

**Minutes of the Regular Meeting  
of the Members of MassHousing  
held on  
January 11, 2022**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on January 11, 2022. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, no Members were physically present and the meetings were conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members (by roll call):

**Members** Michael Dirrane, Chair  
Carolina Avellaneda  
Ping Yin Chai  
Patricia McArdle  
Thomas Flynn  
Lisa Serafin  
Jennifer Maddox, ex officio  
Mark Attia, Designee of Michael Heffernan, ex officio

**Members**

**Not**

**Participating** Jerald Feldman

**Staff** *Due to the remote convening, a list of MassHousing staff participating or observing the meeting was not available*

**Guests** *Due to the remote convening, a list of guests observing the meeting was not collected*

Chairman Dirrane convened the meeting to order at 2:00 p.m.

Chairman Dirrane then indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, by roll call vote, it was, by all Members present:

**VOTED:** That the minutes of the Regular Meeting held on December 14, 2021 are hereby approved and placed on record.

## **Executive Director's Report**

Chrystal Kornegay began her report by discussing the hybrid workforce model which has been delayed until February 28, 2022.

### **ARPA Housing Relief Efforts Report**

Henry Mukasa gave an update on the SHERA (Subsidized Housing Emergency Rental Assistance) program. This program is unique in that property owners are the ones who apply. Through this program thousands of evictions have been avoided. Tom Flynn commented we are very fortunate to have such a safety net to assist so many. Ms. Kornegay commented that Mr. Mukasa is being modest and went on to state that Mr. Mukasa and his counterpart at MHP have spent hours building out the system and there has been nothing but positive things said about how this program has been rolled out. Chairman Dirrane congratulated Mr. Mukasa for doing such a great job.

Mr. Aylouche next discussed the HAF (Homeowners Assistance Fund) program. This program consists of both wholesale and retail segments. The wholesale HAF program is administered by MassHousing and Massachusetts Housing Partnership (MHP) for their own borrowers. The retail program is overseen by the Executive Office of Administration and Finance with day-to-day operations managed by MHP, with MassHousing managing the marketing and outreach for the program. Mr. Aylouche stated that the after-hours phone call campaign that was undertaken was very successful.

Mark Attia commented that Mr. Aylouche is also quite humble. Mr. Attia stated Mr. Aylouche and Eric Gedstad have been instrumental in beautifully rolling out a statewide marketing campaign. Mr. Attia went on to say MassHousing has been very instrumental for months in providing relief within the portfolio utilizing a very comprehensive campaign to convert homeowners into applicants.

Chairman Dirrane asked if this campaign is a prototype for the rest of the country. Mr. Aylouche replied we stand unique in the way we went into crisis mode and acted extremely fast with both the wholesale and retail components of the campaign.

Ms. Kornegay commented most of the programs run by sister housing finance agencies in other states have only the retail component.

Chairman Dirrane commented he has heard rave reviews of the MassHousing programs from many people in the banking industry.

### **Annual Staffing Demographics Report**

Myra Carmona, Vice President of Talent & Culture, gave a presentation on the demographics of MassHousing staff providing the general profile of the Agency by gender, race, and age. She noted that 56% of the staff is female, 67% is white, the majority is between 40 and 59 years old, and the profile has remained consistent over the past several years. Carolina Avellaneda asked what needs to be done regarding diversity recruitment methods. Ms. Carmona replied we are making efforts to recruit from a diverse field when hiring. Ms. Kornegay added there has been almost no turnover for the past 2 years in the D and E/F bands. Chairman Dirrane asked whether we looked to the City of Boston or the state for our demographic comparisons and if the state is an appropriate benchmark

when we draw most employees from the Boston area. Ms. Carmona replied that the comparisons are made to state data, primarily because it is the more consistent and available data source. She noted that hybrid work models, like MassHousing's, are already showing a greater dispersion in the geography of the talent pool and that is likely to continue. Ms. McArdle asked if we had statistics on who is applying. Ms. Carmona replied we do not have statistics, but candidates can self-identify.

## **Loan Committee**

### **TVAB Kent Street, Brookline**

Mike Carthas presented a proposal for Commitment of a Taxable Supplemental Loan for TVAB Kent Street, Brookline.

WinnDevelopment (the "Sponsor") has requested a supplemental loan for TVAB – Kent Street (the "Development"). The Development is a former Section 236 property that refinanced with the Agency in 1998 as part of a tax-credit transaction, and refinanced once again with the Agency in 2016, when TVAB-Kent Street and Village at Brookline were separated into two units within a condominium. The 2016 transaction was an FFB-insured first mortgage of \$12,000,000 and marked the beginning of a gradual shift toward Village at Brookline becoming a mixed-income Development and TVAB – Kent Street maintaining long-term affordability. Since that time, the value of the Development has appreciated due to a mix of increased rents and sustained demand for affordable housing in the market area.

