Building homes. Fostering communities. Creating jobs.
MASSHOUSING’S FISCAL YEAR 2012 ANNUAL REPORT

2012
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 over $14 billion for affordable housing. For more information, visit the MassHousing website at www.masshousing.com.

The report for the fiscal year ended June 30, 2012 as required by Section 14 of Chapter 708 of the Acts of 1966 as amended, is respectfully submitted to

**His Excellency Deval Patrick**  
Governor of the Commonwealth

**The Honorable Stephen M. Brewer**  
Chairman  
Senate Ways and Means Committee

**The Honorable Brian S. Dempsey**  
Chairman  
House Ways and Means Committee

**Secretary Jay Gonzalez**  
Executive Office for Administration and Finance

**Martin J. Benison**  
Comptroller  
Commonwealth of Massachusetts
Having a home or an apartment with affordable monthly payments can make a big difference in the life of a Massachusetts family.

It can be the difference between just getting by and building for a better future.

Affordable housing can also make a difference in our collective economic success. A sufficient supply of affordable apartments and financing for homebuyers ensures that our young people can live here, put down roots and strengthen our communities. It provides a place for parents or grandparents to live or for people to get back on their feet after an economic setback.

Housing also means jobs, and not just construction jobs when homes or apartments are built or renovated, but jobs for property managers, realtors, movers, contractors, lenders, accountants, restaurants, retail shops and others.

By lending money to companies to build or preserve apartments, or to homebuyers to buy or refinance an affordable home or condominium, MassHousing is doing much to keep Massachusetts affordable.

We are particularly pleased that the Agency, which has an important social mission and a public mandate, is nonetheless self-sufficient and does not rely on taxpayer dollars for its operations or its programs.

“Affordable housing can also make a difference in our collective economic success. A sufficient supply of affordable apartments and financing for homebuyers ensures that our young people can live here, put down roots and strengthen our communities.”

We congratulate the Agency for its record lending year in which it provided nearly $1 billion for housing all across the Commonwealth. The Agency continues to aid families and individuals with modest incomes and also contributes to our growing Massachusetts economy.

Governor Deval Patrick
Lt. Governor Tim Murray
Fiscal Year 2012 Agency-wide highlights

FY’12 was the best lending year in the Agency’s 46-year history

Provided $967.8 million for housing—an increase of nearly 22% from the previous year and an increase of 15.3% compared with the previous record lending year (2010)

Biggest lending year ever for Home Ownership Division: $569.9 million (2,599 loans), a 91% increase from the previous year

Total investment in Massachusetts since the Agency began topped $14.7 billion

Launched a new mortgage loan product for homebuyers with no mortgage insurance, which drove lending to new levels and resulted in a four-fold increase in weekly loan originations

Provided $336.5 million in financing to construct or preserve and rehabilitate more than 3,000 rental housing units (fourth best year ever)

Closed the largest single rental housing transaction in Agency history: $168 million in loans to Preservation of Affordable Housing, Inc. (POAH), to preserve 841 units of affordable housing in six developments in three communities

Won an award from the National Council of State Housing Agencies in the Rental Housing: Multi-Family Management category for our efforts to establish an Office of the Rental Housing Ombudsman, which improves communication between the Agency and property managers
MassHousing Board Members

**Ronald A. Homer (Chairman)**
President
Access Capital Strategies
RBC Global Asset Management (US) Inc.

**Michael J. D irrane (Vice Chair)**
Managing Director, National Accounts
National Mortgage Insurance Corporation

**Paul M. Bernon**
Principal
Rubicon Real Estate, LLC

**Deborah Goddard**
General Counsel
Department of Housing and Community Development (Designee of Aaron Gornstein, Undersecretary)

**Marc D. Cumsky, Esq.**
Founder and Managing Partner
Cumsky & Levin LLP

**Rebecca Deusser**
Deputy Secretary for Policy and Planning
Executive Office for Administration and Finance (Designee of Secretary Jay Gonzalez)

**Mary Nee**
President
Animal Rescue League of Boston

**Andris (Andy) J. Silins (Treasurer)**
General Secretary-Treasurer
United Brotherhood of Carpenters and Joiners of America

**Thomas N. O’Brien**
Managing Director
The HYM Investment Group, LLC
We are pleased to report that fiscal year 2012 was the biggest lending year ever for MassHousing.

We provided $967.8 million—nearly $1 billion—for affordable home ownership loans and to build or preserve rental housing across the Commonwealth of Massachusetts. In total our financing supported just over 8,000 housing units.

“\textit{We are proud of the fact that new lending records have been set in 4 of the past 6 years, especially in light of the recession and subsequent challenges in housing markets all across the nation and in the financial markets where we raise capital.}”

Our overall lending increased by 22% over the previous year, and we exceeded our previous record lending year (2010) by more than 15%.

We are proud of the fact that new lending records have been set in 4 of the past 6 years, especially in light of the recession and subsequent challenges in housing markets all across the nation and in the financial markets where we raise capital.

Our record lending this past year was driven largely by intense demand for our new home mortgage loan with no mortgage insurance, although our lending activity on the rental side of our business was also brisk.

Home Ownership lending hit an all-time high of $569.9 million, a dramatic 91% increase over the previous year. Our Rental Lending business provided an additional $336.5 million to help developers build new apartments or preserve and/or rehabilitate existing affordable communities. Lending through the Affordable Housing Trust Fund ($41.3 million) was up slightly more than 23% from the previous year as well.

