



Massachusetts Housing Partnership | 2011 Annual Report

Laying the foundation

Affordable housing investments are building a stronger Massachusetts



Contents

- 2 **Hopkinton** *Hometown affordability*
- 4 **New Bedford** *City's barometer rising*
- 6 **Roxbury** *Roxbury inspiration*
- 8 **Tax credit financing** *From shovel ready to reality*
- 10 **Springfield** *Urban renaissance*
- 12 **Lowell** *Homeownership success*
- 14 MHP staff directory
- 16 MHP financials



Governor Deval Patrick speaks at The Regency grand opening in New Bedford. For details on this development, turn to Page 4.

As required by Section 35 of Chapter 405 of the Acts of 1985, the 2011 Annual Report of the Massachusetts Housing Partnership Fund is respectfully submitted to:

Deval L. Patrick, Governor
Commonwealth of Massachusetts

Stephen M. Brewer, Chairman
Senate Ways and Means Committee

Brian S. Dempsey, Chairman
House Ways and Means Committee

Jay Gonzalez, Secretary
Executive Office for Administration and Finance



From the Chairman and Executive Director

Housing is a key to our economic recovery

MHP's 2011 annual report focuses on housing as a foundation for future prosperity in Massachusetts.

As this report goes to press, economic recovery remains a top priority. Our foreclosure crisis is less severe than in most other states and our unemployment rate is well below the national average. Even so, it will take years to rebuild our economy. The damage caused by the crisis is uneven and foreclosures have disproportionately harmed just a few urban neighborhoods and are concentrated in just a few regions of the Commonwealth. Even with renewed efforts to keep families in their homes we are likely to see tens of thousands of additional foreclosures in Massachusetts.

MHP's role in our housing recovery includes working to get distressed rental properties into more responsible hands, promoting home mortgage products that keep neighborhoods stable, and jump-starting housing construction projects that were stalled by the breakdown in financial markets. Those efforts are described in detail throughout this report.

As we work through the crisis, we should never lose sight of our underlying housing problem in Massachusetts: a cascade of state and local policies that prevent the private sector from building the housing we need to support a healthy, growing economy. Our state has extraordinary economic strengths—including cutting edge industries and the best educated workforce in the country—yet other states are nipping at our heels and becoming increasingly competitive. Businesses will only grow in Massachusetts if their employees have a range of good choices about where to live.

In a healthy economy, housing supply keeps up with demand and the availability of housing is not an impediment to job growth—there are enough vacant homes and apartments so that individuals and families can easily locate housing near where they work. By that measure, Massachusetts still has one of the least-accessible housing markets in the U.S. Recent data ranks Massachusetts 45th out of the 50 states on rental vacancy and a dismal 47th on home ownership.

The right changes in state policy would allow the housing we need to be built in the right places, better protect our open space and environment, and create a stronger fiscal partnership between the state and its municipalities. We encourage you to learn more at www.massgrowth.net.

MHP will keep doing its part to minimize the harm caused by foreclosures and to help achieve the strongest possible economic recovery for the Commonwealth. Looking further ahead, we will continue working with the Governor, Legislature, business and civic leaders toward new approaches to housing growth that support a healthy local economy and encourage employers to add jobs in Massachusetts.



Christopher Oddleifson, Chairman
Clark L. Ziegler, Executive Director

How MHP Works

MHP is a self-supporting public non-profit organization that works with state government and with business, civic and community leaders to increase the supply of affordable housing across the Commonwealth.

MHP uses funds from the banking industry to provide long-term loans for affordable rental housing. Since 1990, MHP has provided over \$745 million in loans and commitments for the financing of over 17,742 units of rental housing.

MHP also helps communities build affordable housing and offers the SoftSecond Loan Program, which has helped 15,643 lower-income families buy their first home and leveraged over \$2.5 billion in private bank mortgage financing.



The importance of local leadership

Helping Hopkinton develop Mayhew Court is just one example of how MHP's Community Housing Initiatives team works. Through workshops, publications, technical assistance and funding, MHP supports nonprofits, housing authorities and municipalities in the development of affordable housing. In 2011, MHP's four-person CHI team reached 98 communities through these activities.

MHP knows that success hinges on local leadership. In 2011, at its fifth annual Housing Institute, MHP for the first time recognized three local leaders with "Housing Hero" awards. Northampton Mayor Clare Higgins was recognized for creating a climate where housing advocates are heard and supported. Chatham Housing Authority Director Val Foster (left) earned hers for promoting affordable homeownership and rental opportunities. Wayland's Charles Raskin won in the community volunteer category for overseeing millions of dollars of public housing improvements while on the Wayland Housing Authority board.

"Given that every community in Massachusetts has its own local zoning, affordable housing development depends on local leadership," said MHP Executive Director Clark Ziegler. "These three honorees are why their communities have been so successful."

Supporting local efforts

Suburban

MHP supports affordable housing in the suburbs, with special emphasis on smaller projects and on developments in high-cost communities. Here are some recent loans and commitments:

New Production

Beverly: Holcroft Park Homes Phase I, North Shore Community Development Coalition, 29 units, \$850,000 first mortgage, \$300,000 Home Funders second mortgage.*

Bourne: Clay Pond Cove at Canal Bluffs, Preservation of Affordable Housing, 45 units, \$745,000 first mortgage.