Given the Development's strong performance, the Sponsor seeks a subordinate supplemental loan through the Agency's Covid Liquidity Initiative. Proceeds from the transaction will pay transaction costs and return equity to the Borrower in an effort to support the Sponsor in furtherance of their affordable housing goals.

The Development is located on a 1.5-acre parcel in the Brookline Village neighborhood of Brookline. The Development consists of one five-story mid-rise elevator building. As part of the 2016 financing, a condominium was created with two (2) units – one unit comprised of the Development, TVAB – Kent Street (116 units), and the other unit comprised of the Village at Brookline (191 units), both subject to the Master Deed and Declaration of Trust for The Village at Brookline Condominium. Both units share certain condominium expenses, including but not limited to, repair costs and shared common expenses relating to common elements within the condominium space such as parking, a management office, common areas and other amenities. The Development also includes residency restrictions for elderly and disabled households.

The Development is a 116-unit multifamily rental development originally constructed in 1978. The Development was financed by MassHousing in 1978 under the HUD Section 236 Program. The Development includes common areas, in-building laundry center, a computer center, an on-site Resident Service Coordinator and various resident services programs.

Upon a motion duly made and seconded, by roll call vote, it was, by all Members present:

**VOTED:** To approve the findings and determinations set forth below and to authorize a permanent subordinate mortgage loan in a principal amount of up to \$5,510,000, such loan to be uninsured, to be made to Kent Street Elderly Limited Partnership (the "Borrower") as owner of the

multifamily residential development known as “TVAB – Kent Street” (the “Development”) and located in Brookline, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

1. The Borrower shall extend or enter into a new Disposition Agreement in connection with the modification of the Note to ensure a minimum term of 15 years from the date of the subordinate mortgage loan and shall execute such other documents and agreements as the Vice President of Multifamily Programs or General Counsel shall require.
2. The Borrower shall obtain the consent of any required partners, and any and all subordinate lenders, as necessary.

## **STATUTORY FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

The Loan(s) will be financed under the provisions of Section 5 of MassHousing’s enabling act, Chapter 708 of the Acts of 1966, as amended (the “Act”). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

#### **1. The affordability of rents for 20% of the units:**

98 units (84%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

#### **2. Shortage of Affordable Housing Units in the Market Area**

The market needs data reflects the information available to A&M staff as of the date of collection November 10, 2021, and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the collection date.

In-house data for larger market and mixed-income complexes (approximately 1,697 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.9%, and range between 92% and 100%. One of the comparables was offering a concession of one-month free rent.

4<sup>th</sup> Qtr. 2021 CoStar data for the subject’s Brookline/Newton/Watertown Submarket (11,490 units) has an overall vacancy rate at 7.5 % YTD, which is a decrease of 2.8 % from one year ago. CoStar data for the Boston market (246,561 units) has an overall vacancy rate of 4.98% YTD, which is a decrease of 3.17 % from one year ago. The Brookline/Newton/Watertown Submarket vacancy rate is projected to decrease to 6.1% over the next five years, while the Boston market is projected to increase to 5.1%.

CoStar submarket data for the Brookline/Newton/Watertown 4-5 Star building type (2,668 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 9.8 % and an average asking rent of \$3,297, while submarket data for the subject’s 3 Star building type (4,116 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 9.7 % at an average asking rent of \$2,783 and 1-2-Star buildings (2,463 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 2.9% at an average asking rent of \$2,463. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development’s (DHCD) Chapter 40B Subsidized Housing Inventory (9/20/21), Brookline has 26,201 year-round housing units, 2,674 (10.2%) of which are subsidized for low/moderate income households.

Further, Brookline Housing Authority (BHA) Federally Assisted affordable rental housing stock includes properties financed through the following programs:

Program	Properties	Units
Section 8	3	202
LIHTC	2	237
Public Housing	3	242
Total:	5	789

In addition, BHA provides 619 Section 8 rental vouchers in Brookline and the surrounding area. The following data regarding the BHA, Wait List was provided by BHA Application Department. Wait List Statistics

Type	BR Size	Total Apps	W/ Priority	Standard/Local	Standard/Non-Local
<i>Public Housing</i>					
Elderly/Disabled	1	1,640	3-4 months	9-12 months	15 years +
Elderly/Disabled	2	42	15 years +	15 years +	15 years +
E/F* Wheelchair	1	65	8 years +	8 years +	8 years +
Wheelchair	2	18	8 years +	8 years +	8 years +
Wheelchair	3	8	8 years +	8 years +	8 years +