In addition to strong lending, we are equally proud of our financial stability at a time of continued uncertainty in the housing and real estate finance industries. Delinquency and foreclosure rates for loans in both the Home Ownership and Multi-Family business lines remain relatively low, particularly compared to the conventional market. Our bond ratings remain strong with stable or positive outlooks for the future. We are consistently able to raise capital in the bond market and our partnership with Fannie Mae has significantly augmented our ability to lend to homebuyers. Overall our balance sheet is strong.

We also remain committed to a number of other initiatives that set us apart from all other lenders in Massachusetts. These include economic opportunities for minority- and women-owned businesses; fostering a strong sense of community within our rental housing portfolio; funding security measures at certain high-risk rental housing communities; and providing grants to sober housing communities, to name a few.
We believe that our consistently strong performance during the financial downturn demonstrates the ongoing need for our affordable loan products and validation of the financial model of a housing finance agency. Most importantly, this focus allows us to better serve the people of Massachusetts who need an affordable place in which to live.

Year in and year out, we have demonstrated that lending for affordable housing can be done responsibly and that it is a crucial component of our economy.

Ronald A. Homer
Chairman

Thomas R. Gleason
Executive Director
Home Ownership HIGHLIGHTS

- Provided 2,599 loans to homebuyers and homeowners, totaling $569.9 million, the most ever by the Agency in a single year
  - 1,694 ($357.7 million) loans were used to purchase a home
  - 845 loans ($211 million) helped existing homeowners refinance their mortgage
  - 60 loans ($1.2 million) allowed homeowners to upgrade septic systems, remove lead paint and make needed improvements
- Closed the fiscal year with a portfolio of 17,407 loans with a total outstanding balance of $2.5 billion
- Ended the fiscal year with a delinquency ratio of 3.99%, 67 basis points below the Mortgage Bankers Association’s statewide average for conventional fixed-rate loans
- Converted 91% of trial loan modifications to permanent under the federal Home Affordable Modification Program (HAMP), compared to a national average of 55%
- Insured 1,207 new loans worth $253.8 million, including $20 million in non-MassHousing loans
- Managed a mortgage insurance portfolio of 9,980 loans and $1.88 billion in insurance in force, generating $3.99 million in net operating income
- Helped 161 unemployed borrowers remain current on their mortgages by paying out a total of $577,767 in benefits through our unique MI Plus™ mortgage insurance program, which pays principal and interest for up to six months in the event of job loss

2012 THE MOST EVER BY MASSHOUSING IN A SINGLE YEAR
With new products and programs and a customer-centered approach, MassHousing’s Home Ownership Division, aided by our own Mortgage Insurance Fund, had its best year ever.

Home Ownership provided a total of 2,599 loans for $569.9 million in FY’12, a 91% increase over FY’11 and a 2.7% increase over the previous record lending year. Of those loans, 1,694 (for $357.7 million) were used to purchase a home; 845 loans ($211 million) helped existing homeowners refinance their mortgage; and 60 ($1.2 million) allowed homeowners to upgrade septic systems, remove lead paint or make other needed improvements to their properties.

The lending increase was driven largely by the new MassHousing Mortgage with No MI, which was released in January 2012. Since that time, the pace of Home Ownership lending has quadrupled. No-MI loans accounted 50% of total lending volume.
Straightforward, no-nonsense loans

Though there are some variations, all of MassHousing’s first mortgage loans are built on a foundation of fixed interest rates, 30-year terms, low downpayment requirements and no hidden fees. It’s a plain vanilla set of features, but the simplicity and straightforwardness of our loan products have proven both attractive and high-performing.

Tanya MacInnes and Joe Napoli, MassHousing borrowers

After years of apartment living, Tanya MacInnes, a hairdresser, and Joe Napoli, a chef, spent months searching unsuccessfully for a house or a condominium they could call their own. Their first dealings with a lender ended in frustration. With advice from family members, they regrouped and began their search again. They found a trusted ally in Deb Forte, a Realtor® from Coco & Early, a local real estate agency. “I felt like we made a friend,” Tanya said of Deb. “I could call or text her at 10 o’clock at night and she’d be there.” In search of a loan, Joe and Tanya went to Stoneham Bank, a MassHousing-approved lender, where they met loan officer Mike Adams. “We had so many questions because the homebuying process can be confusing if you’ve never done it before,” said Tanya. “But Mike was so patient, even though he’d probably heard these questions a million times he answered them like it was the first time. He was so knowledgeable, we really trusted him.” With Deb Forte’s help they found the ideal home, a farm-house ranch in Billerica. Mike Adams from Stoneham Bank helped them obtain a MassHousing loan, with just a 5% downpayment and no mortgage insurance premium. They closed in only 30 days and moved in mid-October 2012. Tanya’s advice to first-time homebuyers: “If you find the right realtor and lender, trust them. Take your time and ask questions. We had a great team and with an affordable loan financed by MassHousing, we bought the home we’d always wanted.”
Historically, federal regulations have constrained how much Housing Finance Agencies (HFAs) can lend each year for homeownership. But the reality is that the demand for affordable mortgages exceeds what HFAs can provide using traditional means.

"In order to make sure we would have adequate capital to lend to as many homebuyers as possible, it was clear we needed a partner," said MassHousing Executive Director Tom Gleason. MassHousing was one of the first of a core group of state HFAs that saw the potential of a joint effort with Fannie Mae. Eventually, with the support of the National Council of State Housing Agencies, 25 HFAs and Fannie Mae reached an agreement that dramatically increased the amount of capital in the market for affordable home mortgage loans.

Under the agreement, Fannie Mae provides critical financing to HFAs by purchasing high-performing loans at competitive rates and terms. As a result, MassHousing and other HFAs have been able to offer low-cost loan products that are not available in the conventional market.

