenders. In this pursuit, it has made \$321 million in loans and commitments, and has financed nearly 10,000 rental-housing units. More than half of these developments are smaller than 24 units.
- MHP was founded on the premise that housing solutions depend in part on private investment. That was the basis of the 1990 Interstate Banking Act, which required that companies acquiring Massachusetts' banks make funds available to

MHP, making it the only publicly-managed bank loan fund of its kind in the country.

- The Interstate Banking 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. The legislative leaders, housing activists and bankers who envisioned this were right. In 1990, there were 338 banks in Massachusetts. Today there are 229. MHP was created to fill this gap, in essence to be the state's community bank for housing.
- In the summer of 2002, MHP loaned out the last of the \$63.7 million committed by Fleet 10 years ago, after it bought Bank of New England. This was the first significant loan to MHP. Fleet's loan, picked up by Sovereign in 1999 as part of its entry into Massachusetts, created or preserved 2,957 units of affordable housing, beginning a lending precedent that is just as vital today.

mhp fund 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
Banknorth	32,177,618
The Bank of Western Massachusetts	4,362,549
Citizens Bank of Massachusetts	31,758,308
Danvers Savings Bank	247,402
First Federal Savings Bank of America	2,088,882
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	148,683,641
Wainwright Bank and Trust Company	8,848,836
TOTAL LOANS	\$ 451,724,983

loan agreements

grants

Andover Bank (now Banknorth)	13,454
BankBoston (now Fleet)	10,000,000
Citizens Bank of Massachusetts	2,595,451
Fleet Boston Corporation	12,000,000
TOTAL GRANTS	\$ 24,608,905

MHP has worked with its banking partners to capitalize on the flexibility inherent in its bank financing. In 1997, MHP teamed with BankBoston to create Perm PLUS, which cuts the per-unit cost of development in half. Last year, in another innovative partnership, Fleet's Community Investment Group agreed to issue the necessary letters of credit so that tax-exempt bond financing could be made available to smaller non-profits.



Chad Gifford
Chairman & CEO
FleetBoston Financial

“ At a time of increasing challenge to expand the supply of affordable housing in Massachusetts, MHP continues to play a fundamental role in providing consistent partnership and innovation to those in need of quality housing in our communities. ”

Chad Gifford



statement of position

	as of June 30th, 2002	as of June 30th, 2001
Cash and Investments	\$ 60,348,625	\$ 51,289,388
Program receivables, net of reserves	4,098,340	5,411,163
Loans, net of reserves	137,065,087	120,109,875
Prepaid expenses, equipment and other assets	6,138,888	6,153,534
Total Assets	\$ 207,650,940	\$ 182,963,960
Accounts payable and accrued expenses	1,969,405	2,071,216
Notes payable, project loans	137,907,908	120,150,549
Deferred income	27,365,825	35,004,654
Soft Second Loan Program—loss reserves	9,094,271	8,834,181
Total Liabilities	176,337,409	166,060,600
Fund Balances—Restricted/Board Designated	28,123,850	13,557,491
Fund Balances—Unrestricted	3,189,681	3,345,869
Total Fund Balances	31,313,531	16,903,360
TOTAL LIABILITIES AND FUND BALANCES	\$ 207,650,940	\$ 182,963,960

13

statement of operations

Income from direct lending	\$ 2,392,719	\$ 1,978,238
Provisions for loan losses	(841,911)	(333,885)
Program funding and support	23,737,449	6,216,672
Earnings on bank deposits and investments	1,148,949	2,007,300
Other income	187,841	104,743
Total Revenues and Support	26,625,047	9,973,068
Salaries and Benefits	2,979,199	2,723,406
Community outreach, training and publications	115,693	71,006
Occupancy and equipment	350,255	295,696
Professional fees and services	67,800	254,775
Mortgage subsidies and reserves	7,820,510	5,555,421
Other program costs	881,419	914,341
Total Program and Operating Costs	12,214,876	9,814,645
Total Operating Income	\$ 14,410,171	\$ 158,423

The statements and operations are summarized from audited financial statements, which are available upon request.

mhp user's guide

mhp has an array of resources designed to foster affordable housing efforts from start to finish

community assistance

MHP's community assistance staff supports private developers, nonprofit organizations and municipalities in the initial stages of affordable housing development. Among the services offered are:

Technical Assistance Fund: The fund engages third-party professionals such as architects, engineers and development consultants to help communities and developers through the early stages. (For an example of how early MHP help sparked development, turn to Page 4).

