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Standard & Poor's upgrades MassHousing's Issuer Credit Rating to AA-

BOSTON -- December 11, 2015 -- Standard & Poor's has upgraded MassHousing's issuer credit rating from A+ to AA-, citing the Agency's solid financial and lending performance resulting from the skillful leadership of MassHousing's management team. The Issuer Credit Rating, or ICR is a key determinant of the Agency's financial health and capacity to raise capital and lend for affordable housing.

"I am incredibly proud of this strong endorsement of our financial management and our staff's skill at creating effective lending strategies for affordable housing," said MassHousing Board Chairman Michael J. Dirrane. "The improved rating will make our bonds a more attractive investment and will allow us to be even more effective contributors to Governor Baker's ambitious economic development and housing agenda."

In its announcement, Standard & Poor's cited a number of factors that led to the upgrade, including:

- MassHousing's very strong and stable asset base, consisting of single-family and multifamily mortgage loans, Fannie Mae mortgage-backed securities (MBS), and high-quality investments;
- A significant reduction in the level of nonperforming assets (NPAs) over the past several years;
- Strong profitability ratios relative to those of similarly rated housing finance agencies (HFAs);
- Steadily improving equity levels, resulting in very strong leverage and liquidity ratios that are in line with those of other similarly rated HFAs; and
- A strong and stable management team that has actively addressed and resolved ongoing asset quality issues.

"This is a significant upgrade, one we are very pleased with and that our staff worked hard to obtain," said Executive Director Thomas R. Gleason. "S&P has made it clear that our underlying financial condition, which was strong to begin with has improved and that our lending programs are effective and well positioned for the future."

MassHousing's Deputy Director Timothy Sullivan cited a number of factors that contributed to the upgrade. "We have low delinquency rates in our loan portfolios; we have outperformed all of S&P's metrics for the previous rating for the last six years and we have a low risk balance sheet," Sullivan said. "Our lending has continued to be very strong, even during the recent economic downturn and today we have new and innovative loan programs that have adapted to the new economic terrain."

A key factor in the upgrade was MassHousing's resolution of the challenges stemming from a portfolio of loans made in the 1980s and 1990s through the SHARP (State Housing Assistance for Rental Production) program. "Those once underperforming loans have been refinanced and are no longer exerting a negative pull on our financials," said Gleason. "We achieved our goals of preserving affordable rental housing and resolving the financial issues."

MassHousing has a portfolio of loans for 493 multifamily properties valued at \$3.1 billion, and a portfolio of 22,013 single family loans valued at \$4.1 billion. MassHousing lends in all parts of the Commonwealth and currently oversees or finances about 1 in 23 homes (ownership and rental) in Massachusetts. The Agency has had record lending in recent years, and in fiscal year 2015 provided \$1.1 billion that supported more than 9,000 households across the Commonwealth with affordable home mortgage loans or apartments.

About MassHousing

MassHousing (The Massachusetts Housing Finance Agency) is an independent, quasi-public agency created in 1966 and charged with providing financing for affordable housing in Massachusetts. The Agency raises capital by selling bonds and lends the proceeds to low- and moderate-income homebuyers and homeowners, and to developers who build or preserve affordable and/or mixed-income rental housing. MassHousing does not use taxpayer dollars to sustain its operations, although it administers some publicly funded programs on behalf of the Commonwealth. Since its inception, MassHousing has provided more than \$18.5 billion for affordable housing. For more information, visit the MassHousing website at www.masshousing.com, follow us on Twitter [@MassHousing](https://twitter.com/MassHousing), subscribe to [our blog](#) and [Like us](#) on Facebook.

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