Hometown affordability

Hopkinton reaches out to those in need

At the groundbreaking for Mayhew Court, Hopkinton Board of Selectmen Chairman R.J. Dourney described two Hopkintons. He talked about the town's natural beauty and its good schools. He also talked about families that can't afford to live there anymore. He said town leaders have an obligation to encourage the community to help those less fortunate.

By the spring of 2012, Hopkinton will have taken a significant step forward when Mayhew Court is up and running. Developed by the Hopkinton Housing Authority, Mayhew Court will provide 12 two- and three-bedroom affordable rental homes for families. The development is right next to the housing authority's 96 rental homes and is a half mile from the town center.

The town supported Mayhew Court by granting a Chapter 40B comprehensive zoning permit to allow for multi-family housing on the site. In addition, Hopkinton voters OK'd the use of \$450,000 in Community Preservation Act funds.

All over Massachusetts, communities need affordable housing and part of MHP's mission is to help communities move developments forward. Hopkinton is the latest example of this work as MHP helped the housing authority formulate its plan and provided a \$1.3 million first mortgage commitment. MHP also is providing a \$750,000 zero-percent interest second mortgage from its Neighborhood Rental Initiative (NRI), a program that helps communities like Hopkinton, which need affordable housing and have people like R.J. Dourney and the Hopkinton Housing Authority leading the way.





In addition to providing 12 affordable rental homes, Mayhew Court provided jobs for 70 construction workers.

Laying the foundation

Chelmsford: The Lynn Marcella Residences, Choice Inc., 5 units, \$410,000 first mortgage, \$375,000 NRI second mortgage.**

Falmouth: Schoolhouse Green, Falmouth Housing Corp., 39 units, \$950,000 first mortgage.

Harwich: Thankful Chase Pathway, Community Development Partnership, 12 units, \$730,000 first mortgage, \$400,000 second mortgage.

Hopkinton: Mayhew Court, Hopkinton Housing Authority, 12 units, \$1.3 million first mortgage, \$750,000 NRI second mortgage.**

North Andover: Stevens Corner, Neighborhood of Affordable Housing, Inc., 42 units, \$1.4 million first mortgage.

Plymouth: Cherry Hill II, Plymouth Bay Housing Corp., 35 units, \$2.1 million first mortgage.

Provincetown: Province Landing, The Community Builders, Inc., \$1.5 million first mortgage.

Salem: St. Joseph's Redevelopment, Planning Office for Urban Affairs, 51 units, \$2.4 million first mortgage.

Sudbury: Sudbury Scattered Sites, Sudbury Housing Authority, 11 units, \$960,000 first mortgage, \$835,000 NRI second mortgage.**

Preservation

Newton: Peirce School Elderly Housing, Meredith Management, 34 units, \$1.8 million first mortgage.

Wareham: Depot Crossing, The Community Builders, Inc., 32 units, \$1.2 first mortgage.

** With significant long-term foundation support, Home Funders financing through MHP helps developers make more units available to lower-income families.*

***The Neighborhood Rental Initiative (NRI) provides low-interest second-mortgage subsidy to support affordable housing for families in high-opportunity communities characterized by proximity to jobs, good schools and high housing costs.*

Those at the groundbreaking included MHP's Rita Farrell and Judy Jacobson, DHCD's Lizbeth Heyer, Rufus Phillips of The Life Initiative, Hopkinton Housing Authority Executive Director Linda Donahue, Housing Authority Board Chair Renee Gilson, state Rep. Carolyn Dykema and Selectman R.J. Dourney.



**Mayhew Court
Hopkinton**



At the groundbreaking for Mayhew Court, Hopkinton's R.J. Dourney said it's important for towns like Hopkinton to figure out ways to provide for those who are less fortunate.





Fixing neighborhood has domino effect

In addition to financing The Regency, MHP is helping New Bedford improve neighborhoods hard-hit by foreclosure.

With an MHP grant and support from the state attorney general's office, the city has streamlined its property

inspection system and hired a local nonprofit—The Resources Inc. (TRI)—to coordinate rehabilitation efforts. As a result, the city can quickly build cases and petition the housing court to assign temporary receivers to fix problem properties. MHP is supporting similar efforts in Brockton, Springfield and Worcester.

In New Bedford, 30 small multifamily properties have been stabilized in two years. According to TRI's Mike Galasso (above), often times just going to court has spurred landlords to fix properties. In other cases, TRI has made repairs, utilizing federal stimulus funds and a loan fund backed by MHP.

In one case, TRI fixed a vacant four-story building, rented all six apartments and sold the building to a nonprofit that will operate a laundry out of the first floor. "We've tried to focus on one area," said Galasso. "When you do that, people start fixing up their own properties."

Gateway & Small Cities

Gateway and smaller cities have always been a vital part of the Commonwealth's economy. The following is a recent list of loans and commitments MHP has made in these cities:

New Production

Chelsea: Atlas Lofts, Mitchell Properties LLP, 53 units, \$5 million first mortgage.

Chelsea: Spencer Row, Chelsea Neighborhood Developers, 32 units, \$1.2 first mortgage.



