Agenda

- Who is the FHLBank Boston?
- What is the NEF Program?
- NEF Eligibility
- Profiles of Success
- How to apply?
- Reporting
- MassHousing/Comprehensive (40B) Statute
Strategic Partnerships

- Cooperatively owned, Wholesale Bank
- 443 Member Financial Institutions of all types
- Serving New England and Beyond
New England Fund

- The New England Fund (NEF) offers low-cost, fixed-rate advances for eligible affordable-housing and economic-development initiatives that benefit households or neighborhoods with incomes up to 140 percent of the area median family income to support:

  - Residential one-to-four family loans
  - Residential multifamily rental and cooperative mortgages
  - Nonresidential community economic development loans
In 2003 the Federal Home Loan Bank of Boston expanded NEF program to support funding for mixed-income housing to support Comprehensive Permit (40B) developments in Massachusetts and Rhode Island.

In accordance with the current 40B regulation, the FHLBank Boston’s NEF program is recognized as a “subsidizing agency”.

- **40B**
  - 25% of the units targeted for households earning 80% or below of the area median income
  - 20% of the units targeted for households earning 50% or below of the area median income

- **40R (Rhode Island)**
  - 20% of the units targeted for households earning at or below 80 percent of the area median income
New England Fund Program Performance

The NEF Program has disbursed over $2.2 billion.

Funding Benefitted:
- 11,478 housing units
- 2,950 affordable units
Profile of Success - Ownership

Pine Hill Village

- Member will provide funding of a zero-energy Massachusetts 40B development in Harvard, Massachusetts.
- The initiative consists of 24 ownership units with 7 (30%) reserved for households earning at or below 80% of the area median income.
- 80% of AMI – Harvard, MA = $71,900

- Member NEF Funding - $4.1 million
Profile of Success - Rental

Grand Oaks, LLC

- Member will provide funding to support the construction of a Massachusetts 40B development in Lancaster, Massachusetts.
- The initiative consists of 16 rental units with 4 units (25 percent) reserved for households earning at or below 80 percent of the area median income.
- 80% of AMI – Lancaster, MA = $71,900

- Member NEF Funding - $11.4 million
How to Apply

The Application Process

- Easy-to-use online application
- Submitted applications processed within 10 business days
- No commitment to borrow *
- No restrictions on incremental disbursements
- No obligation to match fund initiative
- Approved applications expire after 12 months
- Extension of approval available through written request
- Modification of funding available through written request
- Transfer of approval available through written request

*NEF approval does not obligate a member bank to borrow funds. Developer will need to ensure that funding is secured through another eligible funding source.
NEF Reporting
The Federal Home Loan Bank of Boston does not require annual reporting for approved NEF applications. However, the Bank will require a “status update” as part of member requests for extensions or funding increases through the NEF Status Update form.

**NEF Status Update Form**
- Confirmation of member continued support.
- Documentation of modifications to development size/scope.
- Indication of progress to completion.

**NOTE:** FHLBank Boston does not require reporting as part of an NEF approval or funding, all 40B initiatives are subject to all monitoring certifications required by MassHousing, the project administrator.
Where to Get More Information

Housing & Community Investment

Paulette Vass, Community Development Advance Manager 617-292-9792

Additional Contacts

Ken Willis, FVP/Director 617-292-9631
Mary Ellen Jutras, VP/Deputy Director 617-292-9607
Theo Noell, Manager of Programs & Outreach 617-292-9668
Kaitlyn Mulhern, Equity Builder Program Manager 617-292-9606
Kathleen Amonte, HCI Compliance Analyst 617-425-9413
Michelle Chisholm, HCI Analyst 617-425-9606

Community Investment Managers

Fatima Razzaq (CT & RI) 617-425-9564
Tobi Goldberg (ME & Eastern MA) 617-292-9653
Kathy Naczas (NH; VT; Central & Western MA & Outside New England) 617-292-9646

www.fhlbboston.com 1-800-424-3863 [option 1]
New England Fund

Questions?
MassHousing, the Comprehensive Permit Statute (c. 40B), and the New England Fund (NEF) Program

Greg Watson
Manager of Planning and Programs, MassHousing
July 24, 2018
M.G.L. c. 40B §§ 20-23

- Adopted in 1969 and also referred to as the “Comprehensive Permit Law” or the “Anti-Snob Zoning Act”.
- c.40B enables local Zoning Boards of Appeal (ZBAs) to override zoning and approve housing developments under flexible rules if at least 20-25% of the proposed units have long-term affordability restrictions.
- c.40B encourages a minimum of at least 10% of a community’s total housing units to be considered affordable.
- Communities that meet this threshold have greater discretion in approving or denying comprehensive permits.
The New England Fund (NEF) Program

1999 Housing Appeals Committee (HAC) decision in Stuborn case the HAC ruled that:

- Federal Home Loan Bank of Boston’s (FHLBank Boston) New England Fund (NEF) Program is a qualifying low or moderate income-housing program, which requires that no less than 25% of the housing must serve households earning less than 80% of area median income (AMI) guaranteed by a long term use restriction.

