

LOCAL  
IMPLEMENTATION

Implemented on Cape Cod

## OVERVIEW

A below-market rate mortgage program provides financing for homebuyers with interest rates that are lower than market rates, helping to reduce the monthly payments and thus overall cost of a home. This type of financing can make homeownership viable for some households that could not afford to purchase a home with financing at market rates. These programs are often administered by non-profits and government entities. Typically there is a limit on a household's income and/or assets for a household to be eligible for the program, a smaller but minimum down payment requirement, and often participation in the program includes home buyer education or classes.

## CHALLENGES ADDRESSED

- Not Allowed to Build Multi-family Housing
- Too Expensive to Build New Housing
- Too Expensive to Secure or Maintain Housing
- Hard to Find Year-round Housing

## POTENTIAL BENEFITS & CONSIDERATIONS

- Reduces home costs for households while providing opportunities for home ownership and equity building
- Can be an avenue for building financial literacy for households that participate in the program
- Because the loans get repaid, they can be used to provide future support as well
- Different funding sources for the program may have different requirements for the use of the funding
- Towns may choose to provide supplemental assistance in addition to a state or regional program
- Administering the program takes time and funding

## RESOURCES & EXAMPLES

**MassHousing Mortgages** - MassHousing provides affordable mortgages for households that meet certain income requirements and are looking to purchase a home as a primary residence. Single-family homes, condos, or 2-4 family properties are eligible properties.

**Subsidized Mortgage Programs** - This webpage provides a detailed overview of subsidized or below-market mortgage programs including case studies and examples of such programs.

## CASE STUDY: ONE+BOSTON MORTGAGE PROGRAM

The ONE+Boston program provides residents of the City of Boston with access to mortgages with discounted interest rates. This program supplements the Massachusetts Housing Partnership ONE Mortgage program with the City of Boston providing additional funding for increased down-payment assistance. Participants must meet certain income and asset limits depending on the number of people in the household, be a first-time home buyer, and take a home buyer class. A 3% down payment, with 1.5% coming from the home buyer's own savings, is required.

More information can be found [here](#).

### The ONE+Boston Difference

Mortgage Type	Conventional	ONE Mortgage	ONE+Boston
Purchase Price	\$452,000	\$546,000	\$600,000
Your Down Payment Funds	\$13,560	\$8,190	\$9,000
Interest Rate	6%	5.7%	5.0%
Private Mortgage Insurance	\$476	\$0	\$0
Taxes & Hazard Insurance	\$542	\$542	\$542
MHP Interest Subsidy	\$0	-\$83	-\$85
Total Monthly Payment	\$3,646	\$3,531	\$3,468