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MassHousing receives largest allocation of private activity bonds in state history

\$560 million allocated by Patrick Administration for affordable home mortgages and to build or preserve affordable rental housing

BOSTON - April 12, 2010 - MassHousing has received from the Executive Office for Administration and Finance an allocation of \$560.8 million in private activity bonding authority for calendar year 2010.

It is believed to be the largest allocation to one quasi-public agency of so-called "private activity bonds" in state history.

The allocation will allow MassHousing to sell tax-exempt bonds up to the \$560 million limit in order to raise capital to lend to homebuyers with modest incomes and developers or apartment complex owners who build or preserve affordable rental housing.

"This certainly reflects the strong commitment that the Patrick-Murray Administration has always had for affordable housing and we deeply appreciate their vote of confidence in us," said MassHousing Executive Director Thomas R. Gleason. "It sends a strong message to homebuyers and developers of affordable rental housing that we are ready and able to lend."

Each year, every state receives from the federal government the authority to issue federally tax-exempt, private activity bonds up to a certain amount, based on the state's population. The bonds are then used to finance housing and economic development projects and student loans.

While the bonds are exempt from federal taxes, the decision on how to allocate them falls to state governments. In Massachusetts, the Executive Office for Administration and Finance allocates the tax-exempt bonding authority to MassHousing, MassDevelopment, and MEFA (the Mass. Education Financing Authority).

MassHousing's \$560.8 million will be split almost evenly between affordable home ownership lending (\$280 million) and lending for rental housing construction or preservation (\$280.8 million).

"Governor Patrick has made it a priority to protect and invest in affordable housing for Massachusetts residents," said Administration and Finance Secretary Jay Gonzalez. "Particularly in these challenging economic times, it is critical we maintain our support for this important program."

In fiscal year 2009, MassHousing had its strongest lending year ever, providing \$753.2 million in total financing, \$506 million of which was for home buyers. In this regard MassHousing stood out among its peer housing finance agencies in other states. Many of them were forced to curtail lending to home buyers altogether due to the mortgage credit crisis.

"The capital markets remain challenging," said Gleason. "But we will do everything we can to put this money to work and to carry out this Administration's housing agenda."

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 \$10.4 billion for rental housing and homeownership. For more information, visit the MassHousing website at www.masshousing.com.