"We help HFAs meet the affordable housing needs of the communities they serve. We do this by granting participating members access to a suite of Fannie Mae mortgage lending options designed to help them bridge the affordable housing gap in their respective states," said Fannie Mae CEO Timothy J. Mayopoulos. "This is a mutually beneficial partnership that is helping to strengthen the housing market."

In fiscal year 2012, the value of the partnership took on even greater significance. With conventional lenders continuing to tighten their standards, more and more potential homebuyers found themselves on the sidelines, even consumers with good credit. Additionally, many homeowners were unable to refinance.

"Today it is widely accepted that we will not have a full economic recovery unless we have a full housing recovery," said MassHousing's Gleason. "In order to have that housing recovery, we need to make sure that people with good credit can get a home loan, even if they don’t have a lot for a downpayment, because history shows they are a very good credit risk."

In 2012, MassHousing and Fannie Mae revised their agreement to reduce expenses for consumers by leveraging MassHousing’s innovative Mortgage Insurance Fund, even with a down-payment of as little as 3%. This innovation was largely responsible for MassHousing’s record lending year, and it helped thousands of qualified homebuyers and homeowners.

"In our view, too many lenders went too far in tightening their standards after 2008," said Gleason. "But Fannie Mae stepped up. Thanks to them we can offer an affordable loan with a minimal downpayment, and we know from experience that these will be successful homeowners."

Fannie Mae’s Mayopoulos said, “We value our partnership with HFAs such as MassHousing. HFAs demonstrate every day that it is possible to lend responsibly to people with modest incomes, and we are pleased to be partners in helping to make that possible.”
Partnerships Power Home Ownership

MassHousing loans are made possible through a number of partnerships, which help us to both fund and deliver our loans to customers. MassHousing does not use taxpayer dollars to fund our programs. Instead we either sell mortgage revenue bonds to private investors, or sell our loans to Fannie Mae. Our loans are originated and closed by 180 lenders across the Commonwealth.

Sushil Tuli, President/CEO, Leader Bank

In Fiscal Year 2012, Leader Bank was the second-highest producing MassHousing-approved lender. Leader Bank originated and closed 152 loans for $40.8 million.

"Leader Bank is extremely proud of our relationship with MassHousing. Over the years, MassHousing has provided invaluable assistance to Leader Bank in helping hundreds of low- and moderate-income families realize the dream of homeownership. We look forward to continuing our partnership with MassHousing for many years to come."

-- Sushil Tuli, President/CEO, Leader Bank

Michelle Oates, Andover

Not only is Michelle Oates a Realtor® based in Andover who knows the value of MassHousing home loans, she also used a MassHousing Mortgage with No MI to refinance her own home in Tewksbury.

"MassHousing has a number of great loan products that meet the needs of homebuyers in our market. I was especially excited to learn about the MassHousing Mortgage with No Mortgage Insurance product, which was rolled out in 2012. Not only does this product increase the purchasing power of buyers with modest downpayment funds, but it also enables existing homeowners with less than 20% equity to refinance at a more affordable interest rate. After being stuck with a 6.125% interest rate for the past four years, I was recently able to refinance my own home through MassHousing at a savings of more than $460/month!"

-- Michelle Oates, Andover
The National Association of REALTORS® estimates that one job is generated for every two home sales. In FY’12 MassHousing closed 1,694 purchase money loans, which, using the NAR calculation would have helped to generate 847 Massachusetts jobs.

1,647 SALES = 847 JOBS

Mean annual wage $54,740*

* U.S. Bureau of Labor Statistics

$46.4 MILLION

Back into Massachusetts economy
An analysis of MassHousing’s refinance loans revealed that homeowners who refinanced with MassHousing saved an average of $337 per month. In FY’12 MassHousing closed 845 refinance loans, which resulted in a cumulative savings of approximately $3.4 million per year—money that households can put back into the local economy.
Pedro and Ana Arias, MassHousing borrowers and first-time homebuyers

After living in an apartment in East Boston for many years, Pedro Arias, an assistant restaurant manager and his wife Ana, along with their daughter, age 16 and son, age 7, purchased their first home in Revere using a MassHousing RightRate loan with no mortgage insurance premium, a downpayment of only 3% and a 3.875% interest rate. Pedro completed a first-time homebuyer course through Chelsea Restoration Corporation and obtained the MassHousing loan through East Boston Savings Bank.

"Thanks to a first-time homebuyer course we learned everything we needed to know about buying a home. East Boston Savings Bank helped us obtain an affordable MassHousing loan and now we have a beautiful home of our own with more space for our kids and more comfort for the whole family."

-- Pedro Arias
New Products in FY 2012

No-MI Mortgage (January 15, 2012): Provides all of the benefits of a traditional MassHousing loan, but does not require mortgage insurance.

Single-Premium MI (May 1, 2012): Interested third parties can provide downpayment and closing cost assistance to homebuyers by prepaying the mortgage insurance with a single, low-cost premium.

RightRate Loans with no MI (May 15, 2012): Homebuyers earning no more than 80% of the area median income can qualify for a discounted interest rate on a MassHousing Mortgage with no MI.

Refinance for Existing Borrowers (May 23, 2012): Lower, fixed interest rates for homeowners with MassHousing loans, regardless of their property’s value.

MI Plus™: Certainty in Uncertain Times

Although our most popular loan last year required no mortgage insurance premium, our borrowers still have the option to select a loan product that carries our unique mortgage payment protection insurance, MI Plus, which helps a homeowner pay their mortgage for up to six months in case of job loss. During difficult economic times, the benefits are clear. In FY’12, MI Plus helped 161 unemployed borrowers stay current on their mortgage and get back on their feet. To date, MI Plus benefits totaling $3.3 million have been made to 702 borrowers, 619 of whom (88%) were able to keep their homes.