City's barometer rising

New Bedford's most visible building gets new start

When Robert McPherson returned to New Bedford in 2001 to take care of his father, he and his wife Dell wanted something modern. Retired after 24 years in the Navy, he and Dell had grown used to living in newer apartments in big port cities like Newport News. In contrast, they found the housing in New Bedford old and small. Eventually, they settled on an apartment at The Regency.

Ten years later, the McPhersons are still living at The Regency and they are loving it more than ever now that Boston-based Trinity Financial has completed its \$32 million revitalization of the 15-story building into 129 mixed-income apartments.

What do they love about their three-bedroom, two-bath, \$1,400 a month apartment? They love the sweeping, ninth-floor views of the city and harbor. They love that it is steps from Robert's job as the city's gang intervention coordinator and that their daughter Brittney can walk to classes at Bristol Community College.

Five years ago, the word "love" and Regency did not go together. The 20-year-old building had fallen into disrepair and most of the apartments were unoccupied. The City of New Bedford wanted it redeveloped into mostly market-rate housing so as to attract new families and keep families like the McPhersons. Trinity Financial has delivered on that wish, thanks in part to an innovative MHP financing program that supports mixed-income housing and downtown revitalization.

"Before the rehab, we were ashamed to have family visit us," says Dell. "Now, we feel good about calling this place home."



Regency Tower created 217 fulltime jobs over a 13-week period and employed a total of 345 people.

Laying the foundation

Haverhill: Hayes Building, Planning Office for Urban Affairs, 57 units, \$1.9 million first mortgage.

Lawrence: Malden Mills Phase I, Winn Development Corp., 75 units, \$1.4 million first mortgage.

Lowell: Unity Place, Coalition for a Better Acre, 23 units, \$450,000 first mortgage, \$300,000 Home Funders second mortgage.*

Quincy: 6 Fort Street, Asian Community Development Corp., 34 units, \$940,000 first mortgage, \$350,000 Home Funders second mortgage.*

Quincy: Winter Gardens, Neighborhood Housing Services of the South Shore, 24 units, \$997,000 first mortgage.

Somerville: Capen Court Senior Housing, Somerville Housing Authority, 95 units, \$7.5 million first mortgage.

Somerville: St. Polycarp Village Phase I, Somerville Community Corp., 24 units, \$2.3 million first mortgage.

Somerville: St. Polycarp Village Phase II, Somerville Community Corp., 29 units, \$1.6 million first mortgage.

Worcester: 1-7 Piedmont, Worcester Common Ground, 12 units, \$383,000 first mortgage, \$750,000 second mortgage.

Preservation

New Bedford: The Regency, Trinity Financial, 129 units, \$6.9 million first mortgage.

Lowell: Broadway Restructure, Common Ground, Inc., 26 units, \$1.8 million first mortgage, \$650,000 second mortgage.

**With significant long-term foundation support, Home Funders financing through MHP helps developers make more units available to lower-income families.*



**The Regency
New Bedford**

Robert and Dell McPherson love the view from their apartment while daughter Brittney appreciates that it's near downtown and a short walk to school.



Home run in the Fenway

In addition to supporting new development, MHP uses its bank funds to preserve existing affordable housing. One recent example is located not much more than a long David Ortiz home run away from Fenway Park.

West Fenway Apartments was developed in 1990 by the Fenway Community Development Corp. It features 48 affordable rental homes for the elderly and disabled and was the first federally-funded building of its kind to set aside homes for people with HIV/AIDS. In 2010, the Fenway CDC knew it had to take steps to preserve West Fenway. To achieve that goal, it secured \$7 million in tax-exempt bond financing through MHP, in collaboration with MassDevelopment and BNY Mellon. This enabled the nonprofit to pay off its federal loan, cut its interest rate almost in half and make upgrades to its elevator, energy systems and all of its apartments.

"As the Fenway becomes more popular, we are committed to keeping our properties affordable so that long-term residents aren't displaced," said Lisa Soli, the CDC's housing director. "This loan helped us ensure that West Fenway will be affordable for years to come."



MHP in Boston

Boston & Cambridge

MHP has used its bank-funded loan pool in these cities to provide over \$226 million in first-mortgage loans and commitments and over \$11 million in second mortgage loans. These loans have supported 133 housing developments and 5,482 rental homes. Here are some recent examples:

New Production

Cambridge: Putnam Green, Homeowner's Rehab, Inc., 40 units, \$2.8 million first mortgage.

Dorchester: Bloomfield Gardens, Viet-Aid, Inc., 27 units, \$647,000 first mortgage, \$350,000 Home Funders second mortgage.*

Roxbury inspiration

Cornelius Hood sees better future for his family

While studying hard is what most teenagers do to get into college, Cornelius Hood took a different route. Hood went to high school for a year and spent much of his youth dealing heroin to support his habit. This got him admitted to MCI-Norfolk, where he got his education. "I learned everything at Norfolk College," he laughs. "The lifers told me I didn't belong in prison and my job was to get out and give back."

Now 43, Hood has been out of prison for eight years and sober for nine. He attends narcotics anonymous meetings and spends every day trying to set an example in the community and be strong at home for his wife Melika and daughters Kyla and Terry. "People figure if I've changed, they can too," he says.

