



## Entry Form 2018 Annual Awards for Program Excellence

**Entry Deadline: Friday, June 15, 2018, Midnight ET**

Each entry must include a completed entry form. Please complete a form for each entry your HFA is submitting. The completed entry form will become the first page of your entry.

This form is a fillable PDF. Type your information into the entry form and save it as a PDF. Please do not write on or scan the entry form. **Questions: Call 202-624-7710 or email [awards@ncsha.org](mailto:awards@ncsha.org).**

**Entry Title:** Enter your entry's title exactly as you wish it to be published on the NCSHA website and in the awards program.

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**Category:**

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**Subcategory:**

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**Entry Summary:** A 15-word (max) summary of the program, project, or practice you are entering.

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**HFA:**

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**HFA Staff Contact:**

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**Phone:**

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**Email:**

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### Visual Aids:

Are you mailing to NCSHA 10 copies of any visual aids that cannot be included in your entry PDF?      Yes      No

### Payment:

My HFA is mailing a check to NCSHA.  
My HFA is emailing the credit card authorization form to [awards@ncsha.org](mailto:awards@ncsha.org).

**MassHousing**  
***Home Possible Advantage 80***  
**HomeOwnership / Empowering New Buyers**

**Overview**

A variety of programs are offered through MassHousing's Homeownership Division. All offer lower interest rates and more flexible underwriting criteria (available because of the Agency's own Mortgage Insurance Fund) than the conventional mortgage market. To complement MassHousing's mortgage products and to address the most pressing needs of those borrowers earning 80% or less of area median income, MassHousing launched Home Possible Advantage 80 (HPA80) in the summer of 2017.

HPA80 is designed to empower borrowers by increasing their borrowing capacity and lowering out of pocket costs. HPA80 achieves this objective in three ways:

1. By offering an interest rate that is by 0.250% from MassHousing's daily rate;
2. By including a 20% discount on the mortgage insurance premiums for these loans; and,
3. By offering borrowers a \$1,500 closing cost credit.

These are powerful tools for a MassHousing borrower. The reduced interest rate coupled with the reduced mortgage insurance premium provides a life of loan savings to the borrower and the closing cost credit reduces barriers to entry by lowering out of pocket expenses at the time of purchase.

The program was initially scheduled to run as a summer buying incentive product – from July 3, 2017 through September 30, 2017. However, as the September 2017 end date for this promotion neared, it became clear that the program needed to be extended. As such, it was continued through January of 2018.

**The Challenge**

The Massachusetts housing market is searing hot in many counties across the state. While this is great for sellers, this competitive environment is a difficult one for new buyers entering the market. First time buyers in Massachusetts struggle with historically low inventory and high housing costs in many communities, which has created a serious affordability issue for many.

In March of 2018, Mike Fratantoni, the chief economist at the Mortgage Bankers Association, noted that home prices are increasing twice as fast as wage growth, creating a large pool of low income buyers vying for a very small selection of homes in their price range.

According to MLSPIN, a single-family home in eastern Massachusetts listed between \$200,000 and \$499,000 spends an average of 54 days on the market. This compares to an average of 94 days spent on the market for a similar property in 2015. Unfortunately, this is not an issue confined only to Eastern Massachusetts and the metro Boston area. Utilizing the same metrics for counties in Western Massachusetts show that properties spend an average of 79 days on the market in 2018 compared to 158 days in 2015. Statewide, this represents a 50% decrease in days on the market over just three years.

While MassHousing certainly cannot control market prices, given this challenge it became clear that the Agency need to identify ways to lower financing costs and barriers of entry for its consumers. As such, MassHousing worked to leverage the Agency's resources for its HPA80 program to create a low-cost mortgage, which provided long term savings and reduced out of pocket costs for our target consumers.

### **Implementation**

To launch this program, MassHousing coordinated a call to action through the Agency's network of lending partners. Collaborating internally, the Homeownership Division worked with the Corporate Communications team to develop a multi-channel marketing strategy. MassHousing utilized several media outlets which included trade publications, email campaigns and "breaking" news updates and website announcements.

The Agency also produced direct to consumer advertising. Previously, MassHousing had focused on traditional forms of marketing that carried a conservative tone. For HPA80, the Agency invested in a wide ranging digital strategy that included Facebook ads, social media posts, email campaigns, video content and web page advertisements. All of this was coupled with a fresh tone utilizing a more casual vernacular and modern imagery to relay MassHousing's message of housing opportunity to potential borrowers.

### **Resource Deployment**

- **Closing Cost Credit:** *GSEs and Opportunity Funds*  
MassHousing utilized its own resources from an Agency "Opportunity Fund" that was created in March of 2016 to strategically confront key housing challenges facing the Commonwealth and to deploy resources for mission-driven initiatives such as this. HPA80's \$1,500 closing cost credit was also made possible through earmarked Opportunity Funds and in collaboration with the GSEs.
- **Reduced Interest Rate:** *Bond Funds*  
MassHousing was able to lower the interest rate by 0.250 of a percent by utilizing the strength of our bond indenture by creating area medium income and loan balance specified MBS pools.

- **Discounted Premiums:** *MassHousing's Mortgage Insurance Fund*  
As a result of the strong financial standing of MassHousing's Mortgage Insurance Fund and its close alignment with MassHousing's mission, the fund offered a 20% mortgage insurance premium discount to borrowers earning less than 80% of area medium income. This 20% discount applies to both monthly and single paid premiums that can be paid by either the lender or the borrower.

**Market Adoption:**

The HPA 80 program proved to be a tremendous market success funding 518 loans to low income buyers. The closing cost credit, offered for a limited time, was utilized by 277 (53%) of HPA80 borrowers. There were 215 (42%) borrowers from Massachusetts Gateway Cities\* and 124 (23%) loans were made to minority borrowers. HPA80 delivered on several of our mission based values.

***\*Gateway Cities:** Under Massachusetts General Law, a Gateway City is defined as a municipality with a population greater than 35,000 and less than 250,000, a median household income below the commonwealth's average and a rate of educational attainment of a bachelor's degree or above that is below the commonwealth's average. The communities include: Attleboro, Barnstable, Brockton, Chelsea, Chicopee, Everett, Fall River, Fitchburg, Haverhill, Holyoke, Lawrence, Leominster, Lowell, Lynn, Malden, Methuen, New Bedford, Peabody, Pittsfield, Quincy, Revere, Salem, Springfield, Taunton and Westfield.*