Wheelchair	4	5	8 years +		
Family	1	147	15 years +	15 years +	15 years +
Family	2	843	2-4 years	3-4 years	8 years +
Family	3	407	2-4 years	3-4 years	8 years +
Family	4	217	8 years +	8 years +	8 years +
Family	5	19	8 years +	8 years +	8 years +

*Section 8*

Central Wait List	-	169,326	1-3 years	25 years +	25 years +
Beacon Park – <i>PBV**</i>	1	70	-	-	-
Beacon Park – <i>PBV</i>	2	39	-	-	-
Brookline Village – <i>PBV</i>	1	6	-	-	-
Brookline Village – <i>PBV</i>	2	6	-	-	-
Brookline Village – <i>PBV</i>	3	6	-	-	-

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 24,436 households in Town of Brookline approximately 58.7% earned less than the HUD published 2021 AMI (120,800), approximately 31.8% earned less than 50% of 2021 AMI, approximately 37.8 % earned less than 60% of the 2021 AMI, and approximately 48.5 % earned less than 80% of the 2021 AMI.

**3. Inability of Private Enterprise Alone to Supply Affordable Housing**

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

#### 4. No Undue Concentration of Low-income Households

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

#### 5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

#### Rental Determinations:

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

#### Rent Schedule:

Number of Bedrooms	97	19	N/A	N/A
Number of Units	97	19	N/A	N/A
Net SF/Unit	624	925	N/A	N/A
Elev./Non-Elev.	Elevator	Elevator	N/A	N/A
<b>Market Rate Rent</b>	\$2,873	\$3,334	\$-	\$-
(insert)				
<b>MHFA Below Market Rent</b>	\$2,038	\$2,499	\$-	\$-
(Cost-Based Rent)				
<b>MHFA Adjusted Rent</b>		30% of Income		
<b>Underwriting Rents</b>				
LIHTC Eligible – Project-Based Section 8	\$2,116	\$2,569	\$-	\$-
LIHTC Eligible - LIHTC	\$1,510	\$1,812	\$-	\$-
LIHTC Eligible – Enhanced Vouchers	\$2,556	\$3,285	\$-	\$-
Market – Enhanced Vouchers	\$2,577	\$3,285	\$-	\$-
Market – Transitioning to Market	\$1,656	-	\$-	\$-
Market	\$2,257	\$2,194	\$-	\$-

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low- income persons or adversely impact other housing in the area.

### **Village at Brookline, Brookline**

Mike Carthas presented a proposal for a Commitment of a Taxable Supplemental Loan for the Village at Brookline.

WinnDevelopment (the “Sponsor”) has requested a supplemental loan for Village at Brookline (the “Development”). The Development is a former Section 236 property that refinanced with the Agency in 1998 as part of a tax-credit transaction, and refinanced once again with the Agency in 2016, when TVAB-Kent Street and Village at Brookline were separated into two units within a condominium. The 2016 transaction was an FFB-insured first mortgage of \$41,000,000 and marked the beginning of a gradual shift toward Village at Brookline becoming a mixed- income Development and TVAB – Kent Street maintaining long-term affordability. Since that time, the value of the Development has appreciated due to a mix of market tenants replacing low-income tenants who moved out over time through natural attrition and demand for housing in the market area

Given the Development’s strong performance, the Sponsor seeks a subordinate supplemental loan through the Agency’s Covid Liquidity Initiative. Proceeds from the transaction will pay transaction costs and return equity to the Borrower in an effort to support the Sponsor in furtherance of their affordable housing goals.

Village at Brookline (the “Development”) is located on a 4.58-acre parcel in the Brookline Village neighborhood of Brookline. The property consists of seven buildings, ranging from three-story townhouses to six-to-seven-story mid-rise buildings and one single- story clubhouse/management office. Parking is available in a garage shared with the property 99 Kent Street. As part of the 2016 financing, a condominium was created with two units – one unit comprised of TVAB – Kent Street (116 units), and the other unit comprised of the Development, Village at Brookline (191 units), both subject to the Master Deed and Declaration of Trust for The Village at Brookline Condominium. The units share parking, a management office, common areas and other amenities. Both units share certain condominium expenses, including but not limited to, repair costs and shared common expenses relating to common elements within the condominium space such as parking, a management office, common areas and other amenities.

