



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

Media Contacts

Eric Gedstad: 617.854.1079 | egedstad@masshousing.com
Tom Farmer: 617.854.1843 | tfarmer@masshousing.com

MassHousing Receives Rating Upgrades Based on Strong Financial Performance and Sound Management

Moody's Investors Service and Standard and Poor's Global Ratings both upgraded MassHousing's Multi-Family Bond Program while Moody's also upgraded MassHousing's Single-Family Bond Program

BOSTON – December 16, 2016 – MassHousing has received upgrades to its Single-Family and Multi-Family Housing Bond programs based on the Agency's strong financial performance, sound management, and succession planning.

Moody's Investors Service upgraded MassHousing's credit rating for Single-Family Housing Revenue Bonds to Aa1 from Aa2. In announcing the upgrade, Moody's noted that the outlook on MassHousing's Single-Family Bond Program is stable.

"The Aa1 rating assigned to the bonds reflects Moody's view of the program's superior security, driven by favorable portfolio performance and satisfactory mortgage insurance provisions, the purchase of and significant growth of mortgage-backed certificates as well as the program's sound financial position. All of these factors in combination are expected to enable this program to continue to strengthen over time," Moody's said in announcing the upgrade.

Standard and Poor's Global Ratings and Moody's both upgraded the Agency's Multi-Family Bond Program – S&P to AA from AA- and Moody's to Aa2 from Aa3, with both reporting the program's outlook as stable.

"This is great news for low and moderate-income residents of Massachusetts who either want to buy a home or refinance their existing property or who are interested in obtaining affordable rental housing," said **MassHousing Executive Director Tim Sullivan**. "We are very pleased that Moody's and S&P recognized MassHousing's strong financial performance as well as the Agency's ability to meet the many challenges of how affordable housing is currently being financed with innovative new loan products and business practices."

The rating upgrades allow MassHousing to borrow money at lower costs and subsequently offer lower interest rates on MassHousing loans.

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MassHousing has a single-family loan portfolio of more than 22,000 loans valued at approximately \$3.8 billion. MassHousing services 100% of its loan portfolio in-house and the Agency also operates its own Mortgage Insurance Fund.

In making the Single-Family upgrade, Moody's cited:

- MassHousing's "active role" in managing and servicing the portfolio that has resulted in delinquency and foreclosure rates "that are well below state and national averages."
- That "the mortgage and secondary insurance on the program's pledged portfolio will protect the bond program from any significant losses that may arise from loan delinquencies or foreclosures."
- The fact that 93% of MassHousing's loans are fixed-rate, 30-year level amortizing mortgages.
- That the portfolio is seasoned with 30% of the loans originated before 2005 further contributing to strong performance.
- The growing composition of Mortgage Backed Securities in the Agency portfolio – now at 55% - as "further mitigating against loan loss."

In upgrading MassHousing's Multi-Family Bond Program, Moody's and S&P both cited:

- The Agency's skilled program management of its multifamily loan portfolio.
- The portfolio loan delinquency rate of less than 1% on 482 apartment communities with an overall value of approximately \$4.2 billion.
- The fact that 67% of the multifamily portfolio is Risk Share Insured by the Federal Housing Administration leading to very strong security, driven by strong portfolio performance and composition.
- Strong government support in the form of Low-Income Housing Tax Credits, federal and state rental subsidies, property tax exemptions and tax-exempt bond financing.
- The Agency's strong, five-year strategic plan.

"All of these factors in combination are expected to enable this program to continue to strengthen over time," Moody's stated.

"We view MassHousing's financial policies and practices as excellent," said the S&P report. "We consider MassHousing's management very strong based on its extensive experience. We view Agency staff as highly competent, well trained, and proactive in addressing key issues. Recently, MassHousing has focused its efforts on maintaining consistent, strong management through internal succession planning."

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S&P noted that MassHousing’s nine-member Board of Directors has “extensive experience” with “strong oversight” and has “regular involvement in making and reviewing major decisions.”

“These rating upgrades are validation of the hard work MassHousing’s staff has done in recent years to anticipate and meet the changes and challenges in the financing of affordable housing,” said **Michael Dirrane, Chairman of MassHousing’s Board of Directors**. “More importantly, this will allow the Agency to continue as a trusted and affordable source of financing for single-family and multi-family housing in Massachusetts.”

To read the full Moody’s single family report [please click here](#).

To read the full Moody’s multifamily report [please click here](#).

To read the full S&P multifamily report [please click here](#).

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, follow us on Twitter [@MassHousing](https://twitter.com/MassHousing), subscribe to [our blog](#), [watch us](#) on YouTube and [Like us](#) on Facebook.

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