Portfolio grows while delinquencies and foreclosures decrease

New loan production wasn’t the only area in which our Home Ownership Division set record marks. In FY’12, our Loan Servicing group managed a portfolio of 17,407 loans with an outstanding balance of $2.5 billion, the largest ever.

MassHousing’s in-house servicing continues to be of particular value to the Agency and the homebuyers who use our products. By being customer-centric, proactive and accessible, our Home Ownership staff address problems before they become insurmountable, and implement solutions before it’s too late. The results of this approach speak for themselves: a 3.99% delinquency ratio (compared to a 4.66% statewide average*); a decrease of 45 basis points from the end of FY’11; and a foreclosure ratio of 0.95% (compared to a 1.47% statewide average).

*Source: Mortgage Bankers of America report for Massachusetts at the end of fiscal year ’12 for prime, conventional fixed-rate loans
Rental HIGHLIGHTS

- $336.5 million in total lending
  - Six new developments with 470 units
  - 22 preservation loans with 2,698 units
- Completed largest single transaction in Agency history ($168 million)
- The AFL-CIO’s Housing Investment Trust purchased more than $100 million in MassHousing bonds
As the demand for rental housing, and the threat of affordable units converting to market rents increased, MassHousing’s Rental Lending Division responded with a solid year highlighted by the Agency’s largest-ever single transaction.

In FY’12, MassHousing closed $336.5 million in loans for 28 rental developments with 3,168 apartments (3,011 of which are affordable). These loans are being used to build six new developments with 470 units and to preserve 22 existing affordable apartment communities with 2,698 units.
Record transaction preserves 841 units in six developments

In FY’12, MassHousing completed a $168 million transaction with Preservation of Affordable Housing (POAH) Inc. of Boston, allowing the company to purchase and rehabilitate a number of affordable rental housing developments that might otherwise have converted to market rents. It was the largest single transaction in MassHousing’s history.

POAH used the MassHousing financing to purchase five affordable apartment communities: Blackstone Apartments, Franklin Square House and Kenmore Abbey, all in Boston; Machado House at Peter’s Grove in Hudson; and Rock Harbor Village in Orleans (a sixth development, King’s Landing in Brewster, involved an ownership transfer).

Nearly all of the 841 units are occupied by elderly residents. As a condition of the MassHousing financing, the properties will remain affordable for 40 years.

“The POAH team worked very well with the dedicated MassHousing staff through an extraordinarily challenging closing process. This is a great example of POAH’s and MassHousing’s ability to quickly structure and close complex, large-scale transactions that preserve affordable rental housing and provide stability, hope and economic security to low- and moderate-income individuals and families.”

-- Amy S. Anthony, President, Preservation of Affordable Housing (POAH)
225 Centre Street, Boston: A model of neighborhood revitalization

In FY'12 MassHousing provided $31.5 million in financing to help construct 225 Centre Street, a $53.2 million multi-use project that will create 103 new apartments as well as retail and commercial space in a low-income Boston neighborhood. The developer is a joint venture between two Boston companies—Mitchell Properties and The Community Builders, Inc.

225 Centre Street is the first phase of the larger $250 million redevelopment of Jackson Square in Boston’s Jamaica Plain community. Construction began in December 2011 and is expected to be completed by late 2013.

In addition to MassHousing’s $31.5 million in loans for 225 Centre Street, the AFL-CIO Housing Investment Trust (HIT) and its subsidiary, Building America CDE, Inc., are providing a combined $15.4 million in financing. The project will create approximately 300 union construction jobs. The AFL-CIO’s Housing Investment Trust (HIT) purchased $9.9 million in MassHousing bonds to help finance the residential component of 225 Centre Street. Since 2007, the HIT has invested $197 million in Massachusetts to build or preserve more than 2,400 housing units, 93% of which are affordable to low-income families. These HIT-financed projects have generated approximately 2,475 union construction jobs.

“AFL-CIO Housing Investment Trust joins with MassHousing to build housing, create jobs

Financing from MassHousing, New Market Tax Credits and union pension funds provided $46.8 million in capital to help construct the 225 Centre Street development in Jamaica Plain, a project that will create 103 new apartments as well as retail and commercial space in a low-income Boston neighborhood.

“The AFL-CIO Housing Investment Trust shares MassHousing’s commitment to high-quality, sustainable, affordable housing, as reflected in our support of projects like 225 Centre Street. The $9.9 million of union and public employee pension capital that the HIT invested in this project has provided competitive returns for our portfolio and is also generating some 300 union construction jobs. HIT’s subsidiary, Building America, is also investing $5.5 million of New Markets Tax Credits in this project. With $320 million of HIT investments in the Commonwealth since 2007, we look forward to continuing our productive relationship to build the Commonwealth with MassHousing.”

-- Thomas O’Malley, HIT Senior Vice President and Director, New England Regional Office
We’re proud to partner with MassHousing to provide quality affordable homes throughout the Commonwealth. MassHousing has been a consistently innovative and reliable partner in helping HUD serve the people of Massachusetts.

-- Barbara Fields, HUD New England Regional Administrator
Preserving apartments with expiring affordability restrictions

In the 1970s, a number of affordable housing communities were built thanks to the Commonwealth's Chapter 13A rental subsidy program. These loans had 30- to 40-year terms, during which all or a portion of the units were reserved for lower-income tenants. Now, many of these loans are reaching maturity; if paid off, property owners would no longer be obligated to maintain affordability, and could convert to market rents.

