



Preservation Panel



National Council of State Housing Agencies

Annual Conference

San Antonio, Texas

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MassHousing
October 5, 2009



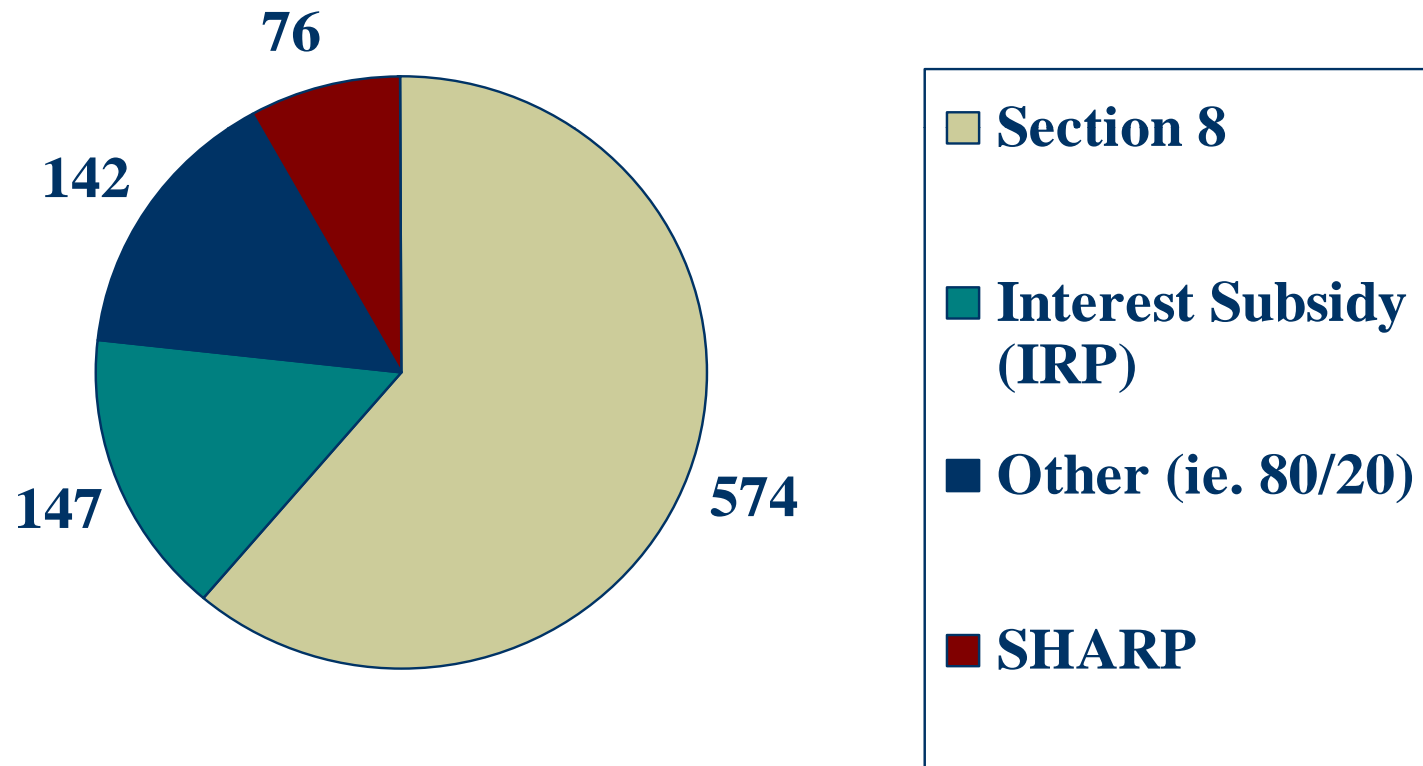
Housing Agency Panel



- Portfolio Summary
- Maturing Mortgages
- Financing Options
- Preservation Legislation