- FHLBank Boston member banks could issue Site Approvals under the NEF program.
The New England Fund (NEF) Program

- In the 30 years prior, all 40B developments were approved under a state housing subsidy program. ("Subsidizing Agencies")
- For the first time, a site eligibility letter could be obtained from a non-governmental entity.
- A dramatic rise in applications resulted – followed by complaints about lack of oversight.
- July 2002 NEF was briefly suspended.
MassHousing Oversight and Project Eligibility

- **February 2003**: DHCD adopts Guidelines for the administration of the New England Fund Program.
  - MassHousing’s commits to serving as Project Administrator for the NEF Program.

- Prior to obtaining financing from a FHLBank Boston member bank to undertake a 40B development using the NEF, the developer must first obtain written determination of project eligibility (Site Approval) from MassHousing.
In order to issue Site Approval, MassHousing requires a Letter of Interest from a current Federal Home Loan Bank of Boston (FHLBank Boston) member bank regarding financing for the proposed development. The letter of interest must include, at a minimum, the following:

- Identification of proposed borrower, and brief description of the bank’s familiarity with the borrower;

- Brief description of the Proposed Project

- Confirmation that the bank is a current FHLBank Boston member bank and that the bank will allocate the required NEF funds to the proposed development.
The Comprehensive Permit

- Once the Subsidizing Agency issues a decision of Project Eligibility, a developer shall apply to the ZBA for a Comprehensive Permit.

- The ZBA may issue a single comprehensive permit, which incorporates all local permits and approvals normally issued by separate local boards. It may also issue a comprehensive permit with conditions or deny the permit.
Final Approval

- A regulatory agreement in the form prescribed by MassHousing will be executed to ensure compliance with program requirements, including monitoring of construction, imposition of effective use restrictions, monitoring of compliance with the provisions of the use restriction and regulatory agreement during the term of affordability, etc.

- MassHousing grants final approval to a project if the project still meets the program requirements and financing standards pursuant to which the Determination of Project Eligibility (Site Approval) was made.
NEF Lender Obligation

- As part of the Final Approval Application to MassHousing, the Developer must submit Commitment Letters for both construction and permanent financing.

- **Minimum Requirements for Loan Commitment Letters:**
  - Confirmation that the bank is a current FHLBank Boston member bank, and that the bank will allocate the required amount of NEF funds for the proposed project.
  - All-in annual interest rate for the financing, or member bank spread over the FHLBank Boston's NEF Amortizing Advance or other applicable NEF rate
  - Maximum loan term and amortization
  - Maximum loan-to-value
  - Any other applicable limitation impacting loan size
NEF Lender Obligation

Homeownership

- A minimum of 25 percent of the construction financing must be obtained from the NEF program;

- The term of the construction financing must be reasonable for the size and complexity of the project;

- Other financing terms must be substantially similar to terms used by the Subsidizing Agency in its own lending programs or otherwise be commercially reasonable.

- Any transfer of all or a portion of the NEF lender's interest during the entire term of the construction financing shall be subject to the approval of the Subsidizing Agency.
NEF Lender Obligation

Homeownership

Construction Lender Monitoring/NEF Certification

- 25% of the Construction Financing is being provided through the NEF;

- Provides a description of the construction monitoring process to be used by the construction lender (including the name, experience and scope of service to be provided by any outside construction monitor).

- To the extent that the construction lender cannot provide for such monitoring, MassHousing will require an additional six (6) weeks minimum to complete the Final Approval process in order to secure such services by contract, the cost of which must be borne by the applicant.
NEF Lender Obligation cont.

Rental

- The construction financing may be obtained from any source, but a minimum of 25 percent of the permanent financing must be obtained from the NEF program;

- The permanent financing must be for a term of at least 5 years following completion of construction of the project;

- Other financing terms must be substantially similar to terms used by the Project Administrator in its own lending programs or otherwise be commercially reasonable.

- Any transfer of all or a portion of the NEF lender's interest during the entire term of the construction financing shall be subject to the approval of the Subsidizing Agency.
NEF Lender Obligation cont.

Rental

Permanent Lender Certification

- 25% of the Permanent Financing is being provided through the NEF; and

- NEF Lender shall not transfer all or any portion of its interest in the NEF Loan (including participations or sale of servicing rights) or consent to a refinancing during the initial five (5) years of the NEF Loan without the prior written approval of the Subsidizing Agency.
MassHousing is advancing the Governor’s Housing Choice Initiative, by providing approximately $2 million in programmatic funding to municipalities that are actively planning to increase their supply of affordable housing.

This program is forging new partnerships between communities and MassHousing, helping them achieve affordable housing production while controlling their own development destinies.
Program Intent

- 40B regulations reward proactive planning. However, relatively few municipalities have been active participants in planning for and delivering new affordable housing. Most municipalities have viewed 40B development as something that happens to them.