He has stayed strong even though life on the outside has not been easy. In a perfect storm of economic calamity, his wife was laid off and their apartment was found to have lead paint, a discovery that began an odyssey of four homes in 18 months before they found a three-bedroom rental home at Thomas I. Atkins Apartments.

Now things are looking up. His daughters are settled in school, his wife has a job and Cornelius Hood is envisioning a better future. "We are focused on saving money for our kids," says Hood. "Some day, I would like to see us in our own home and me working in real estate, helping other families get homes too."





360 people were involved in the construction of Thomas I. Atkins Apartments.

Laying the foundation

Dorchester: Levedo Building, Codman Square Neighborhood Development Corp., 24 units, \$630,000 first mortgage.

Dorchester: AB&W Housing Co-operatives, Codman Square Development Corp., 24 units, \$600,000 first mortgage.

Mattapan: Olmsted Green Phase III, New Boston Development Partners LLC, 50 units, \$1.3 million first mortgage, \$500,000 Home Funders second mortgage.*

Roxbury: Thomas I. Atkins Apartments, Nuestra Comunidad Development Corp., 48 units, \$2.1 million first mortgage.

Preservation

Cambridge: Cambridge Court Elderly, Silver Street Development Corp., 122 units, \$10.3 million first mortgage.

Cambridge: Lancaster Street Apartments, Cambridge Affordable Housing Corp., 65 units, \$4 million first mortgage.

Dorchester: Uphams West, Dorchester Bay Economic Development Corp., 13 units, \$1.2 million first mortgage.

Fenway: West Fenway Elderly Housing, Fenway Community Development Corp., 48 units, \$7 million direct bond purchase.

Fenway: Burbank Street Apartments, Fenway Community Development Corp., 36 units, \$800,000 first mortgage.

Jamaica Plain: JP Scattered Sites Co-op, Jamaica Plain Neighborhood Development Corp., 18 units, \$900,000 first mortgage.

** With significant long-term foundation support, Home Funders financing through MHP helps developers make more units available to lower-income families.*

Since finding a home at Atkins Apartments, life has settled down for Cornelius and Melika Hood, and their daughters Kyla (left) and Terry.



**Thomas I. Atkins
Apartments
Roxbury**

Creating jobs, housing during tough times



Governor Patrick at Southgate Place, Worcester

Photograph: Matt Bennett/Governor's Office

One of the early casualties of the economic crisis was the federal low income housing tax credit program. Overnight, the private sector's appetite for tax credits disappeared.

The American Recovery and Reinvestment Act of 2009 addressed this problem by providing federal funds to offset the lack of demand for tax credits.

In Massachusetts, the Patrick Administration and state Department of Housing and Community Development got to work, awarding \$170 million in federal stimulus funds to jump-start 31 stalled developments. These investments created or preserved approximately 2,000 housing units and supported approximately 3,000 jobs.

MHP played a key role in many of these developments. To learn more, turn this page.



From shovel ready to reality

MHP's



The Village at 815 Main Street, Wareham



Powder House Village, Ipswich



Thomas I. Atkins Apartments, Roxbury



Torrey Woods, Weymouth

Jobs & Housing During Tough Times

MHP provided over \$17 million in financing for 13 tax-credit rental developments stalled by the economic crisis. These developments resulted in over 1,900 jobs and the creation or preservation of 552 affordable rental homes. At right are more details about the developments MHP helped move forward:

Massachusetts was able to create jobs and build more affordable housing during the peak of the economic crisis due to the extraordinary efforts of the Patrick Administration's Department of Housing and Community Development (DHCD).

Getting federal stimulus funds to offset the loss of tax-credit investors meant that DHCD had to set up and run a new funding program virtually overnight. A year later, DHCD staff had used federal stimulus funds to move 31 "shovel ready" developments forward into construction.

debt financing helped 13 stalled developments move forward



JP Apartments, Jamaica Plain



270 Centre, Jamaica Plain



Cutler Heights Apartments, Holliston



Union Crossing, Lawrence

New production

Beverly: **Cabot Street Homes**, North Shore Community Development Coalition and YMCA of the North Shore, 43 units, \$570,000 first mortgage.

Roxbury: **Thomas I. Atkins Apartments**, Nuestra Comunidad Development Corp., 48 units, \$2.1 million first mortgage.

Jamaica Plain: **Doña Betsaida Gutiérrez Cooperative**, Jamaica Plain Neighborhood Development Corp., 36 units, \$1.9 million first mortgage.

Jamaica Plain: **270 Centre**, Jamaica Plain Neighborhood Development Corp., 30 units, \$584,310 first mortgage

Gloucester: **LePage Apartments**, Caleb Foundation, 34 units, \$740,000 first mortgage.

Holliston: **Cutler Heights Apartments**, JNJuhl & Associates, 30 units, \$1.1 million first mortgage.

Ipswich: **Powder House Village**, YMCA of the North Shore, 48 units, \$1.4 million first mortgage.

MHP played a key role in this effort. As the leading provider of debt financing for developments with state-awarded tax credits, MHP worked out new financing scenarios for 13 of these developments, far more than any other lender. These developments resulted in over 1,900 jobs and the creation or preservation of 552 affordable rental homes. Here's a look at the developments MHP helped move forward.