The Development is a 191-unit mixed-income multifamily rental property originally constructed in 1978. The Development was financed by MassHousing in 1978 under the HUD Section 236 Program. As part of the 2016 financing, the Loan and Security Agreement (the “Agreement”) included establishment of an accessibility escrow (the “Escrow”) outside of the replacement reserve to address needed accessibility upgrades at the Development. The upgrades included the conversion of four (4) dwelling units to fully handicapped accessible dwelling unit layouts. Upon completion of conversion of each accessible unit, the Borrower was to submit a written request for payment of the conversion expenses. The Agreement included a no later than completion date of December 31, 2021. A site visit



conducted on December 10, 2021, confirmed completion of two accessible units with the other two required units nearing completion

Upon a motion duly made and seconded, by roll call vote, it was, by all the Members present:

**VOTED:** To approve the findings and determinations set forth below and to authorize a permanent subordinate mortgage loan in a principal amount of up to \$11,350,000, such loan to be uninsured, to be made to The Village at Brookline Limited Partnership (the “Borrower”) as owner of the multifamily residential development known as “Village at Brookline” (the “Development”) and located in Brookline, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

1. The Borrower shall extend or enter into a new Disposition Agreement in connection with the modification of the Note to ensure a minimum term of 15 years from the date of the subordinate mortgage loan and shall execute such other documents and agreements as the Vice President of Multifamily Programs or General Counsel shall require.
2. The Borrower shall obtain the consent of any required partners, and any and all subordinate lenders, as necessary.

## **STATUTORY FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

The Loan(s) will be financed under the provisions of Section 5 of MassHousing’s enabling act, Chapter 708 of the Acts of 1966, as amended (the “Act”). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

#### **1. The affordability of rents for 20% of the units:**

84 units (44%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

#### **2. Shortage of Affordable Housing Units in the Market Area**

The market needs data reflects the information available to A&M staff as of the date of collection November 10, 2021, and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the collection date.

In-house data for larger market and mixed-income complexes (approximately 1,697 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.9%, and range between 92% and 100%. One of the comparables was offering a concession of one-month free rent.

4<sup>th</sup> Qtr. 2021 CoStar data for the subject’s Brookline/Newton/Watertown Submarket (11,490 units) has an overall vacancy rate at 7.5 % YTD, which is a decrease of 2.8 % from one year ago. CoStar data for the Boston market (246,561 units) has an overall vacancy rate of 4.98% YTD, which is a decrease of 3.17 % from one year ago. The Brookline/Newton/Watertown Submarket vacancy rate is projected to decrease to 6.1% over the next five years, while the Boston market is projected to increase to 5.1%.

CoStar submarket data for the Brookline/Newton/Watertown 4-5 Star building type (2,668 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 9.8 % and an average asking rent of \$3,297, while submarket data for the subject’s 3 Star building type (4,116 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 9.7 % at an average asking rent of \$2,783 and 1-2-Star buildings (2,463 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 2.9% at an average asking rent of \$2,463. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development’s (DHCD) Chapter 40B Subsidized Housing Inventory (9/20/21), Brookline has 26,201 year-round housing units, 2,674 (10.2%) of which are subsidized for low/moderate income households.

Further, Brookline Housing Authority (BHA) Federally Assisted affordable rental housing stock includes properties financed through the following programs:

Program	Properties	Units
Section 8	3	202
LIHTC	2	237
Public Housing	3	242
Total:	5	789

In addition, BHA provides 619 Section 8 rental vouchers in Brookline and the surrounding area. The following data regarding the BHA, Wait List was provided by BHA Application Department. Wait List Statistics

Type	BR Size	Total Apps	W/ Priority	Standard/Local	Standard/Non-Local
<i>Public Housing</i>					
Elderly/Disabled	1	1,640	3-4 months	9-12 months	15 years +
Elderly/Disabled	2	42	15 years+	15 years +	15 years +
E/F* Wheelchair	1	65	8 years +	8 years +	8 years +
Wheelchair	2	18	8 years +	8 years +	8 years +
Wheelchair	3	8	8 years +	8 years +	8 years +
Wheelchair	4	5	8 years +		
Family	1	147	15 years+	15 years +	15 years +
Family	2	843	2-4 years	3-4 years	8 years +

Family	3	407	2-4 years	3-4 years	8 years +
Family	4	217	8 years +	8 years +	8 years +
Family	5	19	8 years +	8 years +	8 years +
<i>Section 8</i>					
Central Wait List	-	169,326	1-3 years	25 years +	25 years +
Beacon Park – <i>PBV**</i>	1	70	-	-	-
Beacon Park – <i>PBV</i>	2	39	-	-	-
Brookline Village – <i>PBV</i>	1	6	-	-	-
Brookline Village – <i>PBV</i>	2	6	-	-	-
Brookline Village – <i>PBV</i>	3	6	-	-	-

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 24,436 households in Town of Brookline approximately 58.7% earned less than the HUD published 2021 AMI (120,800), approximately 31.8% earned less than 50% of 2021 AMI, approximately 37.8 % earned less than 60% of the 2021 AMI, and approximately 48.5 % earned less than 80% of the 2021 AMI.

