Message from the Chair and Chief Executive Officer

MassHousing is an independent, self-sustaining public financial institution working to address the housing needs of low- and moderate-income households and communities across Massachusetts. In the past five years alone, MassHousing has lent $6.2 billion, helped 8,063 people buy their first home, and financed the creation or preservation of 15,531 homes. Since our creation in 1966, the Agency has provided more than $32 billion in financing to support homeownership and rental housing opportunities across the Commonwealth.

The majority of our work involves lending to homebuyers and to developers and owners of rental housing. MassHousing also has a longstanding role administering programs on behalf of the Commonwealth, including oversight of Chapter 40B developments, management of the Affordable Housing Trust Fund and, more recently, grant programs designed to address targeted housing and community needs.

We recently undertook a review of The Gateway Housing Rehabilitation Program. While this program meaningfully addressed the need to assure that existing housing stock offers a high-quality opportunity for access to affordable homes, it represented a relatively small part of MassHousing's overall work.

Nonetheless, every program we administer carries the same responsibility to protect public resources, operate with integrity and meet high standards of oversight.

Why We Undertook These Reviews

Recent questions involving the Gateway Housing Rehabilitation Program, or GHRP, raised issues that required careful review. Our focus was to understand any issues involving oversight of the program, selection of grant recipients, invoicing and quality/completeness of work conducted under the program. The review particularly considered whether existing policies were followed and identified improvements that could strengthen our work.

Given the seriousness of the questions raised, we engaged independent outside experts at Mintz and Huron Consulting to examine two distinct areas:

- Mintz reviewed conflict-of-interest, disclosure and related ethics issues, including whether MassHousing's policies were followed and whether any relationship affected grant decisions.
- Huron reviewed the administration and financial controls of GHRP, including governance, awards, disbursements and supporting documentation for the nine funded projects it examined.

These reviews focused on specific questions related to GHRP. Our intention is apply the lessons from them more broadly wherever they can strengthen MassHousing's policies, practices and oversight.

We will also conduct a review of other programs as part of this commitment.

Mintz Review Findings

Mintz concluded that a former MassHousing employee violated Agency policy by failing to make a timely disclosure of a relationship with individuals whose entities later received GHRP funding. The review also found that the former employee actively misled internal team members about that relationship.

Importantly, Mintz found no evidence that the former employee interfered with or improperly influenced the GHRP application review or funding recommendations involving the developers in question.

Timely conflict disclosures are essential because they allow the Agency to evaluate relationships, put appropriate safeguards in place, and protect the integrity of its decisions.

Huron Review Findings

Huron identified broader weaknesses in the administration and oversight of GHRP, including vendor, invoice and documentation verification, as well as inconsistent inspection and monitoring practices.

These findings point to an organizational responsibility to ensure that employees administering these programs have the resources, training, processes, and oversight necessary to meet the standards expected across MassHousing.

Work Already Underway

MassHousing had begun making changes to the administration of these programs prior to the external review. Some of those changes were already in process during the later stages of GHRP in 2024.

Actions already underway or implemented include:

- Restructuring program oversight through the creation of a dedicated Community Investment Initiatives group
- Adding personnel and operational support resources
- Implementing multiple levels of independent review and approval before requisitions are paid
- Developing a Grant Management Portal to standardize application intake and document collection and reduce reliance on manual processes

- Expanding inspection and monitoring activities
- Increasing staff training related to construction-program oversight
- Providing in-person conflict-of-interest disclosure training

This work reflects a broader principle: programs of every size and type across MassHousing should display strong standards of integrity, documentation and financial oversight.

Many of MassHousing's larger lending and financing activities already operate with more extensive controls, including controls consistent with several of the steps outlined above. Our goal is to bring appropriate levels of structure, consistency and oversight across the full range of programs we administer.

What We Are Doing as a Result of the Reviews

The Mintz and Huron reviews provide additional direction for this work.

We will use their findings to further strengthen our approach to ethics training, conflict-of-interest disclosure, accountability, grant administration and oversight.

Priority areas include:

- Conflict disclosure and review: Extending procedures for identifying, disclosing and evaluating conflicts and related-party relationships involving employees, applicants, awardees, contractors and vendors
- Financial controls: Establishing consistent requirements for invoice review, vendor verification, eligible costs, supporting documentation, proof of payment and cost reasonableness before funds are disbursed
- Program monitoring: Standardizing inspection, project-monitoring, cost-certification and closeout requirements
- Training: Strengthening ethics, conflict-of-interest and related program training
- Accountability: Strengthening appropriate disclosure and oversight, including disclosure to the Board

How We Measure Ourselves

The integrity of an organization is not measured by an expectation that nothing will ever go wrong. It is demonstrated by how that organization responds when problems are identified, whether it is willing to examine them honestly, learn from them and make meaningful improvements.

That is what we are doing.

While we are focused on addressing these and any other issues as they are identified, they are only one part of the Agency's larger record. Every day, people across MassHousing are doing outstanding, high-quality work, protecting the resources entrusted to us and directing those resources toward our mission of creating accessible and affordable housing opportunities for Massachusetts residents.

We will learn from these findings, make the changes they require and continue to hold ourselves to the standards of integrity, transparency and stewardship that our employees, partners and the people of Massachusetts should expect from MassHousing.

Our new Accountability and Transparency webpage brings together the external reviews and information about the governance, audit and program-improvement initiatives underway across MassHousing. We will continue to use that page to provide information about our progress and the steps we are taking to hold ourselves accountable.

Thank you for taking the time to learn more about what we do, the challenges we are addressing and the work underway to strengthen an Agency whose mission is critically important to people and communities across Massachusetts.

Jeanne Pinado

Jeanne Pinado
Chair
MassHousing Board

Chrystal Kornegay

Chrystal Kornegay,
Chief Executive Officer
MassHousing