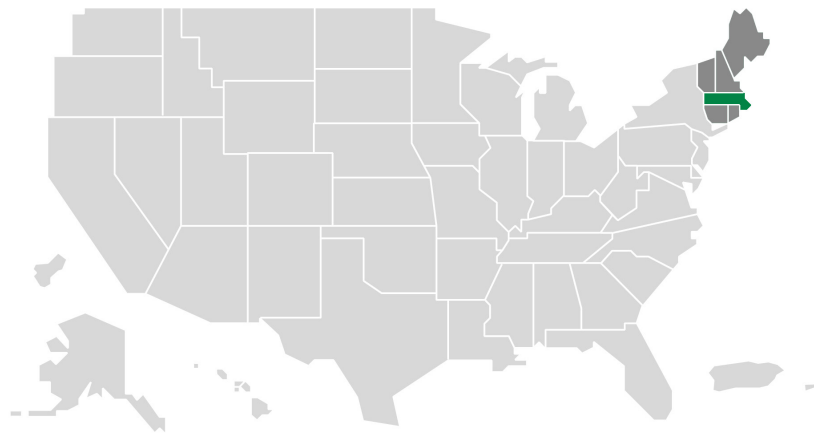


# ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



 **FHLBank Boston**

**MASSACHUSETTS**  
STATE REPORT

# MASSACHUSETTS STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Massachusetts is in the Boston district. This report details the economic impact of housing within Massachusetts that has been enhanced by AHP funding from 1990 through 2016.\*

\* Note: some projects within Massachusetts may have received AHP funding from a Federal Home Loan Bank other than FHLBank Boston. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

# MASSACHUSETTS Rental, Home Construction and Rehabilitation Activities

## Economic Basis



**\$117.81** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$158.91** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$1.83** BILLION

### DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

**\$2.50** BILLION

### DEVELOPMENT COST INFLATION-ADJUSTED

 **479**

### PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

 **15,014**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

# MASSACHUSETTS Home Purchase Activities

## Economic Basis



**\$17.32** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$20.64** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$193.09** MILLION

### FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

**\$220.54** MILLION

### FIRST MORTGAGES INFLATION-ADJUSTED



**2,136**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

# MASSACHUSETTS Rental, Home Construction and Rehabilitation Activities

## Economic Impact



**\$4.71** BILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



**29,767** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



**\$2.05** BILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**1.89**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

**\$153.09** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

# MASSACHUSETTS Home Purchase Activities

## Economic Impact



**\$762.86** MILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



**4,430** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



**\$185.99** MILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**1.96**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

**\$36.24** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

# Providing a Stepping Stone for the Homeless



## First Step Inn

David Chamber's\* current goals are pretty straightforward: take it one day at a time, earn a GED, secure a job and be a better Muslim, father, grandfather and brother.

Life hasn't always been as straightforward and simple for the New Jersey native. Chamber spent a significant part of his life dealing drugs, using crack cocaine and heroin and serving time in prison for drug possession and distribution.

After his mother's death when he was 21, drug use and dealing became a lifestyle that entangled him for years.

Even though his life has been marked by periods of sobriety, employment and relative stability, Chamber, 51, continued to struggle with drug use, unemployment and homelessness. He eventually turned to First Step Inn, transitional housing in Fall River, Massachusetts for homeless men and women.

First Step Inn, which is operated by the nonprofit Steppingstone, Inc., opened the doors to its new home on Durfee Street during summer 2017. Steppingstone started First Step Inn in a dark, crowded building in 2004. During the winters, the old facility would fill up so local churches would serve as overflow shelters, setting up cots and taking in people during the nights to keep them warm and safe.

"As co-chair of the Fall River Mayor's Task Force on Homelessness, it was clear to me that the number of unsheltered homeless persons in our community continued to grow each year. The outreach teams found more encampments and more individuals visiting area soup kitchens. They found that individuals who were forced to live on the streets often lacked the resources to find, afford and maintain housing," says BayCoast Bank President and CEO Nicholas Christ. "We know that this population is most successful when we offer hand-holding along with access to wrap-around services."

BayCoast Bank led the effort to raise \$4 million to find and rehabilitate the Durfee Street building and built a coalition of support including four other Federal Home Loan Bank of Boston members: BankFive, Bristol County Savings Bank, Mechanics Cooperative Bank and St. Anne's Credit Union. BayCoast provided a permanent loan and construction loan, while FHLBank Boston provided \$500,000 in funding.

The Durfee Street building can accommodate up to 50 individuals and has space for health checks, sobriety counseling, GED classes and financial literacy classes. Clients also have access to nutritious meals, showers and laundry facilities.

