

2014 Entry Form
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name _____

HFA _____

Submission Contact _____

Phone _____ **Email** _____

Qualified Entries must be received by **Tuesday, July 1, 2014.**

For more information about Qualified Entries, [click here to access the 2014 Entry Rules.](#)

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

Legislative Advocacy – Federal Advocacy
MassHousing and Illinois Housing Development Authority (IHDA) Joint Application
“It Only Takes a Spark”

Background - Government Affairs work can be a little bit like being alone in the woods – and knowing you need to get someone’s attention – but all you have is a small pile of brush and a book of wet matches. But Government Affairs staffers are a resourceful bunch by nature – and we can make due even with those crude supplies. And so it has been with our efforts to generate interest in and support for MassHousing’s and the Illinois Housing Development Authority’s (IHDA), and other housing finance agency’s efforts to allow Ginnie Mae to securitize HFA risk-sharing loans. Currently, the law prohibits Ginnie Mae securitization of FHA insured Risk-Shared Mortgages but permitting Ginnie Mae securitization of these mortgages would significantly lower interest rates for preservation financing at no additional credit risk or cost to the federal government. Both Ginnie Mae and FHA have agreed to proposed amendment language.

The Risk-Share Program - What is the FHA-HFA Risk-Sharing program you may ask? Well if you did – you would be in the good company of many hard-working Congressional aides who have asked the same thing. The FHA-HFA Risk-Sharing program allows state Housing Finance Agencies (HFAs) that meet rigorous financial standards to underwrite FHA multifamily loans in return for sharing the risk of losses on those loans. FHA provides full insurance on the loans, and HFAs agree to accept up to 90 percent of the risk of losses on those loans. In the event of a default, FHA and the HFA apportion the loss according to the risk-sharing agreement they have made. The FHA-HFA Risk-Sharing program’s loan default rates have been very low and premium revenue has exceeded total claims, generating net revenue for the federal government.

Why should Congress allow Ginnie Mae to securitize FHA-HFA Risk-Sharing loans? Permitting Ginnie Mae to securitize FHA-HFA Risk-Sharing loans would allow HFAs to make more of these loans at lower interest rates. HFAs predict the interest rate on the underlying mortgages could be reduced by as much as 200 basis points or 2 percent, resulting ultimately in lower rents and reduced need of other federal housing subsidies.

What’s the problem? It sounds simple, right? Take a very successful program and make it work even better to produce more affordable housing without additional cost. This seems like an idea that should be easy to pitch. Well, as anyone who has worked in government affairs will tell you, things are never as easy as they seem. The Risk-Share Program is not broadly known to elected officials. The explanation for the HFA prohibition on Ginnie Mae securitization is complex, and frequently raises more questions. MassHousing and IHDA found, curiously, that it is almost impossible to convince elected officials that a legislative change that will do so much good carries no increased cost. But it doesn’t. In fact, the Congressional Budget Office (CBO) estimated that it would actually create future savings as a result of the fee revenue generated.

There are several states that have particular interest in this effort – and Massachusetts and Illinois are two of those states. Both states have worked over many months – and in fact years – to educate members of their Congressional delegations on this issue and to reinforce the tremendous benefit it will provide to many housing finance agencies for their preservation financing efforts.

Because it is a complex issue, Government Affairs staff and their Executive Directors have continued to educate the key Congressional players to spark their interest – and their desire to be part of the solution. In June of 2012, Mary Kenney of IHDA testified on behalf of NCSHA before the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity urging the subcommittee to seize the opportunity to make the FHA-HFA Risk-Sharing Program more productive and efficient by authorizing Ginnie Mae to securitize risk-share loans. In June of 2013, Mary Kenney and Tom Gleason of MassHousing presented at two Congressional Staff briefings – one for the House and one for the Senate. This was organized with NCSHA and with the assistance of House Housing Subcommittee Ranking Member Michael

Capuano (D-MA) and Senate Majority Whip Richard Durbin (D-IL). Two affordable housing developers also participated along with HUD Office of Multifamily Development Director Ted Toon and Ginnie Mae Risk Share Officer Greg Keith. The briefings were detailed and successful in outlining the specifics of this important proposal.