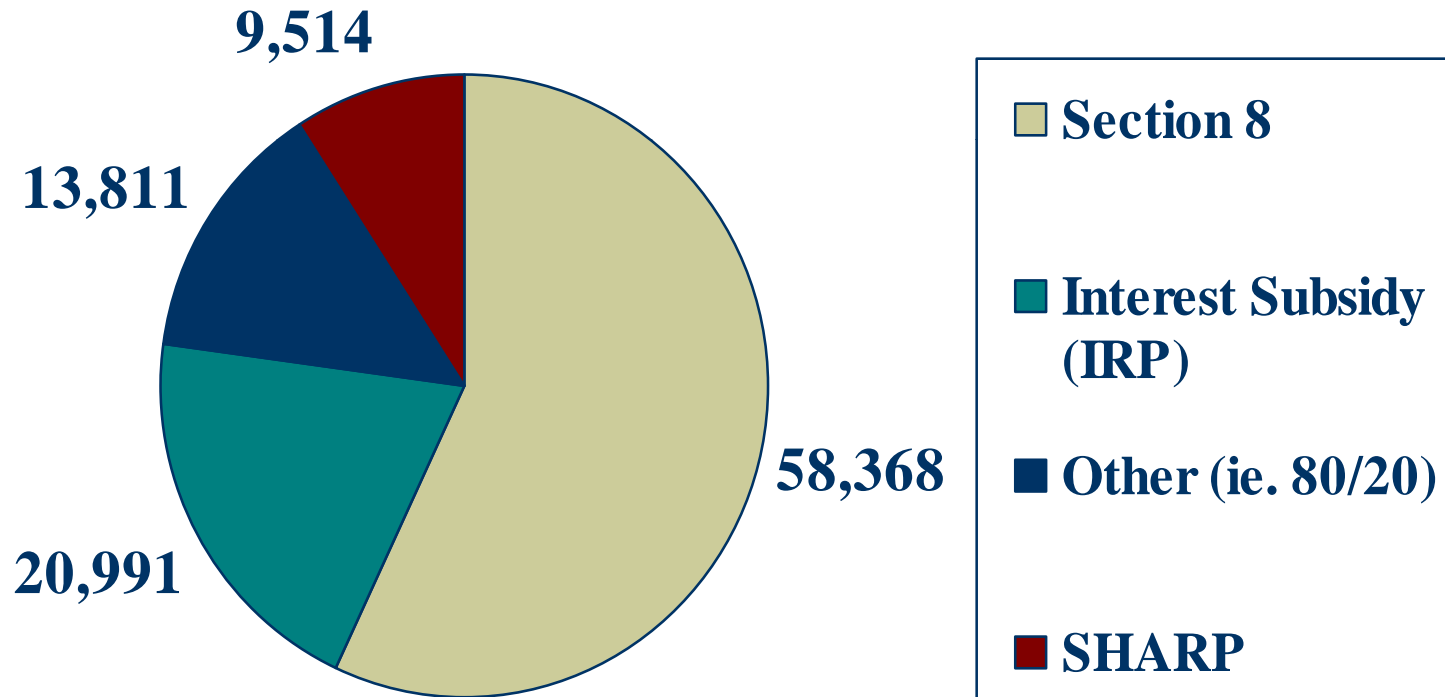
MassHousing Portfolio:

939 Developments (568 Financed, 371 S8PBCA)



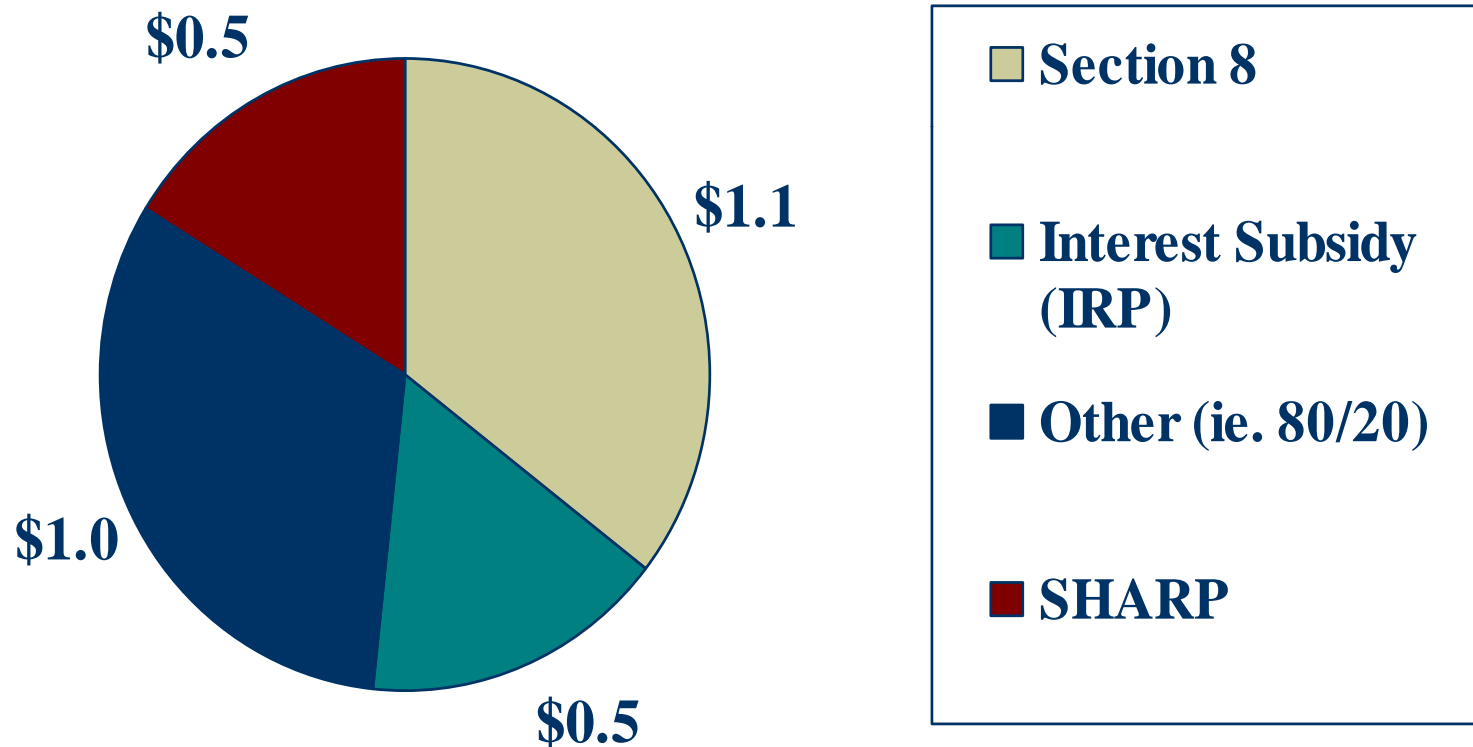
MassHousing Portfolio:

102,684 total units



568 of 939 Developments Have Our Debt

Total = \$3.1 Billion



* Totals are in Billions

Maturing MassHousing Mortgages 2009-2018

	2009	2010	2011	2012	2013	Sub- total	2014	2015	2016	2017	2018	Total
S8 (PPP)	3	11	16	17	24	71	18	3	4	7	6	109
13A					2	2	2			16	22	42
236				1	6	7	9		9	17	12	54
80/20	3			3	3	9	3	3	7	5	9	36
S8 other			1			1	2	1	3	1	1	9
totals	6	11	17	21	35	90	34	7	23	46	50	250*

* 44% of financed portfolio



Preservation Financing Programs



- ◆ Tax-exempt Volume Cap for new loans/developments to our portfolio - \$202 M
 - Pilot program for Distressed Portfolio Projects - \$50 M
 - \$15 M of MassHousing soft loans (“PDF”) for Preservation
- ◆ Taxable loans for maturing mortgages (2009-2013) under our Section 8 Proactive Preservation Program
 - HUD waiver of Risk Share (credit enhancement) regulations to permit equity take-out financing for 30 unspecified Section 8 developments in MassHousing’s portfolio of loans maturing 2009-2013.