- MassHousing’s new planning for housing production program helps *reset the way cities and towns interact with Chapter 40B and housing production*.

- This technical assistance program is *adding capacity at the local level* to implement local planning efforts.

- The program will be structured as a partnership between MassHousing and municipalities. This partnership will *empower communities to control their own development destinies*, by progressing toward, achieving, and exceeding the 10% 40B affordable housing goal.

- The Planning for Housing Production program complements other MassHousing efforts to *promote new housing production*, including the Workforce Housing Initiative, sponsorship of CHAPA’s municipal engagement work, and sponsorship of the MAPC Metro Mayors Coalition regional housing initiative.
Program Overview

- MassHousing launched the Planning for Housing Production program as a multi-year pilot, funded with $2 million from the agency’s Opportunity Fund.
- The program focuses on implementing existing local housing planning in communities with potential 40B exposure (SHI below 13 percent).
- These proactive efforts will generate new mixed-income housing, while giving municipalities a stronger hand in managing 40B development.
- Participating municipalities have engaged in thoughtful and participatory local planning efforts, and have identified impediments to the full realization of their local planning efforts.
- MassHousing will provide municipalities with strategic technical assistance services that will overcome locally-identified roadblocks, and deliver new housing growth consistent with local planning priorities.
- The planning services MassHousing will offer communities will vary, depending on local needs, but may include rezoning, public infrastructure design, community development capacity-building, and data transparency initiatives.
MassHousing’s Role

Municipality approaches MassHousing with housing needs and production goals.

MassHousing provides funding for a planner/consultant to facilitate best implementation tools and strategies.

- "Friendly" 40B
- 40B Zoning Ordinance
- 40R Smart Growth Zoning
- Municipal Sponsored RFP
- Project management
- Feasibility studies
- Infrastructure Planning
- Transparent Data

CONSTRUCTION

SAFE HARBOR
SAFER HARBOR
SAFEST HARBOR

Municipality meets or exceeds statutory minimum of 10%
Round One Overview

- **Identified Impediments to Housing:**
  - Restrictive zoning
  - Lack of staff capacity to evaluate publicly- or privately-owned development sites
  - Lack of funds to begin public infrastructure design
  - Need to engage in public dialogue around housing implementation, and a lack of data to quantify the benefits of new housing production.

- **Types of Assistance Sought:**
  - Implementing rezoning
  - Advancing municipally-owned sites through the development pipeline
  - Designing public infrastructure in anticipation of a MassWorks application
  - Producing transparent data
  - Facilitating public engagement around specific development proposals.

29 APPLICATIONS

Subsidized Housing Inventory Spread

- Torrington, Trumbull, Milford, Middletown, Norwich
- Rockland, Abington, Fall River, Oak Bluffs, Provincetown
- Gloucester, Methuen, Methuen
- Newton, Westwood
- Brookline, Easton, Tewksbury
- Dartmouth, Salem, Lynnfield, Haverhill, Beverly
- Canton, Littleton

Classification: Public
MassHousing will fund a total of 14 projects, allowing these cities and towns to deliver more than 4,200 new mixed-income housing units.
MassHousing Mortgage Insurance
MassHousing Products

1st Mortgage Programs
- MassHousing Mortgage
- MassHousing Mortgage 100
- Operation Welcome Home
- MassHousing Mortgage FHA
- MassHousing Mortgage FHA 100

Mortgage Insurance (MI)
- Portfolio MI
- MIPlus™
**MIPlus™**

**The confidence and security needed when buying a home**

**MIPlus™** is a unique borrower protection that helps pay the mortgage if a borrower loses their job.

**MIPlus™** from MassHousing is different

In the event of a borrower job loss, **MIPlus™** pays monthly principal and interest payments for up to six months.

This unique benefit is offered on all loans insured by MassHousing, at no additional cost to the borrower.

**MIPlus™** provides families confidence, security and peace of mind, knowing that losing a job doesn’t have to mean losing their home.
MassHousing Mortgage Insurance works for you...

Lender Benefits

1,300 MI Claims Paid since 1968

$70 Million Claims Paid

Within 72 Hours of claim being filed

0.47% MassHousing Foreclosure Rate

0.47% vs. 1.16% MBA Conventional Foreclosure

The MA Division of Banks recognizes CRA eligibility of

Borrower Benefits

5,000 MIPlus Unemployment Payment Protection Benefits paid since 2004

82% of MIPlus recipients were able to stay in their home

$4.8 Million MIPlus Benefits Paid

1000 Borrowers received an average of 5 months of MIPlus Benefits

MassHousing
Find out more information at [www.MassHousing.com](http://www.MassHousing.com)

Contact Information as follows:

**Gregory P. Watson, AICP**  
Manager of Planning & Programs | MassHousing  
One Beacon Street, Boston, MA 02108  
617-854-1880  
gwatson@masshousing.com

**Mounzer Aylouche**  
Vice President of Homeownership | MassHousing  
One Beacon Street, Boston, MA 02108  
617-854-1327  
malyouche@masshousing.com