**3. Inability of Private Enterprise Alone to Supply Affordable Housing**

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

**4. No Undue Concentration of Low-income Households**

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

**5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

**Rental Determinations:**

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

**Rent Schedule:**

Number of Bedrooms	87	63	25	16
Number of Units	87	63	25	16
Net SF/Unit	624	958	1595	1730
Elev./Non-Elev.	Elevator	Elevator	Elevator	Elevator
Market Rate Rent	\$3,839	\$4,347	\$4,986	\$5,099
(insert)				
MHFA Below Market Rent	\$2,283	\$2,792	\$3,430	\$3,544
(Cost-Based Rent)				
MHFA Adjusted Rent	30% of Income			
Underwriting Rents				
LIHTC Eligible – Section 8	\$2,116	\$2,569	\$3,169	\$3,484
LIHTC Eligible - LIHTC	\$1,510	\$1,812	\$-	\$1,650
LIHTC Eligible – Enhanced Vouchers	\$2,580	\$3,325	\$4,245	\$5,050
Market – Enhanced Vouchers	\$2,580	\$3,342	\$4,292	\$5,050
Market	\$2,266	\$2,343	\$2,910	\$3,293

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low- income persons or adversely impact other housing in the area

**Chestnut Gardens Apartments, Lynn**

Sarah Hall presented a proposal for Approval to Accept Assignment of a HUD-issued Firm Commitment for FHA Insurance; Commitment of a First Mortgage Loan and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS. The proposed transaction will be a refinancing of Chestnut Gardens Apartments (the “Development”), which contains 65 units in one building on one acre of land in Lynn. The loan will provide funds to pay off existing debt, complete repairs, pay transaction costs, fund the replacement reserves, and withdraw equity.

The approximately one-acre site is centrally located in Lynn and is convenient to local area highways and to public transportation, with an MBTA bus stop one block away. There are a large variety of services within the immediate surrounding area of the Development, including retail stores, restaurants, grocery stores, hospitals and other amenities.

The Development consists of a single building, with portions at four stories and portions at five stories; located on one parcel. The building was originally constructed in 1895 and substantially rehabilitated in 1982, with another renovation as part of the most recent 2008 transaction. The Development contains a total of 65-units 55 of which are one-bedroom units and ten of which are two-bedroom units. Ground floor retail space is leased to a convenience store.

Carolina Avellaneda asked if operating expenses are benchmarked by city/town or something else and noted that they seemed high. Ms. Hall replied that the ranges are based on an average of our own portfolio and that the expenses for this project also include certain resident services.

Upon a motion duly made and seconded, by roll call vote, it was, by all Members present:

**VOTED:** To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency (“MassHousing”) (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$10,000,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$13,500,000 nor less than \$6,500,000 to Chestnut Gardens Preservation Associates Limited Partnership (the “Borrower”) for Chestnut Gardens Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$10,000,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$13,500,000 nor less than \$6,500,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER VOTED:** That the Massachusetts Housing Finance Agency, acting through its officers duly authorized pursuant to the Government National Mortgage Association Resolution of Board of Directors and Certificate of Authorized Signatories approved by the Agency, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Chestnut Gardens Apartments.

## **STATUTORY FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

The Loan(s) will be financed under the provisions of Section 5 of MassHousing’s enabling act, Chapter 708 of the Acts of 1966, as amended (the “Act”). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

#### **1. The affordability of rents for 20% of the units:**

All 65 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

## **2. Shortage of Affordable Housing Units in the Market Area**

The market needs data reflects the information available to A&M staff as of the date of collection December 15, 2021 and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date. In-house data for larger market and mixed-income complexes (approximately 788 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 99%, and range between 98% and 100%. None of the comparables were offering concessions. The subject property has operated as Section 8 development since 1980 and the average vacancy over the last 5 years is .85%. My review of similar mixed income/subsidized portfolio properties (723 units) demonstrated a weighted average vacancy rate of approximately 1.07%. 4<sup>th</sup> Qtr. 2021 CoStar data for the subject's Route 1 Multi-Family Submarket (11,930 units) has an overall vacancy rate at 6.5% YTD, which is an increase of 3.75% from one year ago. CoStar data for the Boston market (246,769 units) has an overall vacancy rate of 4.28% YTD, which is a decrease of 3.82 % from one year ago. The Route 1 Multi-Family Submarket vacancy rate is projected to decrease to 6.4% over the next five years, while the Boston market is projected to increase to 4.7%.