The Spark - On this effort in particular – the first spark came in April of 2014 when, after courting multiple, successive staff for Senator Mark Kirk, Illinois established a strong relationship with his Banking Committee staffer, Lindsey Johnson. After several trips to DC, and numerous phone calls and letters, the Executive Director of IHDA, Mary Kenney, gained Lindsey’s support, which translated into Senator Kirk’s support for this issue. Senator Kirk’s office even went so far as to agree to file a stand-alone amendment to the Johnson-Crapo bill on Ginnie Mae Risk-Share. This was a huge breakthrough – as it was a tangible and defined step in the effort to secure a legislative language change. Senator Kirk began his career with little to no interest in affordable housing issues, but IHDA’s continued, dogged efforts to educate one staffer after another paid off. Senator Kirk’s office jumped in to champion the Ginnie Mae securitization effort and continued to work on its behalf, roll calling the Committee and reporting that they had found no opposition to the amendment (“at least the Republicans” as they put it), but they stated that they would ideally need a Democrat co-sponsor for the amendment to have any likelihood of success. Bipartisan efforts are few and far between in this congressional environment. IHDA immediately turned to NCSHA for assistance in procuring a co-sponsor, as NCSHA had been tirelessly working the Hill on this issue. MassHousing had also partnered with IHDA throughout this effort, so all three groups immediately engaged the challenge of finding a co-sponsor – and fast! Once things begin to move, they can move quickly, and we had to be ready.

Team brainstorming identified a developer who is supportive of this issue and friendly with Senator Jack Reed of Rhode Island; he agreed to ask Senator Reed to co-sponsor this amendment. This meeting was scheduled very quickly, within a matter of a day. Unfortunately, Senator Reed, while supportive, declined to co-sponsor the amendment. This was a challenging turn – and in particular a challenge for Illinois as Lindsey was anxious to have a Democrat co-sponsor lined up. However, MassHousing agreed to approach freshman Massachusetts Senator Elizabeth Warren with this request. As a progressive Democrat from Massachusetts, Senator Warren has distinguished herself as an active and engaged member of the Senate – championing issues which she believes will help working individuals and families in Massachusetts. MassHousing had begun to build a relationship with her Washington staff and, in September of 2013, MassHousing’s Executive Director, Tom Gleason and a government affairs staffer from MassHousing requested a meeting with Senator Warren’s Legislative Assistant for housing issues, Adam Travis, to brief him specifically on the issue of Ginnie Mae Risk-Share. After the meeting, he in turn reported back to MassHousing that he had briefed Senator Warren’s General Counsel, Bharat Rhamamurti. This was fortuitous because later that year, Ellen Lurie Hoffman, Legislative and Policy Associate at NCSHA, had also had an opportunity to meet with Bharat just a few weeks prior to this legislative effort to reinforce the issue that MassHousing had first raised – and to provide the bigger picture of this issue for HFAs nationally. As such, Tom Gleason scheduled a call with Bharat that same week to discuss this issue again and to ask for Senator Warren’s consideration in serving as a Democrat co-sponsor. Protocol can be paramount in the Senate, and Senator Warren’s staff was sensitive to the need not to “step on Senator Reed’s toes” while he was making his decision about his willingness to co-sponsor – and so we waited. But then – as soon as there was a clear field – Senator Warren agreed that she would be willing to serve as the Democrat co-sponsor on this bill to Senator Kirk’s Republican co-sponsorship to help it to be considered favorably by the Senate Banking Committee.

Almost There - Senator Warren’s office was even able to take it one step further and offered to work cooperatively with the Committee to attempt to have the amendment language included in the Chairman’s mark of the Johnson-Crapo bill. This was a huge boost to this effort – as amendment language that emerges from Committee as part of the bill has much stronger standing than an effort to offer the amendment as a stand-alone.

