



November 8, 2013

Tom Gleason, Executive Director
MassHousing
One Beacon Street
Boston, MA 02108

RE: Comments on MassHousing's Draft Strategic Plan

Dear Tom:

Thank you for the opportunity to comment on MassHousing's Draft Strategic Plan. We have enjoyed our working relationship with MassHousing, and appreciate your efforts to serve the Commonwealth's affordable housing needs. We also greatly appreciate the Agency's long-standing support for the Mel King Institute.

As you know, MACDC is an association of mission-driven community development organizations dedicated to working together and with others to create places of opportunity where people of diverse incomes and backgrounds access housing that is affordable, benefit from economic opportunities, and fully participate in the civic life of their community. We achieve this by building and supporting a high performing and adaptive community development sector that is supported by private and public investment and sound public policies. Founded in 1982, MACDC currently has 88 members, including 60 CDC members and 28 associate members.

We appreciate the comprehensive approach you have taken in drafting your Strategic Plan. In particular, the document's acknowledgment of the connections between the external challenges and MassHousing's internal capabilities is well stated. The extensive outreach you have made to stakeholders is important and much appreciated. We focus our comments on a few areas of interest to MACDC and to our Members.

Priority 1: Preserve and Expand the Supply of Affordable Rental Housing:

Resident Services:

Project sponsors, and the Commonwealth, are increasingly recognizing the importance of providing resident services, particularly in projects that provide housing to extremely low-income households. However, funding for these services remains elusive. MassHousing notes the importance of this issue in Action Step 1.4.4: "Develop and execute plans for new supportive housing programs and services."

With MassHousing's longstanding commitment to improving the lives of residents through the TAP Program, the Agency is in a strong position to exercise leadership in addressing the mismatch between the needs for resident services and the resources available to meet these needs. One vehicle for this could be the Agency's Community Services Advisory Committee. We suggest that this Committee engage the various stakeholders in assessing what constitutes resident services that are eligible to be funded from project budgets. The coordination of housing with resident services

is essential to strengthening community and providing residents access to economic opportunities, so we encourage MassHousing to aggressively explore all options to better fund these services.

Property Stewardship:

The Plan notes the importance of preserving the current portfolio of developments with maturing mortgages. We encourage MassHousing to expand the preservation principle to another subset of properties in its portfolio; well-managed properties owned by nonprofits with high interest rate mortgages. Allowing nonprofit owners to refinance these properties would greatly improve the long-term fiscal and physical soundness of these properties, by increasing project cash flow and providing additional resources for property improvements. Additionally, by permitting nonprofit owners who have demonstrated good stewardship to take out equity when appropriate, it will strengthen the financial position of these organizations, and incent other nonprofit owners to be good stewards.

We recognize that there would be challenges associated with this effort, particularly with regard to bondholders and rating agencies. Nonetheless, we hope that MassHousing would work creatively with the nonprofit community to identify the parameters under which such an effort, even if on a pilot basis, could be implemented.

Priority 2: Expand Sustainable Homeownership Opportunities:

Lending Products:

Massachusetts first-time homebuyers are fortunate to have access to two excellent mortgage options: MassHousing loans, and the One Mortgage (formerly the Soft Second Program). However, there are unmet opportunities to co-market these two loan products, so that all eligible homebuyers receive information on both of these loan products. We encourage MassHousing and MHP to coordinate on this outreach.

Additionally, both MassHousing and the Massachusetts Homeownership Collaborative are engaged in online homebuyer education pilot programs. We know that there are ongoing conversations between MassHousing and CHAPA on developing mutual standards, curriculums, and outreach strategies for this burgeoning approach to homebuyer education. We hope that these efforts reach a successful conclusion in the coming months. MACDC would like to be involved in these discussions, as many of our Members provide homebuyer education.

Rehabilitation of Owner-Occupied Properties:

Action Step 2.1.3 describes the importance of expanding financing for the rehab of one-to-four unit properties, including for existing homeowners. Given the age and condition of the housing stock (as underscored by the data you cite that 90% of 2-4 family homes were built in 1979 or earlier) these programs to preserve our housing stock are as important as efforts to create new housing. In 2012, MACDC Members assisted owners to improve 226 homes. They, and we, can attest to the importance of MassHousing's support for these programs, and we encourage your efforts to expand financing for these programs.

We also want to acknowledge the recent changes to the Get The Lead Out Program, which now provides the opportunity for income-eligible owner-occupants of one-to-four family homes, where a child under age 6 resides, to access 0% loans with repayment deferred until sale or refinancing. This allows families to undertake the preventative lead paint abatement essential to maintaining

their families' health. We appreciate the flexibility MassHousing demonstrated in making changes to the programs' guidelines, and encourage ongoing flexibility.

Priority 3: Increase MassHousing's Transparency and Accountability:

We appreciate MassHousing's commitment to transparency and accountability, and the Plan's objective to conduct financial analysis to identify the amount of mission-based lending that can be supported consistent with MassHousing's rating and reserve requirements. The Agency's willingness to engage in this process and in some cases push back against external limitations are especially pertinent to two of the issues we raised elsewhere in this letter: first, to discuss under what circumstances existing nonprofit borrowers with high interest rate loans could conceivably refinance these loans (referenced above), and second, to address barriers for smaller or non-profit developers (referenced below). Both cases provide MassHousing an opportunity to demystify for stakeholders the impact of rating agency and reserve requirements on the Agency's ability to respond to these needs, and hopefully engage these stakeholders in efforts to tilt the external limitations/mission-oriented lending balance a bit more toward the latter.

Priority 5: Broaden and Strengthen MassHousing's Partnerships:

Action Step 5.1.1 states that MassHousing will identify barriers for smaller or non-profit developers and solutions to these barriers. We encourage the agency to convene a working group that includes CDCs and other smaller developers to address these issues. MACDC would be happy to participate in working group discussions.

Finally, under this Priority, we want to acknowledge MassHousing's generous ongoing support of the Mel King Institute. We would encourage MassHousing to identify the Agency's commitment to supporting MKI in this section of the Strategic Plan as a key strategy for building non-profit real estate capacity.

Thank you again for the opportunity to comment. If you have any questions about MACDC's comments, or would like to discuss them, please contact me at 617-379-5922, or at joek@macdc.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Kriesberg". The signature is fluid and cursive, with the first name "Joe" written in a larger, more prominent script than the last name "Kriesberg".

Joe Kriesberg, President and CEO