CoStar, submarket data for the Route 1 Multi-Family Submarket 4-5 Star building type (5,800 units) indicates a 4th Qtr. 2021 vacancy rate of 9.7 % and an average asking rent of \$2,444, while submarket data for the subject's 3 Star building type (3,235 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 4.7% at an average asking rent of \$1,925 and 1-2 Star buildings (2,895 units) indicates a 4thQtr. 2021 vacancy rate of 2.3% at an average asking rent of \$1,417. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

Per the representative of the Lynn Housing Authority, (LHA) they own/manage, the following, 353 State Elderly Units with 2,120 applicants on the waiting list, they also manage 38 state subsidized family units and there are 589 applicants on the waiting list. Regarding Federal subsidized housing, they manage 176 elderly units and there are 1353 applicants on the waiting list, and they also manage 279 federally subsidized family units and there are 796 applicants on the waiting list. They also administer 1,407 Housing Choice Vouchers and per the representative there are 687 applicants on the waiting list.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Lynn has 35,701 year-round housing units, 4,307 (12.1%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 32,599 households in the City of Lynn approximately 76.1% earned less than the HUD published 2021 AMI, approximately 57.2% earned less than 50% of 2021 AMI, approximately 64 % earned less than 60% of the 2021 AMI, and approximately 70.3% earned less than 80% of the 2021 AMI.

## **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the

Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

**4. No Undue Concentration of Low-income Households**

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

**5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units.

So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

**Rental Determinations:**

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

**Rent Schedule:**

Number of Bedrooms	1	2
Number of Units	55	10
Net SF/Unit	650	789
Elev./Non-Elev.	Elev.	Elev.
<b>Market Rate Rent</b>	\$2,439	\$2,739
(insert)		
<b>MHFA Below Market Rent</b>	\$1,850	\$2,150
(Cost-Based Rent)		
<b>MHFA Adjusted Rent</b>	30% of income	
<b>Underwriting Rents</b>		
Project-Based Section 8	\$1,850	\$2,150
80% AMI	\$1,850	\$2,150

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the

financing of the Development will not create or contribute to an undue concentration of low- income persons or adversely impact other housing in the area.

### **Fairweather Apartments, Salem**

Sarah Hall presented a proposal for Approval to Accept Assignment of a HUD\_issued Firm Commitment for FHA Insurance, Commitment of a First Mortgage Loan and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS for Fairweather Apartments in Salem.

The transaction will be a refinancing of Fairweather Apartments (the “Development”), which contains 321 units in a scattered site development made up of four buildings on 9.63 acres of land in Beverly, Danvers, Peabody and Salem. The New Loan will provide funds to pay off existing debt, complete repairs, pay transaction costs and withdraw equity.

The Development is a 9.63-acre scattered site development located on the North Shore of Massachusetts in the communities of Beverly, Danvers, Peabody, and Salem. All four sites are located near Interstate 95, and Routes 1 and 114, with access to a variety of services such as health care, grocery, and pharmacies and other amenities including shopping and outdoor recreation.

The Development is an existing elderly housing development consisting of four parcels of land in four neighboring communities. The buildings have 5, 6, and 7-stories and were originally constructed in 1968 and 1969. The four complexes contain a total of 321 apartments for households with elderly or disabled persons including 260 studio units and 61 one-bedroom units. The first floor of each building has a management office, community room, central laundry room, and rest rooms.

Carolina Avellaneda asked about the range of the proposed loan amount and noted that the equity takeout seems high. Ms. Hall replied that a range is necessary because of the mechanics of the MAP-JV loan structure and noted that the Agency has revisited the size of the range several times over the years and based on the Agency’s experience, the current spread has been the most workable parameter. Ms. Hall also explained that a portion of the equity takeout is the repayment of a loan the owner had made into the project and noted that the borrower is a nonprofit entity. Chrystal Kornegay also noted that this borrower conducts a very robust resident services program and is also a recipient of CMF moneys that require funds to be reinvested in particular matters.

Upon a motion duly made and seconded, by roll call vote, it was, by all Members present:

**VOTED:** To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency (“MassHousing”)(1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$45,000,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$60,750,000 nor less than \$29,250,000 to Fairweather Preservation Associates Limited Partnership (the “Borrower”) for Fairweather Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$45,000,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$60,750,000 nor less than \$29,250,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment



Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER VOTED:** That the Massachusetts Housing Finance Agency, acting through its officers duly authorized pursuant to the Government National Mortgage Association Resolution of Board of Directors and Certificate of Authorized Signatories approved by the Agency, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Fairweather Apartments.