Freedom Village, West Boylston



Southgate Place, Worcester



LePage Apartments, Gloucester



Doña Betsaida Gutiérrez Cooperative, Jamaica Plain



Cabot Street Homes, Beverly

Lawrence: Union Crossing, Lawrence Community Works, 60 units, \$1.5 million first mortgage, \$600,000 Home Funders second mortgage.*

Wareham: The Village at 815 Main Street, JK Scanlan Company, Inc., 49 units, \$2.1 million first mortgage.

West Boylston: Freedom Village, South Middlesex Non-Profit Housing Corp., Inc., 26 units, \$955,000 first mortgage.

Weymouth: Torrey Woods, Preservation of Affordable Housing and South Suburban Affordable Housing, Inc., 20 units, \$690,000 first mortgage, \$250,000 Home Funders second mortgage.*

Worcester: Southgate Place, South Worcester Neighborhood Improvement Corp., 25 units, \$500,000 first mortgage.

Preservation

Jamaica Plain: JP Apartments, Urban Edge Housing Corp. and Winn Development LLC, 103 units, \$2.7 million first mortgage.

**With significant long-term foundation support, Home Funders financing through MHP helps developers make more units available to lower-income families.*

Shifting gears to help with tornado recovery

On her drive home from work last June, Springfield Housing Director Gerry McCafferty saw black clouds and thought it was a thunderstorm. When she got home, she turned on the radio and learned that a tornado had torn through her city. She knew the damage was bad but wasn't prepared for what she saw the next morning. "It was shocking," she said. "I wondered how the city would get through this."

Despair soon yielded to resolve as the community came together to rebuild. For McCafferty, that meant assessing how much housing had been destroyed and she used the city's receivership program to get a handle on the damage.

Already in place to help the city address foreclosed properties, the receivership staff—supported with MHP grant funding—helped residents, tracked down owners, identified abandoned properties and built a data base to track progress. All told, over 800 properties were damaged. "Our receivership program has taught us to be disciplined in how we stabilize properties," said McCafferty. "It helped us get a jump on rebuilding the neighborhoods."



Western Massachusetts

Recent loans and commitments include:

New Production

North Adams: Clark Biscuit Apartments, Arch Street Development, LLC, 42 units, \$745,000 first mortgage.

Pittsfield: New Amsterdam Urban Center, Pearson Properties LLC, 67 units, \$2.2 million first mortgage.

Pittsfield: Rice Silk Mill, Rees-Larkin Development LLC, 45 units, \$800,000 first mortgage.

Springfield: Campus of Hope II, YWCA of Greater Springfield, 28 units, \$320,000 first mortgage, \$300,000 Home Funders second mortgage.*

Urban renaissance

Working class Springfield neighborhood reborn

To keep pace with the industrial boom at the turn of the 20th century, the large home of candy manufacturer George Kibbe was torn down and his estate was developed into a neighborhood of tree-lined streets and handsome brick apartment buildings filled with teachers, policemen, secretaries, and factory workers. By the 1960s, the economy had slowed and the neighborhood—known as the Upper Worthington Historic District—was in decline. By 2000, crime and abandonment were rampant and some city officials felt the only solution was to tear it all down.

Enter Gordon Pulsifer. Having already revitalized over 200 apartments in the city's Lower Maple Historic District, Pulsifer proposed to rebuild the neighborhood. Starting with Worthington Commons and continuing with CityView Commons, Pulsifer used federal tax credits, state and city funds and long-term loans from MHP to acquire and revitalize 29 buildings and 445 affordable rental homes. Also added were new sidewalks, streetlights, laundry facilities, playgrounds, parking, and a community center.

There is no shortage of witnesses to this renaissance. City housing director Gerry McCafferty said the neighborhood is more desirable and safe. The U.S. Department of Housing and Urban Development recognized Pulsifer and the state with its coveted "Door Knocker Award". Working mother Yashira Maisonett said she was skeptical at first because previous landlords made promises but did nothing. She appreciates the fresh paint, new appliances and having an affordable home to raise her daughter. Another resident, Yasmine Hale, said the improvements—especially the security system—makes her more comfortable. "I talk more, I'm more active," she said. "Now, I look forward to coming home."



Preservation

Springfield: Cumberland Homes Apartments, Beacon Communities, 76 units, \$1.8 million first mortgage.

Springfield: City View Commons I, First Resource Management Company, 152 units, \$1.8 million first mortgage.

Springfield: City View Commons II, First Resource Management Company, 144 units, \$1.4 million first mortgage.

Springfield: Worthington Commons, First Resource Management Company, 149 units, \$1.5 million first mortgage.

Ware: Quabbin Sunrise Cooperative, ROC USA, 65 units, \$1.4 million first mortgage.

NSLF**

Springfield: 66 Palmer Street & 11-15 Belmont Place, Garden Park Management Company, 5 units, \$150,000 first mortgage.