MassHousing is working to preserve these units for the long term by providing new loans that lock in affordable rents and finance upgrades to 13A properties. Affordability protections are even stronger as a result of our efforts over the last year with the Massachusetts Congressional delegation and HUD to persuade the federal government to allow “enhanced vouchers” to be awarded to residents of 13A properties, thereby adding an additional layer of protection for lower-income families.

In FY’12, $51.5 million in MassHousing financing allowed Beacon Communities, LLC to acquire and rehabilitate four affordable housing developments, three of which were 13A properties and all of which had mortgages set to mature: Conway Court in Boston (28 units), Jaclen Tower in Beverly (100 units), Summer Hill Glen in Maynard (120 units) and Wilkins Glen in Medfield (103 units). MassHousing’s loans will ensure that these units remain affordable for the long term.

“Beacon Communities has had a strategic lending relationship with MassHousing for over 30 years. Working together we have built and preserved thousands of affordable homes. Our acquisition and renovation of these properties in Boston, Beverly, Maynard and Medfield will enable us to continue to provide high-quality affordable housing in these communities. MassHousing’s responsiveness and dedication to get these transactions done demonstrates the Agency’s continued commitment to preserving affordable housing in the Commonwealth.”

-- Howard Cohen, Chief Executive Officer, Beacon Communities, LLC
$22.6 million

$36.7 million

$250.3 million in construction contracts made possible by MassHousing's rental lending

$187.5 million in business opportunities for maintenance, repairs and other services

$37 million

$53.6 million
MassHousing has long recognized the potential impact of the rental housing communities we finance and oversee. Our staff works with property managers and general contractors to set goals for and monitor the utilization of qualified minority- and women-owned businesses. In addition, we work with minority- and women-owned businesses to help them improve their marketing, development and operations.

During fiscal year 2012 a total of $250.3 million in construction contracts were underway, made possible by the Agency’s rental lending. Of that, 21.4% ($53.6 million) was awarded by developers to MBEs while 14.8% ($37 million) went to WBEs. MassHousing’s portfolio of existing rental housing provided a total of $187.5 million in business opportunities for maintenance, repairs and other services. Property management companies awarded 19.6% ($36.7 million) of this total to MBEs and 12% ($22.6 million) to WBEs (please note, businesses owned by minority women are counted in both the MBE and WBE categories).

MassHousing also sponsored its 22nd annual eastern Massachusetts MBE/WBE trade fair and 4th annual western Massachusetts M/WBE trade fair. Approximately 180 MBEs and WBEs attended to network and exhibit their businesses to more than 550 representatives from property management companies, general contractors and public agencies. The Agency sponsored two pre-trade fair vendor workshops for approximately 60 MBEs and WBEs.

The Agency also offered eight capacity-building workshops covering capital and credit; business opportunities at MassHousing-financed housing developments; marketing; and how to obtain business insurance and bonding.
Affordable Housing Trust Fund supports over 2,000 units

The Affordable Housing Trust Fund (AHTF) provides funds to support private housing projects that provide for the acquisition, construction or preservation of affordable rental, for-sale and mixed-use developments. MassHousing manages the AHTF on behalf of the Massachusetts Department of Housing and Community Development. The AHTF had its largest lending year in fiscal year 2012, closing $41.3 million to 42 developments with a total of 2,164 housing units (see complete listing of closed AHTF loans later in this report).

Central House, Cambridge
In FY’12, a $1 million loan through the Affordable Housing Trust Fund assisted Caritas Communities in the rehabilitation of 128 units of single-room occupancy housing at the Cambridge Family YMCA.

Mark Winkeller, Ph.D., Executive Director, Caritas Communities
With 980 units in 29 buildings located in Boston and surrounding communities, Caritas Communities is greater Boston’s largest owner of affordable Single Room Occupancy properties.

“The Affordable Housing Trust’s commitment to Central House was a key piece of a complex financing package that enabled Caritas Communities to acquire and renovate a 128-room SRO located on the upper floors of the Cambridge YMCA. Caritas has worked with MassHousing on several developments; MassHousing is responsive, aggressive and a pleasure to work with.”

-- Mark Winkeller, Ph.D., Executive Director, Caritas Communities
Curtain Lofts, Fall River

MassHousing provided loans totaling $3.7 million to Wampanoag LP (a development entity of WinnDevelopment of Boston) to redevelop the former Wampanoag Mill into Curtain Lofts, a new, 97-unit rental development for residents 55+ in Fall River. The project not only features the latest in green technology but also was honored by Preservation Massachusetts as a prime example of how to meet housing needs while preserving a historical structure. Other funding sources included the Affordable Housing Trust Fund, the Commonwealth of Massachusetts and private equity raised through the sale of low-income housing tax credits.

Marsha Bryant, Curtain Lofts, Fall River

Marsha, a former telephone operator and lifelong Fall River resident, once owned a home with her late husband and now resides in an affordable unit at Curtain Lofts. She likes how management has worked with residents to create a space outside for grilling and a dog park on the property.

“When I first saw it I was awestruck. Everyone I talk to enjoys living here and likes it very much. I feel very fortunate that I can afford such a nice place to live.”

-- Marsha Bryant, resident of Curtain Lofts in Fall River
Circumstances beyond their control led Joshua and Kelly Mauro to search for an affordable, handicapped-accessible apartment. They found one at Stevens Corner in North Andover, a new rental community developed by Neighborhood of Affordable Housing (NOAH) that received $985,000 from MassHousing via the Affordable Housing Trust Fund.

"Six months ago, I never saw this coming. My husband, Joshua, was working full-time, and I was taking care of our son and the daily duties of our home. Then a phone call ripped away all of the stability from our lives. I was told that Joshua had been in a car accident, had significant injuries and needed to get to Mass General as soon as possible. After the severity of Joshua’s injuries was established, he had surgery and was sent to the Spinal Cord Injury program at Spaulding Rehabilitation Hospital in Boston. There, we started trying to figure out life with a wheelchair.