## **STATUTORY FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

#### **1. The affordability of rents for 20% of the units:**

321 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

#### **2. Shortage of Affordable Housing Units in the Market Area**

The market needs data reflects the information available to A&M staff as of the date of collection December 23, 2021 and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 2,065 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.8%, and range between 96.1% and 100%. None of the comparables were offering concessions. The subject property has operated as a Section 8 development since 1980 and the average vacancy over the last 5 years is .85%. My review of similar mixed income/subsidized portfolio properties (723 units) demonstrated a weighted average vacancy rate of approximately 1.07%

4<sup>th</sup> Qtr. 2021 CoStar data for the subject's North Shore Multi-Family Submarket (13,057 units) has an overall vacancy rate at 4.6% YTD, which is an increase of .46% from one year ago. CoStar data

for the Boston market (246,695 units) has an overall vacancy rate of 4.2% YTD, which is a decrease of 3.86 % from one year ago. The North Shore Submarket vacancy rate is projected to decrease to 4.4% over the next five years, while the Boston market is projected to increase to 4.6%.

CoStar, submarket data for the North Shore Multi-Family Submarket 4-5 Star building type (4,225 units) indicates a 4th Qtr. 2021 vacancy rate of 8.7 % and an average asking rent of \$2,434, while submarket data for the subject's 3 Star building type (5,331 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 3.1% at an average asking rent of \$2,070 and 1-2 Star buildings (3,501 units) indicates a 4th Qtr. 2021 vacancy rate of 2.0% at an average asking rent of \$1,424. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

Fairweather Apartments is located in 4 separate communities, therefore data is provided from the following 4 communities, Beverly, Danvers, Peabody and Salem.

Per the representative of Beverly Housing, (BHA). they own manage 470 State subsidized units with 16,118 applicants on the Elderly/Disabled and Family waiting lists. They also manage 39 Federally subsidized units and the estimated wait time for a unit is Two or more years for an elderly unit with 466 applicants on the waiting list and 55 applicants on the Family list with an estimated wait of three or more years for a family unit. They also administer 420 Housing Choice Vouchers and there are 446,161 on the centralized waiting list of which 864 applicants have a local preference.

Per the representative of Danvers Housing, (DHA). they own manage 164 State subsidized elderly units with 813 applicants on the Elderly/Disabled and 16 Family units with 125 applicants on the waiting lists. They also manage 39 Federally subsidized units and the estimated wait time for a unit is Two or more years for an elderly unit with 244 applicants on the waiting list and 421 applicants on the Family list with an estimated wait of three or more years for a family unit.

Per the representative of the Peabody Housing Authority, (PHA) they own/manage, the following, 505 State subsidized Elderly Units with 2,120 applicants on the waiting list, they also manage 38 state subsidized family units and there are 14,750 applicants on State family waiting list. They also administer 337 Housing Choice Vouchers and there are 220,456 on the centralized waiting list.

Per the representative of Salem Housing Authority, (SHA) they own manage 676 State subsidized units with 5,318 applicants on the Elderly/Disabled waiting list and 15,970 applicants on the Family waiting list. They also manage 168 Federally subsidized units and the estimated wait time for a unit is Two or more years for an elderly unit with 1,381 applicants on the waiting list. They also administer 337 Housing Choice Vouchers and there are 2,148 on the centralized waiting list of which 2,118 applicants have a local preference.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Beverly has 16,552 year round housing units, 1,954 (11.8%) of which are subsidized for low/moderate income household, the Town of Danvers has 11,671 year round housing units, 1,140 (10.35) of which are subsidized for low/moderate income households., the City of Peabody has 22,135 year round housing units, 2,122 (9.6%) of which are subsidized for low/moderate income households and the City of Salem has 18,998 year round housing units, 2,391 (12.6%) of which are subsidized for low/moderate

income households.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 16,443 households in the City of Beverly approximately 66.3% earned less than the HUD published 2021 AMI, approximately 42.5% earned less than 50% of 2021 AMI, approximately 49.1% earned less than 60% of the 2021 AMI, and approximately 58.0% earned less than 80% of the 2021 AMI.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 16,443 households in the Town of Danvers approximately 63.6% earned less than the HUD published 2021 AMI, approximately 38.7% earned less than 50% of 2021 AMI, approximately 44.9% earned less than 60% of the 2021 AMI, and approximately 54.5% earned less than 80% of the 2021 AMI.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 21,467 households in the City of Peabody approximately 72.3% earned less than the HUD published 2021 AMI, approximately 50.4% earned less than 50% of 2021 AMI, approximately 58.2% earned less than 60% of the 2021 AMI, and approximately 58.0% earned less than 80% of the 2021 AMI.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 18,434 households in the City of Salem approximately 71.0% earned less than the HUD published 2021 AMI, approximately 48.8% earned less than 50% of 2021 AMI, approximately 56.3% earned less than 60% of the 2021 AMI, and approximately 63.8% earned less than 80% of the 2021 AMI.