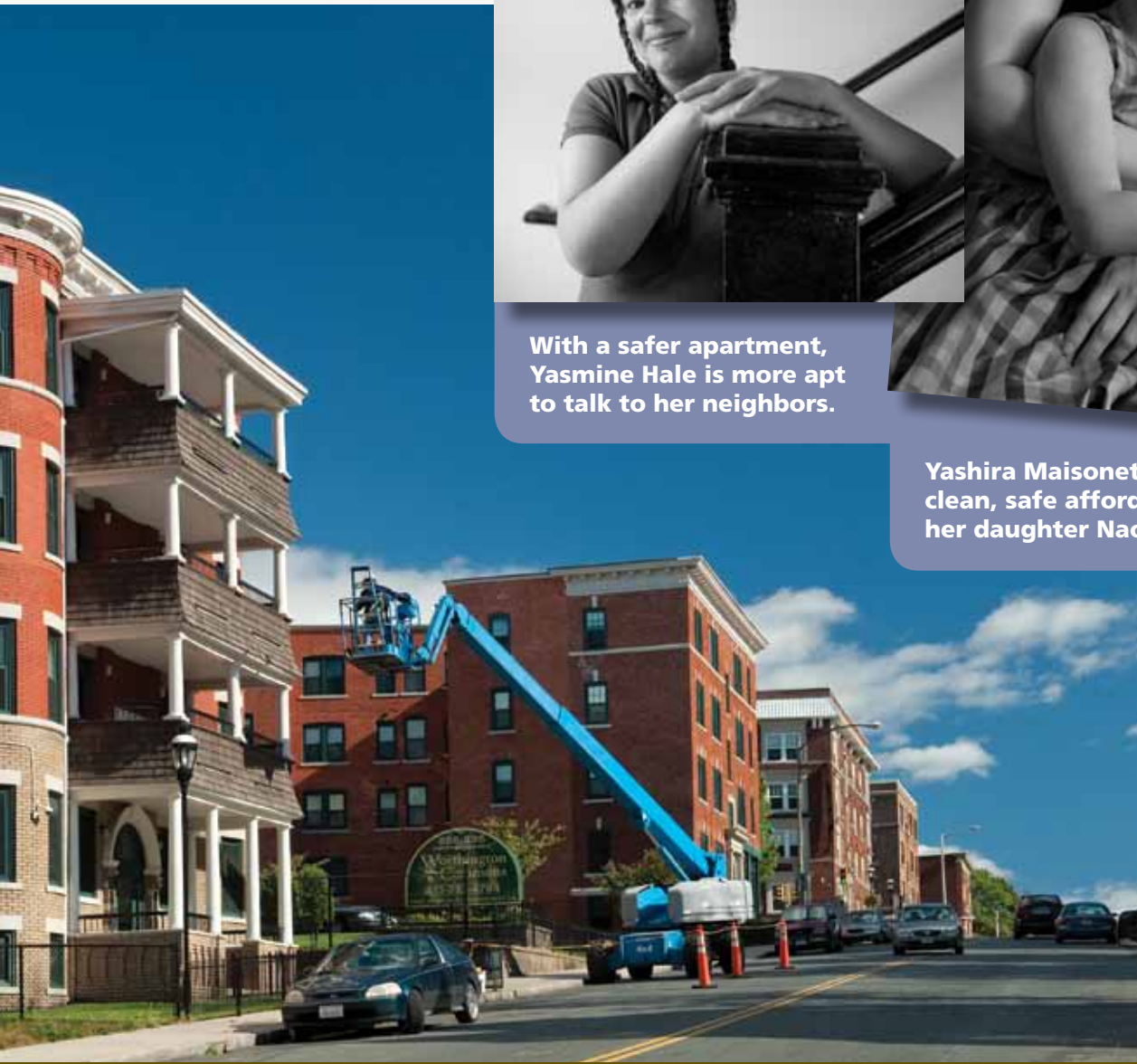
** With significant long-term foundation support, Home Funders financing through MHP helps developers make more units available to lower-income families.*

***MHP has teamed with private lenders and nonprofit foundations to create a \$22 million fund to support the acquisition and long-term stabilization of foreclosed properties.*



With a safer apartment, Yasmine Hale is more apt to talk to her neighbors.

Yashira Maisonett is happy to have a clean, safe affordable home to raise her daughter Naomy.



Worthington Commons & City View Commons Springfield



Counseling is the key

Besides fixed-rate bank financing and a small state subsidy that keeps mortgage payments low, another reason for SoftSecond's success is its pre- and post-purchase counseling requirement. In 2011, MHP began expanding these activities in response to the foreclosure crisis. Post-purchase counseling was expanded to more locations and more individual counseling was offered to borrowers. In addition, homebuyer counseling

organizations will soon offer individual pre-purchase counseling to buyers of two- and three-family properties.