“At the time, we rented a house that had narrow doorways and loft bedrooms with ladder staircases. So it quickly became apparent that our first order of business was finding suitable housing. A housing search is frustrating under normal circumstances, but with our new income limitations and accessibility requirements, it was almost defeating. Months of searching led to dead ends, until I found an ad for Stevens Corner."
“Meeting Eleanor (the Stevens Corner property manager) was the highlight and turning point of our housing search. A property manager that genuinely cares about more than just filling rentals, but about helping families is, in my most recent experience, a rarity.

“Although we were told we did not qualify for the handicapped unit here, Eleanor and those at Corcoran Management disagreed. They pushed for us to be approved and worked hard to make it happen. When Joshua and I showed up to sign for what we thought was a regular unit, we were surprised to learn that we were in fact getting the handicapped unit. That was the first good thing to happen to our family in months. We were overjoyed to tell our son that his father was finally coming home, that we would once again be together. Roll-in showers, a roll-under stovetop and sink, wide doorways and lower light switches—these features allow Joshua to have as much independence as possible.

“We know how fortunate we are to have had such a great group of people on our side. Those at NOAH, Corcoran Management and Community Teamwork helped our family start to heal.

“Stevens Corner is a wonderful community. You feel genuinely cared about and respected as a resident. We truly love living here, which to me is what makes a home. A home isn’t just a place where you live, it’s a place you love to live.

“So thank you to EVERYONE who gave my family this beautiful new apartment that we proudly call ‘home.”

--Kelly Mauro
Protecting assets, strengthening neighborhoods: Our time-tested portfolio management strategy

MassHousing takes a different view than most commercial lenders when it comes to portfolio management. While a traditional lender’s involvement might begin and end with processing monthly mortgage payments, MassHousing takes a more holistic approach. Our public mission compels us to find ways to make sure the apartments we finance remain in good condition with affordable rents well into the future.

At the end of the fiscal year, MassHousing had a portfolio of 554 multifamily developments with a balance of $3.1 billion. On behalf of the U.S. Department of Housing and Urban Development the Agency administered more than 500 Section 8 Housing Assistance Program contracts with more than 40,000 units, which represented 95% of all project-based Section 8 units in Massachusetts. In total, MassHousing had some oversight responsibilities for 932 rental communities with 101,282 units.

MassHousing staff members work closely with property management companies to make sure that the buildings are well maintained, and that replacement reserve accounts are sufficient to address future capital needs. MassHousing annually reviews the financial statements for developments in the debt portfolio, and also ensures that each property observes fair housing laws. At the close of fiscal year 2012 the delinquency rate for the MassHousing-financed portfolio was just 1.13%. 
Community Services: Fostering healthy, safe and vibrant apartment communities

MassHousing’s Community Services Department aids property managers in making their apartment communities attractive and harmonious places to live. It is a “beyond bricks and mortar” philosophy that has proven its value over the years.

Supporting Property Managers & Residents
At the end of the fiscal year, 85 management companies at 476 developments with 52,815 units had enrolled in MassHousing’s Tenant Assistance Program (TAP). TAP is coordinated by MassHousing but is funded by a $10-per-unit charge to management companies. Last year TAP provided trainings for property managers on such topics as hoarding, bed bugs and fair housing and also led a day-long conference on preventing and addressing substance abuse. TAP also facilitated dispute resolution services along with a variety of educational programs for residents.

Promoting Sober Housing
Our Community Services staff administer the Center for Community Recovery Innovations (CCRI), a non-profit subsidiary of MassHousing that last year provided $718,213 in grants to support 82 new units and preserve 18 units of affordable sober housing. To date, CCRI has helped fund 1,516 units of sober housing with $6.7 million in grants.

Preventing Homelessness
Through the Tenancy Preservation Program (TPP), Community Services works to prevent homelessness in eviction cases caused by behavior related to disabilities (i.e., mental illness, developmental disability, substance abuse, aging-related impairments). TPP works with a number of public and private entities and targets cases where a disability is directly related to the reason for eviction. TPP opened 423 new cases and closed 344 in FY’12. Of these, homelessness was prevented in 312 cases (91%) and 264 tenancies were preserved in place. Consultation services were provided to 2,104 households that were ineligible or wait-listed for services.
Fiscal Year 2012 Rental Lending Summary

New Production

225 Centre Street, Boston (Jamaica Plain)
$25,859,300 in construction, bridge and permanent financing and $4.6 million in Priority Development Funds to Mitchell Properties and The Community Builders, Inc. for 103 new rental units

Cheriton Heights Senior Housing, Boston (West Roxbury)
$3,500,000 in construction, bridge and permanent financing to American Arabic Benevolent Association and The Community Builders, Inc. for 70 new elderly rental units

Maple Ridge Phase I, Tyngsboro
$3,985,000 permanent loan to Maple Ridge Affordable Apts. LLC Inc. for 72 new rental units
Ocean Shores, Marshfield
$2,011,000 permanent loan to Beacon Ocean Shore LP for 97 new rental units for residents aged 55+

Oliver Lofts, Boston (Mission Hill)
$1,400,000 permanent loan to Pickle-Ditson LP for 62 new rental units

Tritown Landing Apartments, Lunenburg
$1,444,000 permanent loan to Great Bridge Lunenburg, Inc. for 66 new rental units
Fiscal Year 2012 Rental Lending Summary

Preservation

BHP/Codman Square Apartments, Boston (Dorchester)
$1,912,000 bridge loan to Codman Square Neighborhood Development Corporation to preserve 80 rental units

