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55 YEARS

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The Mass, Housing Finance Agency provided \$1.6 billion in fiscal year 2013 - Setting new one-year performance record

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Strong consumer demand for a unique home mortgage loan with no mortgage insurance requirement and a solid multi-family financing year propelled MassHousing (The Massachusetts Housing Finance Agency) to a record lending year in fiscal year 2013.

MassHousing provided a total of \$1.6 billion over the 12-month period which ended June 30. The agency bested its previous record, set just last year, by 72%. The independent, quasi-public agency provides sensibly underwritten and sustainable affordable home mortgage loans to income-eligible borrowers and also makes low-interest loans to build or preserve affordable apartments.

The Agency has set lending records in four of the last five years.

"Once again first-time homebuyers and homeowners refinancing to a lower rate flocked to our no-MI home mortgage loan," said MassHousing executive director Thomas Gleason. "There is great demand in the marketplace for affordable home mortgage loans and we are meeting that need for people with modest incomes."

The no-MI product, which is not available in the conventional market, is made possible by a risk-sharing partnership between the nation's state housing finance agencies and Fannie Mae.

"This is exactly the type of model that is being talked about for the mortgage market of the future with lenders having some skin in the game," said Gleason.

MassHousing's \$1.2 billion in lending for homeownership resulted in 5,468 loans. For loans used to purchase a home, the average purchase price was \$238,800 and the average loan amount was \$226,300. The average household income was \$75,771. Borrowers who refinanced with MassHousing saved an average of \$400 per month.

"Many of our borrowers who refinanced would not have been eligible for a conventional loan because of the lack of equity in their home," said Gleason. "MassHousing continues to directly address one of the major economic challenges of the last few years."

The Agency also had its second best lending year ever for rental housing. It made loans totaling \$369 million to finance the construction of six new apartment communities with 329 units, and to refinance, upgrade and extend affordability at 22 existing rental developments with 3,186 units.

In addition MassHousing also provided \$40.8 million from the Affordable Housing Trust Fund which it administers on behalf of the Department of Housing and Community Development. It also provided an additional \$8.4 million in the form of mortgage insurance for affordable non-MassHousing loans made to homebuyers by community lenders.

"It's critical that we preserve the affordable housing we already have in Massachusetts and not lose units to market conversions, so we're pleased that so many owners of affordable rental housing came to us to refinance, upgrade their properties and extend affordability restrictions well into the future," Gleason said. "We need more new units as well, and while we made loans for six new

communities with more than 300 units I am hopeful that developers will gear up and do even more new construction as the market continues to improve."

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