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MassHousing and MHIC partner to grow Equitable Developers Fund with \$50m in public funding

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Boston, MA MassHousing and the Massachusetts Housing Investment Corporation (MHIC) will partner to launch and grow a new \$50 million Equitable Developers Fund. The fund will diversify the state's housing delivery system by providing enterprise level financing to active developers from socially and economically disadvantaged backgrounds and communities. The fund is the largest publicly led financing program of its kind in the country.

“We are thrilled to partner with MHIC to launch the Equitable Developers Fund,” said MassHousing CEO Chrystal Kornegay. “Our two organizations have intimate knowledge of the barriers of entry related to the Massachusetts affordable housing ecosystem. Working together, we will help unlock new opportunities for housing growth, while creating a path for more developers to participate in confronting the state's housing challenges.”

“Ultimately, we want to see more developers helping to solve the affordable housing crisis in Massachusetts,” said MHIC president and CEO, Moddie Turay. “Developing a public-private partnership that draws upon MassHousing's and MHIC's decades of affordable housing and community development financing experience provides the critical foundation upon which to establish the Equitable Developers Fund.”

Last year, a report by Grove Impact and the Initiative for a Competitive Inner City found that Black and Hispanic real estate developers made up less than 1% of the industry, and that underrepresentation in the real estate industry impeded broader efforts to close wealth gaps nationally.

Prior to launching the Equitable Developers Fund, MassHousing conducted a statewide listening tour to understand disparities and identify opportunities to increase participation in the affordable housing ecosystem among developers from communities and backgrounds that are underrepresented in the industry. The listening sessions, held in collaboration with the Mel King Institute and the Builders of Color of Coalition, identified access to capital as a significant barrier to growth.

The Equitable Developers Fund will address disparities in capital access by providing interested developers with predevelopment and growth capital, through lines of credit and other financial assistance. Expanding the capacity and increasing the number and diversity of capable developers will accelerate the Commonwealth's overall production of affordable housing.

The partnership combines MassHousing's substantial reach with MHIC's deep experience raising and deploying capital, as both a lender and an investor. The fund represents MassHousing's largest partnership with a Community Development Financial Institution (CDFI).

With \$50 million in public funding, the Equitable Developers Fund is already the largest publicly led program to address growth opportunities for real estate developers that have been underrepresented in the real estate development industry.

In addition to the enterprise level capital that the Equitable Developers Fund will make available, MHIC plans to make at least \$10 million available for loans for project-level predevelopment, acquisition and construction financing to projects receiving assistance through the Equitable Developers Fund.

MHIC and MassHousing intend to expand the reach of the Equitable Developers Fund by raising an additional \$25 million from private investors.

MHIC will lead day-to-day operations of the fund, including developing the fund's financial products, evaluating and underwriting developer applications, and servicing loans. MassHousing will work with developers to provide technical assistance as it relates to understanding the state's affordable housing development opportunities and financing sources. MassHousing and MHIC will collaborate on outreach to prospective borrowers.

MassHousing and MHIC expect to open funding applications in the Spring of 2024.

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