40B Technical Assistance Grants: MHP combines staff assistance with third-party consultant services to help cities and towns review applications for comprehensive permits (For an example, turn to Page 2).

Intensive Community Support: MHP provides sustained in-depth assistance to city and town officials to facilitate the development of affordable housing. In 2002, this staff collaborated with the Department of Housing and Community Development to launch a pilot program designed to build small-scale affordable housing in Truro, Bedford and Westford.

Local Housing Partnership Program: MHP is doubling its efforts to help communities form partnership groups, which is the first step in galvanizing local support. (For an example of how a partnership helped spark development, turn to Page 4).

► For more information, call MHP at 1-877-MHP-FUND or visit the MHP web site at www.mhp.net.

rental financing

MHP provides long-term financing at below market rates thanks to a 1990 state law that requires banks to provide long-term lines of credit to MHP. Since 1990, MHP has secured nearly a half-billion dollars in credit and has financed over 23,000 units of rental housing.

Permanent Rental Financing Program: This provides long-term fixed-rate financing for rental properties of five or more units developed by for-profit and non-profit borrowers with terms of up to 20 years and amortization up to 30 years. Loans range from \$250,000 to \$9 million, or as low as \$100,000 if part of a community redevelopment effort. (For an example of this financing program, turn to Page 4).

Perm PLUS: This combines MHP's favorable fixed-rate first mortgage financing with an additional deferred payment loan of up to \$60,000 per affordable unit for for-profit developers and \$75,000 per affordable unit for non-profit developers (maximum of \$750,000 per project).

Small Scale Rental Production Program: This combines MHP's long-term, fixed-rate first mortgage financing with a deferred payment loan of up to \$90,000 per affordable unit for the new construction of affordable rental units.

MATCH PROGRAM: Short for Massachusetts Tax-exempt Credit for Housing, this program offers eligible borrowers tax-exempt bond financing of up to \$10 million at attractively low interest rates. (For an example of this financing, turn to Page 8).

homeownership

MHP also helps families who are looking for housing with the Soft Second Loan Program, an affordable homeownership mortgage program for first-time homebuyers. Buying a home with a Soft Second loan can save a borrower up to \$30,000 over the life of the loan. For an example, turn to Page 9.

Benefits include:

Widespread public, private support: The program is offered in over 250 communities through more than 40 banks. It uses an average of \$5,000 in public funds per borrower to leverage \$127,000 in private financing.

Proven track record: Since 1991, Soft Second has helped over 6,500 families buy their first home, with a low delinquency rate of 2.8 percent and a foreclosure rate of .03 percent.

Helps those who need it most: Soft Second makes more loans to low-income and minority borrowers than any other loan product of its kind in greater Boston.

Low interest rates: Rates range from ½ to as much as 2¼ percent below market rate.

Low down payments: From 5 percent to as little as 3 percent of the purchase price.

No points: "Points" are fees banks ask buyers to pay when they buy. One point equals 1 percent of the loan. Banks do not charge points for Soft Second loans. Not paying points will save buyers \$3000–\$7000.

Reduced closing costs: Closing cost assistance is available in many communities.

No mortgage insurance fees: MHP has set up an insurance fund for these loans that will save buyers \$35 to \$70 per month.

Homebuyer support: Pre and post-purchase educational courses are designed to help homebuyers purchase their home and keep up with payments. Pro bono legal assistance also available.

You ride around looking at houses you can't afford, you begin to feel unworthy and say to yourself 'who's going to help me?' But once I got over the fear and started looking, doors started opening up for me.
-Gretchen Chalmus-Johnson



Boston school custodian. Bought \$135K condo with Soft Second loan (For story, see Page 10.)

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