Preservation Financing Programs (cont'd)

- ◆ Soft loans for Preservation – from State DHCD
 - Affordable Housing Trust (AHT)
 - Capital Improvement Preservation Funds (CIPF)

- ◆ McArthur Foundation Funding
 - \$150 M for predevelopment and acquisition for non-profit and for-profit developers
 - State CEDAC And MHIC joint venture

Rental Production – FY 2004-2009

Year	Total	Preservation	% of Total
2004	\$363 M	\$162 M	45%
2005	\$368 M	\$208 M	57%
2006	\$215 M	\$84 M	39%
2007	\$233 M	\$159 M	68%
2008	\$167 M	\$93 M	56%
2009	\$89 M	\$89 M	100%
Total	\$1.435 B	\$795 M	61%
Avg./Yr	\$239 M	\$133 M	-



Federal Preservation Legislation – MassHousing/NCSHA Proposal

- ◆ Authorize Ginnie Mae to securitize FHA/HFA Risk-Sharing Mortgages

- ◆ Authorize project-based Section 8 HAP Contract to owners of projects with State agency-financed mortgages, that are prepaid or mature
 - Authorize **enhanced vouchers** for Massachusetts 13A properties and confirms their eligibility upon prepayment
 - Makes **project-based vouchers** available to owners, upon request, in lieu of enhanced vouchers (unchanged from original draft of bill)

Federal Preservation Legislation – MassHousing/NCSHA Proposal (cont'd)

- Upon owner's request and in lieu of enhanced voucher or project based voucher assistance under this section, **permit a project-based Section 8 HAP Contract available to owners of 13A projects and projects with state-agency financed mortgage that are prepaid or mature, where prepayment or maturity would otherwise make residents eligible for enhanced vouchers**

- ◆ Would amend Section 8(t) of NHA
 - To allow project-based Section 8
 - To establish the HFA as the Section 8 HAP Contract administrator
 - To authorize a long-term (20 year) Section 8 HAP Contract
 - To establish how rents will be set and adjusted
 - To serve families residing at the project before eligibility event, as part of income targeting



Federal Preservation Legislation – MassHousing/AAHSA Proposal

- ◆ Allows Section 202 refinancing for repairs even if new financing does not result in a lower interest rate or reduced debt service. (Only for existing loans w/ interest rates of 6% or less)
- ◆ Directs HUD to permit Risk Share lenders (like FHA lenders currently) to underwrite Section 202 loans at Section 8 rents, if greater than market rents
- ◆ Eliminates 15% limitation on uses of funds for supportive services
- ◆ Allows reduction or reconfiguration of obsolete or unmarketable units



Federal Preservation Legislation – MassHousing/AAHSA Proposal

- ◆ Allows developer fee of the lesser of 15% of TDC or maximum under state QAP
- ◆ Allows equity take-out for sales or refinancings based on appraised value
- ◆ Permits residual receipts for supportive services
- ◆ Authorizes project-based assistance for 20 years
- ◆ Authorizes HUD to sell Section 202 loans to up to five HFAs
- ◆ Allows subordination of Section 202 debt
- ◆ Allows deferral of Flexible Subsidy loan if necessary to preserve or repair property



Other Preservation Initiatives

- ◆ Evaluation of projects “at risk”
 - MassHousing Risk Analysis (Financial, Capital, Managerial)
 - MassHousing data on market vs. existing rents (147 Section 236 and 13A projects)
 - Participation in State Interagency Working Group (IWG), CHAPA Preservation Action and Multifamily Finance Committees

- ◆ MIT Research on prepayment/market conversion (pending)

- ◆ Participation in various national Preservation and affordable housing groups