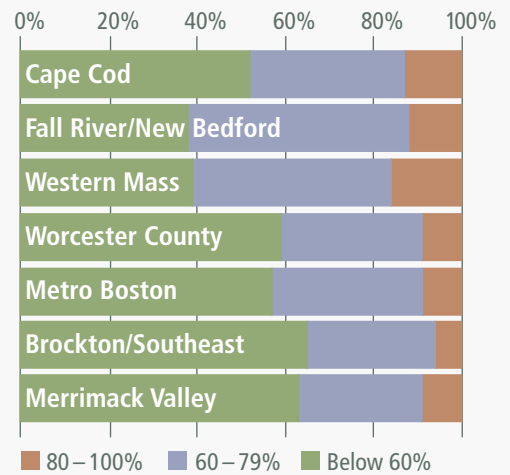
Michelle Crockett (left) embodies these efforts. In her fourth year as a foreclosure prevention specialist at the Massachusetts Affordable Housing Alliance, she is part of a statewide team of counselors that oversee a portfolio of 9,500 homeowners. She has helped hundreds of families threatened by foreclosure.

"You have to have compassion," she explained. "Sometimes the solution is as simple as calling your lender but for a lot of people, it's not that simple. Foreclosures may be a minute part of what's going on in their lives. You listen, try to relieve their pressure and get them into a situation where they can see light at the end of the tunnel."

Reaching the working class

FY11 SoftSecond lending

Income of borrowers by region as a percentage of area median income



Homeownership success

Lowell family illustrates SoftSecond's effectiveness

For MHP's SoftSecond Loan Program, success isn't just measured by loan volume. It's measured in terms of who is being helped, where the loans are made and how homebuyers are being supported. In 2011, the real estate slump caused SoftSecond's loan total to drop under a thousand for the first time in five years but the program continued its outstanding record of helping lower-income and middle class families buy their first home.

The average household income of a SoftSecond homebuyer in 2011 was \$50,000. Almost 50 percent of its loans went to minority households (68 percent in Boston). The program expanded its pre- and post-purchase counseling services and its delinquency and foreclosure rates remained consistently at or below that of prime loans. SoftSecond also continued to help cities promote owner-occupancy as 45 percent of its loans were made in urban areas hardest hit by foreclosures.

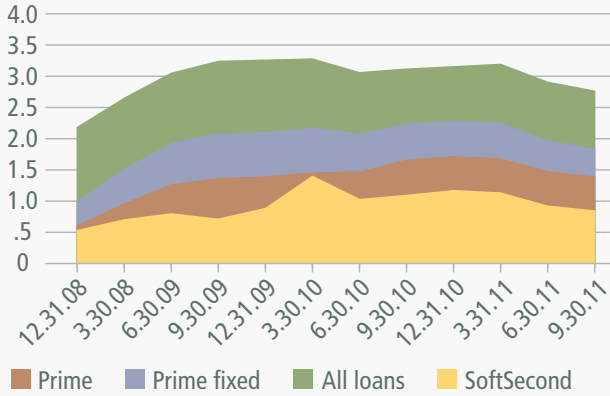
Lowell's Christine Colon is a good example of someone who has been helped by SoftSecond. A single mother who makes around \$50,000 as an inside sales representative for a division of Hewlett Packard, she got a SoftSecond loan through Bank of America and bought a single-family home in the neighborhood where her father grew up. Her mortgage payment is just a little more than what she was previously paying for rent. Even better, she and her 11-year-old son Kyle feel right at home. "Between the low interest rate and not having to pay for mortgage insurance, this was a good loan," said Colon. "The neighborhood is wonderful. Everybody knows everybody and Kyle has lots of children his age to play with."



Foreclosure rate comparison

SoftSecond vs. other loans

SoftSecond foreclosure rates consistently low



10 facts about the SoftSecond Program

1. Over 15,600 loans to first-time homebuyers
2. Loans in 290 cities and towns
3. Over \$2.5 billion in private mortgage financing
4. Over 30 banks actively participate in the program
5. Statewide, nearly half of all loans to minority homebuyers
6. In Boston, two-thirds of all loans to minority homebuyers
7. Nearly half the loans originated in 10 cities hardest hit by foreclosure
8. Foreclosure rates trend at half the rate of prime loans
9. Serves many families with children. Average household size is 2.35
10. Average household income is approximately \$50,000



Christine and Kyle's home
Lowell



Christine and Kyle Colon are happy to be living in the neighborhood where her father grew up.

MHP staff directory

To contact an MHP staff member by phone, dial 617-330-9944 and the appropriate phone extension.

Executive|Legal *The executive/legal group oversees all aspects of MHP.*



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



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Community Housing Initiatives The Community Housing Initiatives (CHI) team supports communities, local housing authorities, and non-profit organizations in their efforts to create affordable housing for low- and moderate-income families.



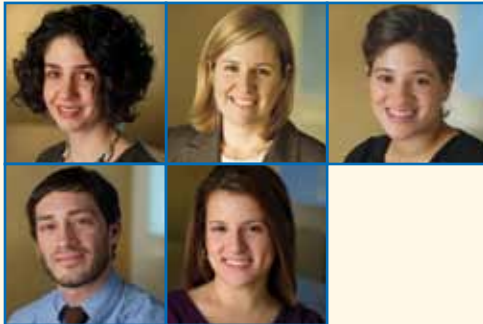
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Homeownership Program This group manages the SoftSecond Loan Program, which has helped 15,643 low- and moderate-income families purchase their first home.



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Stephanie Hiciano, *Homeowner Services Coordinator*
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Elliot Schmiedl, *SoftSecond Program Associate*
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Viviana Scrugli, *SoftSecond Program Associate*
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Administration & Finance This group combines to help run the day-to-day operations and track MHP's overall financial performance.