At Senator Warren's request, MassHousing worked to identify key stakeholders on whom it could depend to reach out to Senator Warren's office to express their support. MassHousing also enlisted the help of NCSHA in writing to stakeholders on this important issue to ask for their help. Ultimately, this included: The National Association of Home Builders (NAHB), the Massachusetts Mortgage Bankers Association (MMBA) and the National Housing and Rehabilitation Association (NHRA). Illinois staff knew the amendment was gaining momentum when, as they also spoke to various housing industry practitioners about the exciting possibility of success for the Ginne Mae amendment, groups began to attempt to "pile on", meaning they wanted either to be allowed to underwrite for Risk-Share, or they wanted an unrelated, germane change and had been unsuccessful in obtaining their own vehicle. Of course, nothing can kill a bill faster than overloading it, so Illinois staff quickly rebuffed these requests. At the same time, IHDA continued to apprise Sarah Walters of Senator Kirk's office to keep them firm in their support and to encourage them to work with Senator Warren to move this amendment language through the process.

Senator Warren had some additional leverage – as it turned out – because she had not been a co-sponsor of Corker-Warner and as such – it was unclear if she would support the Johnson-Crapo bill. MassHousing and IHDA learned through Congressional sources that Senator Warren's request for inclusion of this amendment language would likely be boosted because of the appeal of attracting Senator Warren to vote in favor of Johnson-Crapo.

Success - But then time stood still for what felt like months – but was ultimately just a week or so – and everything went dark in terms of communication back from the Committee. It began to seem like too ambitious a goal to hope that this language could be included in as significant a legislative vehicle as Johnson-Crapo. Then the day arrived that everyone had hoped for – when we finally learned that the amendment language on Ginnie Mae Risk-Share would be included in what is known as the "Managers' Amendment". Specifically we learned that the HFA outreach had convinced the Senate Banking Committee leadership that the proposal had strong bipartisan support and as such Chairman Johnson and Ranking Member Crapo had agreed to support including the Risk-Sharing proposal in the Managers' Amendment to the bill for a seven-year authorization period.

Unfortunately, the Johnson-Crapo bill has not ultimately moved which means that this language hasn't either – but securing a place in the Managers' Amendment is a huge strategic victory that cannot be underestimated. Achieving the level of support required on both sides of the aisle to have this language reach this stage of the legislative process is extraordinary – and was the furthest we had yet advanced on this issue. MassHousing, IHDA and others believe that this legislative language change is poised for future success. And what started as a small pile of brush and a book of wet matches – after much effort – became a small spark and then a small wisp of smoke and eventually a small fire. MassHousing, IHDA and others will continue to tend to the fire and work towards the final, successful completion of this effort. This victory is significant!

In the interim, and thanks to President Obama's administration, HFAs now have an alternate to Ginnie Mae securitization to use while we continue to forge ahead with this legislation. The Obama administration has supported the "GNMA wrap" language for several years, even going so far as to include the revision in their budget. They, like IHDA and MassHousing, were dismayed when the Johnson-Crapo Risk Share amendment failed to move, and took matters into their own hands in the face of congressional inaction. On June 26, 2014, Treasury Secretary Lew unveiled a new financing partnership between the Treasury Department and the Department of Housing and Urban Development (HUD) aimed at supporting the Federal Housing Administration's (FHA) multifamily mortgage risk-sharing program. Secretary Lew summed it up best: "The Administration has urged Congress to permit Ginnie Mae to securitize FHA risk-sharing loans. But until Congress takes action on new legislation, I am directing the Federal Financing Bank to use its existing authority to finance these FHA-insured mortgages."

While this isn't the specific win which MassHousing and IHDA sought – it is a win nonetheless – and victories can come in any form. This most recent turn of events proves just that.