

APRIL 24, 2024:



# GBAR RealTour Member Meeting MHP Update

# Massachusetts Housing Partnership

The Massachusetts Housing Partnership (MHP), is a statewide public non-profit affordable housing organization established in 1985 to help increase the supply of affordable housing in Massachusetts.

We work in concert with Massachusetts' state and local governments, with a mission to pioneer new development and financing models that make more effective use of public resources, are responsive to local needs, promote racial equity, and achieve more impact than conventional approaches to affordable housing.

# How does MHP do this?

## **Community Assistance:**

Support communities, housing authorities, and non-profit housing organizations in their efforts to create affordable housing for low- and moderate-income families.

- RFPs
- Zoning
- Pre-development
- Education and Planning

## **Center for Housing Data:**

CHD collects, interprets, and shares data to improve state policy, foster effective community conversations and ensure that we meet our housing needs throughout MA.

- Datatown
- TODEX & Residency
- Policy briefs and research

## **Rental Financing:**

MHP has financed more than 28,000 rental units, with over 75% affordable to low-income households throughout Massachusetts.

Most of MHP's capital comes from Massachusetts banks under a state CRA statute that allows MHP to borrow on a long-term, fixed-rate basis to finance affordable rental housing.

## **Homeownership:**

Expanding access to safe, secure fixed-rate mortgages for low- and moderate-income first-time homebuyers.

Work w/banks and credit unions to help meet CRA and community lending goals, and with non-profit homebuyer counseling and education organizations to build awareness.

# What is the ONE Mortgage?

The ONE Mortgage is a state-sponsored, below-market mortgage product designed specifically for first-time homebuyers. It was created to help address patterns of racial discrimination in mortgage lending and has built-in affordability features that help a homebuyer's dollar go further.

**25,000+** first-time homebuyers

**one.**  
For your first home.

# What makes MHP ONE unique?

## Low Minimum Down Payment

**3% down payment** required for condos, single and two-family properties (1.5% must be in the borrower's name at the time of MHP application. The remaining 1.5% can be met with down payment assistance or a gift).

**5% down payment** required for three-family properties (3% must be from borrower's own funds).

## No Private Mortgage Insurance

Instead of borrowers paying costly mortgage insurance each month, MHP provides lenders with a Loan Loss Reserve to mitigate the lender's credit risk.

## Low Fixed Interest Rate

The ONE Mortgage interest rate is fixed for 30-years and is offered at a discount by participating lenders. MHP requires that the mortgage loan be offered at a rate no greater than 30 basis points below the 30-year fixed rate in Freddie Mac's Weekly Primary Mortgage Market Survey.

## State Subsidy Available for Qualified Borrowers

Eligible ONE Mortgage buyers may qualify for a zero percent interest subsidy from MHP. To qualify for MHP subsidy, total household income must be below 80% AMI, and their housing-to-income ratio must be greater than 28% for condos/singles (or 42% for two-family properties). Borrowers purchasing three-family properties, and borrowers with a down payment greater than 20% are not eligible for MHP subsidy.

# Borrower Eligibility

## First-time Homebuyers

- Defined as not having owned a home in prior 3 years
- Includes all HH members, including mortgagor, their spouse, fiancée, domestic partner, or any person over 18 who expects to occupy the property.

## Homebuyer Education

- Borrowers must complete a CHAPA-approved FTHB course prior to closing.
- Lender must have a copy of certificate on file in advance of MHP reservation approval.

## Household Income

- Our compliance income limits require the total household income to fall at or below 100% area median income
- Includes income from all adult household members
- Underwriting income may differ

## Asset Test

- Household's total liquid assets must be at or below \$75,000
- Includes savings, checking, stocks, bonds, gifted money, capital investments, and real property
- Retirement savings are not considered liquid

# MHP ONE works with a variety of programs

Municipal Downpayment Assistance

Federal Home Loan Bank

Matched Savings Plans, like STASH

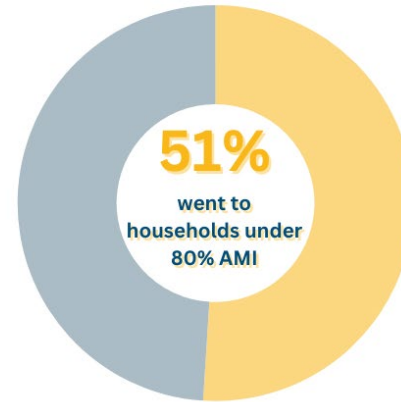
Family Self-Sufficiency (FSS)

Section 8 for Homeownership

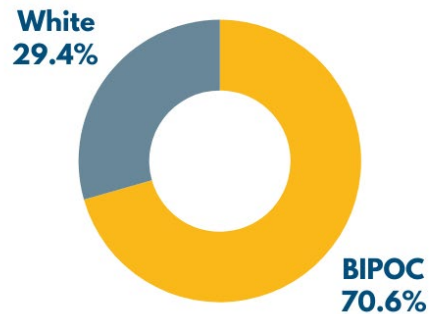
Habitat for Humanity

And many others...

The assistance from these programs do not count toward the Asset Test. Matched Savings may count as borrower's own funds!



**Race/Ethnicity Breakdown**



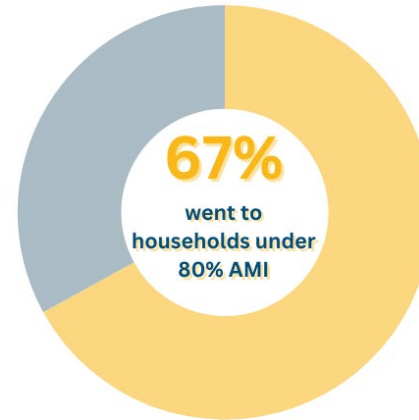
**Community Breakdown**



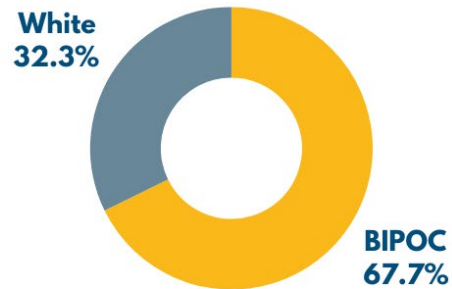




2023



Race/Ethnicity Breakdown



# ONE+Boston: How Rate-Reductions Create Opportunity

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In a high-cost state like MA or a region like Greater Boston it is becoming increasingly difficult to purchase a home.




The benefit of the interest-rate reduction allows more homebuyers to enter the market because it stretches their dollar and helps them qualify.



According to the Urban Institute, interest-rate buydowns allow for greater affordability and higher rates of equity building.



Based on extensive modeling and research, interest-rate reduction is the best way to provide a long-term impact to homebuyers' ability to afford and sustain a home mortgage.



Over our program's 30+ year history our loan portfolio's performance (all w/below market interest rates) has been in line with prime loans in MA.

# Contact Information

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