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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.



CHAIR, Christopher Oddleifson, *President & CEO, Rockland Trust Company*

VICE CHAIR, Vincent C. Manzi Jr., *Partner, Manzi & McCann, Lawrence, MA*

SECRETARY/TREASURER, John R. Heerwagen, *Chairman, President & CEO, Middlesex Savings Bank*

MEMBER, Aaron Gornstein, *Undersecretary of the Executive Office of Housing and Economic Development*

MEMBER, Rebecca Deusser, *Deputy Secretary for Policy and Planning, Executive Office for Administration and Finance (Designee for Secretary Jay Gonzalez)*

MEMBER, Nicolas P. Retsinas, *Senior Lecturer at Harvard Business School and Director Emeritus of the Harvard Joint Center for Housing Studies*

MEMBER, John P. Clancy, Jr., *CEO, Enterprise Bank*

MHP numbers

How MHP Is Funded

MHP was founded on the premise that housing solutions depend largely on private investment. This foundation was strengthened in 1990 when the state legislature enacted the Interstate Banking Act, which requires that companies that purchase Massachusetts' banks make funds available to MHP for affordable housing.

This act addressed fears that bank industry consolidation might mean less community investment, and it gave larger consolidated banks a way to continue to channel money deep into the community.

As a result, MHP's loan pool has grown to over \$1.1 billion, meaning it will continue to play a role in helping the state maintain and grow its supply of affordable housing. Since 1990, MHP has been a critical part of the state's effort to provide decent affordable housing, having provided over \$745 million in loans and commitments for the financing of 17,742 units of rental housing. Most of these units are affordable and most serve lower- and moderate-income residents.

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 America (Fleet Bank)	\$ 549,919,888
Bank of Ireland	2,149,221
BNY/Mellon	163,065,654
Berkshire Bank	6,253,201
Cape Cod Five Cents Savings Bank	2,350,000
Cathay Bank	336,393
Citizens Bank of Massachusetts	32,937,599
Eastern Bank (Wainwright Bank & Trust Company)	9,139,063
Flagship Bank & Trust Company	10,626,950
Great-West Life & Annuity Insurance Co.	3,809,655
Hoosac Bank	895,000
People's United Bank (Bank of Western MA)	12,490,898
Rockland Trust Company	1,964,419
Slade's Ferry Trust Company	223,113
Sovereign Bank	172,306,577
Toronto-Dominion (Banknorth)	154,918,389
United Commercial Bank	1,144,089
Webster Bank	23,244,408
TOTAL LOANS	\$ 1,147,774,517

Grants

Andover Bank	\$ 13,454
BankBoston	10,000,000
Bank of America	18,000,000
Citizens Bank of Massachusetts	2,595,451
Fleet Boston Corporation	12,000,000
Lehman Brothers Bank, FSB	1,050,000
NewAlliance Bank	625,293
State Street Bank & Trust Company	13,343,742
TOTAL GRANTS	\$ 57,627,940

	As of June 30, 2011	As of June 30, 2010
Statement of Net Assets		
Cash and Investments—unrestricted	\$ 8,235,423	\$ 9,114,473
Cash and Investments—board designated	6,971,959	5,980,827
Cash and Investments—restricted	47,546,462	47,578,204
Grant, program and interest receivable	8,040,667	4,629,605
Project Loans, net of reserves	348,150,025	325,109,036
Other Assets	338,535	336,736
TOTAL ASSETS	419,283,071	392,748,880
Accounts payable and accrued expenses	976,433	1,062,780
Accrued interest on project loans	1,172,133	980,635
Notes payable, project loans	339,623,926	310,507,733
Deferred revenue and other liabilities	21,230,470	25,828,122
Reserves for SoftSecond loan losses	14,054,273	14,946,974
TOTAL LIABILITIES	377,057,235	353,326,244
TOTAL NET ASSETS	\$ 42,225,836	\$ 39,422,636

Statement of Revenue, Expenses & Changes in Net Assets

Income from direct lending, net of provision for loan losses	\$ 5,733,815	\$ 5,162,251
Governmental support	8,673,216	6,913,162
Interest on bank deposits and investments	351,673	344,286
Other income	716,531	1,115,713
TOTAL REVENUES AND SUPPORT	15,475,235	13,575,412
Salaries and fringe benefits	4,500,017	4,212,799
Professional fees and contracted services	175,174	499,524
Homebuyer support	340,465	747,250
Mortgage subsidies, reserves and grants	6,462,170	8,713,615
Occupancy and equipment	550,610	487,052
Other program and operating costs	643,599	598,035
TOTAL PROGRAM AND OPERATING COSTS	12,672,035	15,258,275
CHANGE IN NET ASSETS	\$ 2,803,200	\$ (1,682,863)

MHP's audited financial statements are available on request.



**Massachusetts Housing
Partnership**

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Inside front cover photo of Governor Deval Patrick by Matt Bennett, Governor's Office; Page 3: Photos of Hopkinton selectman R.J. Dourney and groundbreaking by Kathleen Culler; Page 8: Photo of Governor Deval Patrick by Matt Bennett, Governor's Office.