



Massachusetts Housing Finance Agency  
One Beacon Street, Boston MA 02108  
TEL 617.854.1000 | VP 866.758.1435 | FAX 617.854.1091 | [www.masshousing.com](http://www.masshousing.com)

#### **Media Contacts**

Eric Gedstad: 617.854.1079 | [egedstad@masshousing.com](mailto:egedstad@masshousing.com)  
Tom Farmer: 617.854.1843 | [tfarmer@masshousing.com](mailto:tfarmer@masshousing.com)

## **MassHousing Receives Two National Housing Awards for Excellence from the National Council of State Housing Agencies**

*Agency recognized for innovative Purchase and Rehabilitation loan program for Massachusetts homebuyers and the execution and expansion of new loan program for the owners of multifamily housing through the Federal Financing Bank.*

BOSTON – November 3, 2016 - The [National Council of State Housing Agencies](#) (NCSHA) recently presented MassHousing with two awards for program excellence at the NCSHA's annual conference.

MassHousing was honored in the Homeownership category of Home Improvement and Rehabilitation for the Agency's [Purchase and Rehabilitation Program](#), which is the only formal mortgage program in Massachusetts that provides financing for both the acquisition and repair of neglected properties suffering from deferred maintenance. MassHousing finances up to 97% of the purchase price of a home plus the cost of rehab.

MassHousing's Purchase and Rehab mortgages are concentrated in the state's 26 Gateway Cities, which are defined as having populations between 35,000 and 250,000 residents with an average household income below the state average and an average educational attainment rate below the state average.

The Purchase and Rehabilitation Program came about in part to help Gateway Cities address abandoned or neglected properties with a loan product that allows a buyer to purchase and renovate a home at the same time with one loan closing. One of the most challenging issues facing so-called at-risk neighborhoods in Gateway Cities is the condition of the existing housing inventory. The loan program addresses the rehabilitation of distressed properties, helps stem the decline of property values and fosters owner-occupied housing in at-risk neighborhoods which helps to reduce crime and increases the inventory of quality housing.

The MassHousing loan program is unique in that the rehabilitation work is supervised by a qualified bank loan officer or rehab specialist and rehab funds are advanced on a predetermined schedule structured to have work completed within six months of the original loan closing.

MassHousing is the first lender in the country to be approved by [Fannie Mae](#) to originate its "Home Style" loan program which allows MassHousing to provide purchase and rehab loans as well as refinance rehab loans for both "move-up" buyers and homeowners. The Fannie Mae approval allows MassHousing to originate these loans without having to use the limited and scarce resource of Mortgage Revenue

## MassHousing Receives Two National Housing Awards for Excellence from the National Council of State Housing Agencies

Bond financing. The Purchase and Rehabilitation Program is self-sufficient with no special program subsidies.

Over the past six years the MassHousing Purchase and Rehabilitation Program has helped nearly 350 families purchase and repair homes in at-risk neighborhoods with \$60 million in overall financing. The program has succeeded with the support of local municipalities and community conscious non-profit organizations and MassHousing-approved lenders.

“The MassHousing Purchase and Rehabilitation Program not only helps qualified homebuyers buy homes in need of repair but it helps stabilize neighborhoods by reviving blighted and abandoned properties,” said MassHousing Executive Director Tim Sullivan. “This award from NCSHA also highlights the commitment of our municipal, non-profit and lending partners who work closely with us to provide homeownership opportunities for low- and moderate-income homebuyers who are being underserved in the traditional mortgage market.”

MassHousing was also honored in the Rental Housing Category for Preservation and Rehabilitation for the Agency’s work to implement the [Federal Financing Bank](#) (FFB) Risk-Sharing Initiative.

The FFB program resulted from a partnership established in 2015 with the FFB, an instrumentality of [U.S. Department of the Treasury](#), the [U.S. Department of Housing and Urban Development](#) (HUD), and state Housing Finance Agencies (HFAs) including MassHousing.

