

NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

Deadline: Wednesday, June 15, 2016

Visit ncsha.org/awards to view the Annual Awards Call for Entries.

Instructions: Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact awards@ncsha.org or 202-624-7710.

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

Entry Name: _____

HFA: _____

Submission Contact: (Must be HFA Staff Member) _____ **Email:** _____

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

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

HFA: _____

Entry Name: _____

Select the appropriate subcategory of your entry and indicate if you are providing visual aids.

Communications	Homeownership	Legislative Advocacy	Management Innovation
Annual Report	Empowering New Buyers	Federal Advocacy	Financial
Creative Media	Encouraging New Production	State Advocacy	Human Resources
Promotional Materials and Newsletters	Home Improvement and Rehabilitation		Operations
			Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
Encouraging New Production	Combating Homelessness	Special Achievement	Yes
Multifamily Management	Housing for Persons with Special Needs		No
Preservation and Rehabilitation			

MassHousing
Home Ownership – Home Improvement and Rehabilitation
MassHousing's Purchase and Rehabilitation Program
Five Years of Quiet Achievement

Background

One of the most challenging issues facing “at risk” neighborhoods in urban markets is the condition of the existing housing inventory. Most of the housing stock in Massachusetts’ older cities was constructed in the early part of the 1900s. While some homes have been maintained, many have been neglected and are in disrepair. It becomes difficult to resell such properties as standard property requirements for most loans today do not allow for significant deferred maintenance. As a result, it is difficult - if not impossible - for homebuyers to afford both the down payment and the cost of repair for such properties. Over time, these neglected properties may fall prey to investors who do nothing to address the properties’ disrepair but then still rent them to low-income families.

Purchase and Rehabilitation Program Specifics

The MassHousing Purchase Rehab Program is the only formal mortgage program that provides monies for both the acquisition and repair of neglected properties suffering from deferred maintenance. Through the Agency’s program, MassHousing finances 97% of the purchase price of a home plus 97% of the cost of rehab (not to exceed 97% of the projected value of the property after completion of the rehab). At closing, 100% of the loan proceeds are advanced. 97% of the purchase price is used to fund the acquisition of the property and 97% of the rehab costs are placed in escrow by the originating lender. Bonds are held in the Agency working capital account until the property rehabilitation has been completed. They are then aggregated and funded from bond proceeds.

This program is unique in that:

- The rehabilitation work is supervised by a qualified bank loan officer or a rehab specialist who works for a non-profit which is approved to provide property inspection and construction supervision services.
- Rehab funds are advanced according to a predetermined schedule.
- The schedule is structured to complete the work and fully advance all funds within six months of the original closing.
- There is one loan and one loan closing. Monthly payments are required during the rehab period but can come from the rehab funds if the rehab work is proceeding on schedule.

There are a number of important state housing needs which MassHousing’s Purchase Rehab program addresses. Most important is the rehabilitation of distressed properties in inner city neighborhoods which helps to reduce the decline in property values in these neighborhoods. In addition, the program also fosters owner occupied housing in at risk neighborhoods. An increase in

pride in the neighborhood helps to reduce crime such as vandalism, breaking and entering and robbery at abandoned properties. The program also increases the inventory of safe, affordable and sustainable owner occupied homes and rental housing.

Ultimately, this program supports fully restored inner city housing that is owner occupied. When properties are two- and three-family homes, there is an additional benefit from the creation of two safe and affordable rental units of housing. Often, these types of property improvements encourage owners of adjoining homes to make improvements as well. It serves as a small catalyst for neighborhood stabilization.

In addition to traditional property improvement the program is also designed to address lead paint abatement, and septic system repairs, where state laws and building codes mandate repairs before occupancy permits can be issued.

MassHousing's Purchase Rehab mortgages are concentrated in the state's Gateway Cities, legislatively defined by populations with incomes below the state median, and education levels below the state average. Because loans are concentrated in these communities, borrowers tend to be more low-income and minority members of communities. The result is a program that supports underserved, targeted neighborhoods and borrowers.

RESULTS

Over the past six years this program has generated just under 350 loans for \$60 million in financing. This averages about \$10 million a year in financing to address this specifically focused need with good success. The Purchase and Rehab program has been a quiet, long term success. MassHousing has been working with Fannie Mae to secure approval of these mortgages for inclusion in Fannie Mae's Home Style home loan program.

Recently, MassHousing was pleased to learn that the Agency had secured a variance from Fannie Mae that will allow MassHousing to originate both MRB eligible and Fannie Mae eligible loans under this program. As the first lender in the country to be approved by Fannie Mae to originate their "Home Style" purchase rehab loan program with HFA preferred variances, MassHousing will be able to do purchase-rehab, as well as refinance-rehab loans for both "move-up" buyers and homeowners, without having to manage to the limited funding afforded under an MRB lending program only.

MassHousing's Purchase Rehab program is totally self-sufficient with no special program subsidies. The program applies existing resources in a creative way, enlisting support from community conscious non-profits and lenders who work together to promote the stabilization and restoration. For the program to work it needs the cooperation of local municipalities (support from building departments and inspection services officials), non-profits (homebuyer counselors and rehabilitation specialists) and community banks (with the ability and willingness to devote construction lending resources to administer the projects).

In all, this program has helped 300 families across Massachusetts purchase and repair the homes that make up a critical housing supply in "at-risk" neighborhoods making a difference all across our Commonwealth – one home and one neighborhood at a time.