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**Massachusetts Housing Partnership, Bank of America
reach \$406 million multi-year loan agreement for affordable housing**

Additional \$18 million grant also part of bank-MHP agreement

BOSTON, May 14, 2004 --- The effort to increase the supply of affordable housing in Massachusetts received a substantial boost from the private sector today when Governor Mitt Romney announced that the Massachusetts Housing Partnership will receive a record \$406 million loan and \$18 million dollar cash grant from Bank of America.

"If Massachusetts is to remain an economically viable and prosperous state, we must retain and attract talented individuals to live and work here," said Governor Romney during an afternoon press conference at the Egleston Crossing affordable housing effort in Roxbury. "These funds from Bank of America will go a long way toward ensuring that the Commonwealth produces a sufficient amount of housing for residents and stays economically competitive with the rest of the nation."

The Bank of America loan is a condition of its purchase of FleetBoston. A 1990 state law requires that banks that purchase other banks set aside a percentage of the acquired assets located in Massachusetts as a loan to MHP, a statewide public/nonprofit affordable housing organization.

Bank of America and MHP reached an agreement on the mandatory loan amount, and then the bank agreed to convert a portion of the loan into the \$18 million grant. The grant

is key because it can be used in combination with traditional financing to promote housing that serves extremely low-income families, the working poor and homeless, and to develop housing that is smaller in scale and supported by the community.

"Given the difficult housing situation we face in Massachusetts for both middle income and lower income families, and given the excellent work that the Massachusetts Housing Partnership does in combating this, I placed a very high priority on helping persuade Bank of America to maximize their cash contribution to the MHP," said U.S. Rep. Barney Frank (D-Massachusetts), ranking Democrat on the Financial Services Committee. "I appreciate Bank of America's responsiveness to our request."

The Bank of America loan nearly doubles MHP's loan fund and could create another 10,000 units over the next 10 years. Prior to that, MHP's fund had grown to nearly a half-billion dollars and it had made nearly \$350 million in loans and had financed over 11,000 units of rental housing.

The largest previous agreement was when Fleet Financial Corp. made a \$143 million loan and \$12 million cash grant to MHP following its purchase of BankBoston in 1999.

Fleet and MHP have often partnered to finance affordable housing efforts. Since 1999, Fleet and MHP have partnered on 15 development projects, resulting in the creation or preservation of nearly 2,000 units, 1,700 of them affordable, 1100 in Boston.

"This loan commitment is unparalleled, and strengthens our long-standing partnership with MHP," said Anne M. Finucane, president of Bank of America's northeast region. "Bank of America, like MHP, is committed to the goal of creating affordable housing and driving neighborhood development for working residents in Massachusetts."

Bank of America has also voluntarily agreed to set aside 10 percent of the loan on better terms for eligible community-based non-profit organizations. The loans will be offered at a lower interest rate fixed at the beginning of construction. This means that eligible borrowers will know the long-term rate at the start of construction and won't be exposed to possible rising interest rates during the construction period.

"This is terrific news. We are pleased that Bank of America has agreed to go above and beyond the strict requirements of the law to make this important resource available to build more affordable housing in Massachusetts," said Joseph Kriesberg, president of the Massachusetts Association of Community Development Corporations. "This type of public/private partnership is critical to meeting the housing needs of our state. We look forward to continuing to work with Bank of America as they further develop and implement a comprehensive community investment program for Massachusetts."

The agreement will enable MHP to continue to make loans that are small scale, community focused and serve extremely low-income families, using private sector funds and at no cost to the taxpayers. "This is a truly great and beneficial source of funds," said Mark Winkeller, chief executive officer of Caritas Inc. in Braintree, the largest operator of single-person rooming houses in the Boston area. "This means that MHP will continue to do the job of concentrating on smaller borrowers."

MHP has provided financing for 228 of Caritas' 540 units, with loans totaling over \$8 million involving 14 of Caritas' 23 properties. SROs, previously known as lodging houses, provide lower-income people with single rooms combined with shared kitchen and bath facilities. These units serve extremely low-income people making approximately \$14,000 per year.

The agreement will also enable MHP to continue to find new ways to do rental housing production that complements large-scale and deeply-subsidized projects, as well as finding new private resources that will enable more projects to get done.

For example, in conjunction with the state, MHP is using private funds to support a suburban pilot program that is developing eight units in Truro, 15 units in Westford and 20 units in Bedford, all on land owned by the towns. In innovative financing, MHP is mixing its traditional bank financing with Home Funders, a loan pool funded by some of Boston's leading philanthropic organizations. This new program is enabling affordable housing efforts in Roxbury, Gloucester and Brighton to offer more units to very low-income families.

"These funds could not come at a better time," said Clark Ziegler, executive director of MHP. "It will take new resources and a willingness to think outside the box to solve our state's affordable housing crisis."

Reporters may also call:

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Mark Winkeller, CEO, Caritas Inc., Braintree. Caritas is the leading operator of single-person rooming houses in greater Boston and would be a good quote in terms of describing the impact of this money on extremely low-income individuals. (781) 843-1242 x13, or mwinkeller@beld.net

Mossik Hacobian, Executive Director, Urban Edge. Hacobian is also an MHP borrower and the non-profit community development organization that is developing Egleston Crossing. (617) 989-9306.

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