In the years following the economic turmoil of 2008, the Risk-Sharing program between HUD and HFAs has not been able to provide interest rates low enough to be strongly competitive with HUD’s Multifamily Accelerated Processing (MAP), Ginnie Mae and other multifamily loan programs. Until very recently, this rate imbalance has increasingly impacted the ability of MassHousing and other HFAs to continue to produce and preserve housing using this important tool.

Close to 39% of the mortgage loans in MassHousing’s multifamily rental portfolio will mature or be eligible for prepayment from 2016 to 2021. These represent 163 housing communities and approximately 23,000 affordable units at risk of being lost. The affordable multifamily housing portfolios of HFAs across the country face a similar risk.

MassHousing and others have worked for many years in support of a legislative fix to allow HFAs to use Ginnie Mae securitization on Risk-Sharing transactions that would allow HFAs to offer significantly lower rates but HFAs are currently prohibited from doing so by the federal statute under which the Risk-Sharing program was established.

A turning point came in 2014, when Secretary of the Treasury Jack Lew announced a plan to address this imbalance utilizing the Federal Financing Bank, which is able to finance loans that are fully insured by federal agencies. The plan authorized the FFB to purchase participation interests in Risk-Sharing insured loans. Since the fixed interest rate payable to the FFB for its participation interest would be based on the rate then being charged on a comparable Ginnie Mae security the resultant rate HFAs could offer their borrowers would be similarly competitive.

## MassHousing Receives Two National Housing Awards for Excellence from the National Council of State Housing Agencies

These lower interest rates are typically in the low to mid-3% range and give the owners of subsidized rental housing new incentives to refinance, make capital improvements and lock in long-term affordability for lower income residents.

MassHousing closed the second FFB transaction in the country but the first in which there were simultaneous closings on the HFA borrower loan and FFB participation. In connection with that closing, MassHousing worked with HUD and FFB to standardize program agreements and financing documentation that made future loan closings simultaneously for taxable, permanent financing and eliminated HFAs having to fund borrower loans in advance of FFB's purchase payment.

MassHousing also worked to expand the scope of the program beyond permanent, taxable loans. In February 2016, MassHousing made a first-in-the-nation expansion of the FFB program to include the use of tax-exempt Low-Income Housing Tax Credits (LIHTC). The LIHTC transaction – along with \$58 million in MassHousing financing - resulted in the long-term extension of affordability and major property improvements for low-income families living at the 230-unit Wood Ridge Homes in North Andover.

Since the start of the FFB Risk-Sharing Initiative, MassHousing has closed approximately \$240 million in financing for 12 housing communities with a total of 1,908 units. The Agency anticipates closing four additional FFB loans totaling approximately \$120 million in financing for 761 housing units by the end of 2016.

Through May 2016, five other HFAs have closed \$335 million in FFB financing for 21 housing communities and those five HFAs and two others are working to close an additional \$215 million in FFB financing for 17 more housing communities.

The FFB Risk-Sharing initiative has filled a longstanding and vital imperative to provide HFAs with the means to offer Risk-Sharing insured loans at rates that are competitive with the rates for loans originated by the Federal Housing Administration (FHA) through Ginnie Mae, MAP and other similar programs. In addition, the execution under this FFB Risk-Sharing initiative significantly reduces HUD's administrative burden and risk exposure compared to other programs.

"The FFB program, along with other newly developed loan products, has allowed us to offer financing for multifamily housing with lower interest rates in a highly competitive market without using valuable Private Activity Volume Cap or other public subsidies," said Sullivan. "This has resulted in our preserving and renovating hundreds of affordable apartments around Massachusetts for working families, individuals and senior citizens. It's an honor to be recognized on the national level and reinforces our commitment to meeting the challenges in the changing ways affordable housing is being financed."

**MassHousing Receives Two National Housing Awards for Excellence from the  
National Council of State Housing Agencies**

***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 \$20 billion for affordable housing. For more information, visit the MassHousing website at [www.masshousing.com](http://www.masshousing.com), follow us on Twitter [@MassHousing](https://twitter.com/MassHousing), subscribe to [our blog](#), [watch us](#) on YouTube and [Like us](#) on Facebook.

###