## First Step Inn

\* Name has been changed

# MASSACHUSETTS

## Project Profile: Rehabilitation Activity



### Spencer, Massachusetts

Three adjacent, two-story buildings in Spencer, Massachusetts that previously served as a market-rate lodging house were acquired, preserved and rehabilitated to provide permanent affordable housing for formerly homeless individuals. The facility features 18 single-room-occupancy units with private rooms for each resident, along with shared kitchen, baths, dining and living areas. The remaining units include four two-bedroom apartments and one studio apartment. All 23 units are reserved for very-low-income households with individuals recovering from substance abuse issues. To address chronic homelessness, the sponsor provides a comprehensive range of services including family self-sufficiency and employment training. A live-in house manager facilitates group food preparation, house meetings and chores for the residents as they transition into permanent housing. The project was reviewed by the sponsor’s Energy Services department, which serves as the administrator of several energy and conservation programs statewide, to ensure the construction practices used meet local NStar energy’s efficiency ratings and Department of Energy’s energy measures standards. In addition to the Affordable Housing Program (AHP) direct subsidy, Chittenden Trust Company provided the permanent financing with an AHP-subsidized advance.

#### SOURCES

Development Housing Stabilization Fund	\$	950,000
Department of Housing and Community		
Development Housing Innovations Fund	\$	894,106
FHLBank Boston AHP Subsidized Advance	\$	680,000
FHLBank Boston AHP Direct Subsidy	\$	400,000
Department of Housing and Community		
Pioneer Valley Planning Commission Grant	\$	58,500
<b>Total Sources</b>	<b>\$</b>	<b>2,982,606</b>



# Sustainable Development in a Formerly Abandoned Massachusetts Building



**Temple Place**

When the Cambridge Housing Authority drew up plans to develop Temple Place Apartments in Central Square, its goal was to build quality, energy-efficient housing to serve the city's most needy Section 8 residents.

A six-story building with a mix of 40 one- and two-bedroom apartments, Temple Place was designed in compliance with the Enterprise Green Communities Program to produce less greenhouse gas emissions and features energy-efficient windows, state-of-the-art insulation, a highly efficient hydronic gas-heating system, central air-conditioning (which is more efficient than window air-conditioning), low VOC paints and sealers and water-efficient toilets, faucets and showers.

A short walk from a major commercial district and a subway station, Temple Place was a long time in the making. In 2002, the Cambridge YWCA began looking for a partner to build housing on the site of an abandoned pool building adjacent to its headquarters. A lawsuit by an abutter and a subsequent redesign delayed construction for several years.

The city's universities, high-tech and pharmaceutical industries and ongoing gentrification make the cost of housing in Cambridge especially high. A moderate-priced one-bedroom rental apartment in the city costs, on average, between \$2,400 and \$3,000. Most of the Section 8 voucher holders have to go outside Cambridge to find housing because the voucher isn't high enough to secure a unit within the city.

Primary funding for Temple Place came from Low-Income-Housing Tax Credits, while a \$400,000 Affordable Housing Program (AHP) grant served as an important gap-filler.

In addition to collaborating with the Cambridge Housing Authority to apply for the AHP, East Cambridge Savings Bank also provided construction and permanent financing for the Temple Place initiative.

"This was a really important project for the City of Cambridge, the YWCA, the Cambridge Housing Authority and East Cambridge Savings Bank," says Margaret Moran, director of planning and development at Cambridge Housing Authority. "They understood the pulse of the city and saw a real opportunity to turn an abandoned building into something glorious."

**Temple Place  
Cambridge, Massachusetts**

# MASSACHUSETTS

## Project Profile: Rental Activity



**Harborlight House**

Harborlight House involved the recapitalization and redevelopment of an assisted-living facility in Beverly, Massachusetts, restoring 30 apartments serving extremely-low and very-low-income elderly residents. Originally financed with Low-Income-Housing Tax Credits and a range of state and federal public capital funds in the late 1990s, the facility provided 30 income-restricted and five market-rate-assisted living units. By 2014, additional capital was needed to restructure the partnership and make improvements all the while continuing to house and serve the existing residents. Harborlight House is both a classic example of what it takes to recapitalize an “expiring use” affordable housing initiative and a case for the importance of local leaders, strong nonprofit community-based organizations such as Harborlight Community Partners and key funders, like Eastern Bank. Harborlight House stands ready to serve elders in the Beverly community and beyond for many years to come.

### **SOURCES**

<b>Low-Income-Housing Tax Credits</b>	<b>\$</b>	<b>2,205,186</b>
<b>Housing Stabilization Funds (MA)</b>	<b>\$</b>	<b>1,010,000</b>
<b>Housing Preservation and Stabilization Trust Fund (MA)</b>	<b>\$</b>	<b>1,000,000</b>
<b>Housing Innovation Funds (MA)</b>	<b>\$</b>	<b>1,000,000</b>
<b>Sponsor Notes</b>	<b>\$</b>	<b>932,857</b>
<b>Existing HOME/Housing Innovation Funds (MA)</b>	<b>\$</b>	<b>800,000</b>
<b>Loaned Developer Fee</b>	<b>\$</b>	<b>615,497</b>
<b>FHLBank Boston AHP Direct Subsidy</b>	<b>\$</b>	<b>500,000</b>
<b>Existing Community Development Block Grants (City)</b>	<b>\$</b>	<b>50,000</b>
<b>Total Sources</b>	<b>\$</b>	<b>8,133,540</b>