BHP/Lena Park (LBB Housing), Boston (Dorchester)
$1,242,000 bridge loan to Urban Edge Housing Corporation and Lena Park Community Development Corporation to preserve 103 rental units

BHP/UE Apartments, Boston (Roxbury)
$1,410,000 bridge loan to Quincy Geneva Housing Corporation to preserve 82 rental units

BHP/Washington Park Apartments, Boston (Roxbury)
$1,649,457 bridge loan to NRC Limited Housing Partnership to preserve 96 rental units
Blackstone Apartments, Boston (West End)
$44,917,394 in construction, bridge, permanent and subordinate financing to Blackstone Preservation Assoc. of Affordable Housing Inc. (POAH) to preserve 145 elderly rental units

Conway Court, Boston (Roslindale)
$1,130,000 bridge loan to Beacon Communities LLC to preserve 28 rental units

Cromwell Court Apartments, Hyannis
$7,140,000 in permanent and bridge financing to Preservation of Affordable Housing Inc. (POAH) to preserve 124 rental units
Fiscal Year 2012 Rental Lending Summary

Preservation

Dorchester Housing Associates, Boston (Dorchester)
$6,700,000 to Dorchester Housing Associates to preserve 91 elderly units

BF Faulkner Tower, Somerville
$10,150,000 to Walnut Hill Tower Associates to preserve 130 elderly units

Franklin Square House Apartments (Franklin-St. James Apartments), Boston (South End)
$47,327,000 in construction, bridge and permanent financing to Franklin Preservation Assoc. LP to preserve 193 elderly units
Jaclen Tower, Beverly
$2,315,000 bridge loan to Beacon Residential LLC to preserve 100 elderly rental units

Kenmore Abbey, Boston (Kenmore/Fenway)
$47,678,000 to Preservation of Affordable Housing Inc. to preserve 199 rental units

Lamplighter Village, Canton
$7,150,000 to National Union Properties to preserve 81 elderly rental units
Fiscal Year 2012 Rental Lending Summary

Lucerne Gardens, Boston (Dorchester)
$6,100,000 bridge loan to Trinity Lucerne Limited Partnership, Inc. to preserve 45 rental units

Machado House at Peter’s Grove, Hudson
$11,637,321 to Peter’s Grove Preservation Assoc. LP to preserve 96 elderly rental units

Marcus Garvey Apartments, Boston (Roxbury)
$14,558,000 to Marcus Garvey Assoc. to preserve 161 elderly units
Rock Harbor Village (aka Kilby Village), Orleans
$13,341,445 in construction, bridge and permanent financing to Rock Harbor Pres. Assoc. LP to preserve 100 elderly rental units

Summer Hill Glen, Maynard
$5,670,000 to Beacon Communities LLC to preserve 120 elderly rental units

Wait Street Apartments, Boston (Roxbury)
$9,180,000 to Wait St. Associates to preserve 100 rental units
Fiscal Year 2012 Rental Lending Summary

Waterway Apartments, Leominster
$5,670,000 to Waterway Associates to preserve 89 rental units

Westminster Village Arms, Lowell
$45,000,000 permanent loan with escrow to Westminster Preservation, LP to preserve 432 rental units

Wilkins Glen, Medfield
$6,435,000 bridge loan to Beacon Communities LLC to preserve 103 rental units
### Fiscal Year 2012 Affordable Housing Trust Fund Summary

<table>
<thead>
<tr>
<th>Address</th>
<th>Amount</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>157 Washington Street, Boston (Dorchester)</td>
<td>$1,069,495</td>
<td>Codman Square Neighborhood Development Corporation for 24 rental units</td>
</tr>
<tr>
<td>225 Centre Street, Boston (Jamaica Plain)</td>
<td>$1,000,000</td>
<td>Mitchell Properties/The Community Builders, Inc. for 103 rental units</td>
</tr>
<tr>
<td>75 Cross Street, Somerville</td>
<td>$400,000</td>
<td>Somerville Community Corporation for eight rental units</td>
</tr>
<tr>
<td>83 Shankpainter Road, Provincetown</td>
<td>$737,829</td>
<td>Community Housing Resource, Inc. for 15 single-room occupancy units</td>
</tr>
<tr>
<td>Ames Shovel Works, Easton</td>
<td>$1,000,000</td>
<td>Beacon Communities LLC for 30 rental units</td>
</tr>
<tr>
<td>Austin Corridor 2, Worcester</td>
<td>$800,000</td>
<td>Worcester Common Ground for 20 rental units</td>
</tr>
<tr>
<td>Barstow Village, Hanover</td>
<td>$1,000,000</td>
<td>Barstow Village Developer LLC/EA Fish Associates for 66 elderly units</td>
</tr>
<tr>
<td>BHP Urban Edge Ltd. Partnership, Boston (Roxbury)</td>
<td>$1,000,000</td>
<td>Urban Edge Housing Corporation to preserve 82 rental units</td>
</tr>
<tr>
<td>Cambridge Court, Cambridge</td>
<td>$1,500,000</td>
<td>Franklin Street Associates LP to preserve 122 rental units</td>
</tr>
<tr>
<td>Cambridge YWCA, Cambridge</td>
<td>$913,816</td>
<td>YWCA Cambridge to preserve 103 single-room occupancy units</td>
</tr>
<tr>
<td>Central House, Cambridge</td>
<td>$1,000,000</td>
<td>Caritas Communities, Inc. to preserve 128 rental units</td>
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<tr>
<td>Channing Terrace Apartments, Worcester</td>
<td>$990,000</td>
<td>IS Realty Corporation to preserve 45 rental units</td>
</tr>
<tr>
<td>Cheriton Heights Senior Housing, Boston (West Roxbury)</td>
<td>$1,000,000</td>
<td>The Community Builders, Inc. for 70 elderly units</td>
</tr>
<tr>
<td>Clay Pond Cove at Canal Bluffs, Bourne</td>
<td>$1,000,000</td>
<td>Housing Assistance Corporation for 45 elderly units</td>
</tr>
<tr>
<td>Cliftex Lofts Phase 1, New Bedford</td>
<td>$1,000,000</td>
<td>John Keith for 76 rental units</td>
</tr>
<tr>
<td>Concord Heights, Springfield</td>
<td>$1,800,000</td>
<td>First Resource Development Company LLC to preserve 104 rental units</td>
</tr>
<tr>
<td>Depot Crossing Apartments, Wareham</td>
<td>$715,000</td>
<td>South Shore Housing Development Corporation to preserve 32 rental units</td>
</tr>
<tr>
<td>Groop/Townview Assisted Living, Fitchburg</td>
<td>$2,000,000</td>
<td>Fitchburg Housing Authority/WinnDevelopment to preserve 96 elderly units</td>
</tr>
<tr>
<td>Highland Terrace, Chelsea</td>
<td>$1,000,000</td>
<td>The Neighborhood Developers for 32 rental units</td>
</tr>
<tr>
<td>Holcroft Park Homes – Phase 2, Beverly</td>
<td>$1,000,000</td>
<td>YMCA of North Shore/North Shore CDC for 29 rental units</td>
</tr>
<tr>
<td>Hong Lok House, Boston (Chinatown)</td>
<td>$1,500,000</td>
<td>Greater Boston Chinese Golden Age Center for 75 elderly units</td>
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<tr>
<td>Ingraham Place, New Bedford</td>
<td>$750,000</td>
<td>Women’s Institute Realty, Inc. for 19 rental units</td>
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<tr>
<td>Kilby Gardner Hammond Project Phase IV, Worcester</td>
<td>$890,000</td>
<td>Main South Community Development Corporation for 22 rental units</td>
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<tr>
<td>Linwood Mills Senior Housing, Northbridge</td>
<td>$1,000,000</td>
<td>Linwood Mills Developer LLC for 75 elderly units</td>
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<tr>
<td>Loft 550 (f.k.a. Malden Mills Phase 1), Lawrence</td>
<td>$1,000,000</td>
<td>WinnDevelopment, LLC for 75 rental units</td>
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<tr>
<td>Lucerne Gardens Re-Capitalization, Boston (Dorchester)</td>
<td>$750,000</td>
<td>Trinity Financial, Inc. to preserve 45 rental units</td>
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<tr>
<td>Maple Ridge Phase II, Tyngsborough</td>
<td>$687,852</td>
<td>Dakota Partners for 24 rental units</td>
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<tr>
<td>Mattapan Heights Phase 5A, Boston (Mattapan)</td>
<td>$2,000,000</td>
<td>Trinity Financial, Inc. for 60 rental units</td>
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<tr>
<td>MM Homes, Malden</td>
<td>$750,000</td>
<td>Housing Families, Inc. to preserve 15 rental units</td>
</tr>
<tr>
<td>Northbrook Village 2, Berlin</td>
<td>$826,000</td>
<td>Montachusett Home Care Corporation for 40 elderly units</td>
</tr>
<tr>
<td>Olmsted Green Rental Housing Phase 3, Boston (Dorchester)</td>
<td>$1,000,000</td>
<td>Lena New Boston/Lena Park Community Development Corporation for 50 rental units</td>
</tr>
<tr>
<td>Peter Bulkeley Terrace, Concord</td>
<td>$1,000,000</td>
<td>Concord Housing Authority to preserve 28 elderly units</td>
</tr>
<tr>
<td>Pomeroy Lane Cooperative, Amherst</td>
<td>$970,000</td>
<td>Pomeroy Lane Cooperative to preserve 25 rental units</td>
</tr>
<tr>
<td>Province Landing, Provincetown</td>
<td>$1,000,000</td>
<td>The Community Builders, Inc. for 50 rental units</td>
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<tr>
<td>Rice Silk Mill, Pittsfield</td>
<td>$851,800</td>
<td>Rees-Larkin Development LLC for 45 rental units</td>
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<tr>
<td>Sudbury Duplexes, Sudbury</td>
<td>$285,000</td>
<td>Sudbury Housing Authority for 11 rental units</td>
</tr>
<tr>
<td>Townsend Woods AHTF, Townsend</td>
<td>$250,000</td>
<td>RCAP Solutions, Inc. for 36 elderly units</td>
</tr>
<tr>
<td>Uphams West, Boston (Dorchester)</td>
<td>$650,000</td>
<td>Dorchester Bay Economic Development Corporation for 13 rental units</td>
</tr>
<tr>
<td>Whitney Building aka Water Mill Apartments, Leominster</td>
<td>$1,000,000</td>
<td>Twin Cities Community Development Corporation for 40 rental units</td>
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<tr>
<td>Windsor House, Lawrence</td>
<td>$1,000,000</td>
<td>Commonwealth Land Trust to preserve 70 rental units</td>
</tr>
<tr>
<td>Winter Gardens, Quincy</td>
<td>$1,000,000</td>
<td>Neighborhood Housing Services of the South Shore, Inc. for 24 rental units</td>
</tr>
<tr>
<td>Worthington House, Springfield</td>
<td>$1,200,000</td>
<td>Friends of the Homeless, Inc. for 92 rental units</td>
</tr>
</tbody>
</table>
Multifamily Advisory Committee Members

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