### **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

### **4. No Undue Concentration of Low-income Households**

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

### **5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

**Rental Determinations:**

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

**Rent Schedule:**

Number of Bedrooms	0	1
Number of Units	260	61
Net SF/Unit	380	416
Elev./Non-Elev.	Elev.	Elev.
<b>Market Rate Rent</b>	\$2,210	\$2,349
(insert)		
<b>MHFA Below Market Rent</b>	\$1,399	\$1,537
(Cost-Based Rent)		
<b>MHFA Adjusted Rent</b>	30% of income	
<b>Underwriting Rents</b>		
Project-Based Section 8	\$1,675	\$1,835
LIHTC	\$767	\$1,010

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low- income persons or adversely impact other housing in the area.

**Stony Brook Court, Sharon**

Jeff Geller presented a proposal for Approval to Accept Assignment of a HUD-issued Commitment for FHA Insurance, Commitment of a First Mortgage Loan and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS.

Stony Brook Court (the “Development”) consists of 99 elderly-restricted units in a two-story building in Sharon. The proposed loan will provide funds to repay existing MassHousing debt, complete repairs, recapitalize replacement reserves, pay all transaction costs, and provide equity to the Borrower.

The Development is located on a 12.5-acre site in Sharon. The area offers convenient access to shopping, restaurants, and other local amenities, with corresponding employment opportunities. The

Development has access to public transportation, including nearby bus service through the Brockton Area Transit Authority. There are multiple parks in the area, including Massapoag Trail and Brook, located adjacent to the Development, and the Mass Audubon's Moose Hill Wildlife Sanctuary, three miles from the Development.

Stony Brook Court is an existing age-restricted two-story building containing 98 one-bedroom units, one two-bedroom unit, and one elevator. The two-bedroom unit is non-revenue producing and used as office and meeting space for the property's Board of Trustees. The Development includes a management office, community room with a full kitchen, a computer room, a library, and outdoor common space.

Upon a motion duly made and seconded, by roll call vote, it was, by all Members present:

**VOTED:** To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$18,560,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$25,056,000 nor less than \$12,064,000 to the to-be- formed single-purpose entity controlled by South Norfolk Elderly Housing Services, Inc. (the "Borrower") for Stony Brook Court and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$18,560,000 (the "New Loan"), subject to the limitation that the final amount of such loan shall not be more than \$25,056,000 nor less than \$12,064,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER VOTED:** That the Massachusetts Housing Finance Agency, acting through its officers duly authorized pursuant to the Government National Mortgage Association Resolution of Board of Directors and Certificate of Authorized Signatories approved by the Agency, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Stony Brook Court

## STATUTORY FINDINGS AND DETERMINATIONS

### Statutory Findings:

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

### **1. The affordability of rents for 20% of the units**

Ninety-eight units (99%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

### **2. Shortage of Affordable Housing Units in the Market Area**

The market needs data reflects the information available to A&M staff as of the date of collection December 17, 2021 and may not fully incorporate the potentially adverse impact that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 930 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95%, and range between 91% and 100%. None of the comparables were offering concessions.

Fourth Quarter 2021 CoStar data for the subject's Route 1 South Multi-Family Submarket (8,914 units) has an overall vacancy rate at 3.1% YTD, which is a decrease of 4.18 % from one year ago. CoStar data for the Boston market (246,674 units) has an overall vacancy rate of 4.20% YTD, which is a decrease of 3.85 % from one year ago. The Route 1 South Multi-Family Submarket vacancy rate is projected to increase to 4.34% over the next five years, while the Boston market is projected to increase to 4.6%.

CoStar submarket data for the Route 1 South Multi-Family Submarket 4-5 Star building type (4,018 units) indicates a 4th Qtr. 2021 vacancy rate of 4.1 % and an average asking rent of \$2,558, while submarket data for the subject's 3 Star building type (3,616 units) indicates a 4th Qtr. 2021 vacancy rate of 2.7% at an average asking rent of \$2,085 and 1-2 Star buildings (1,280 units) indicates a 4thQtr. 2021 vacancy rate of .8% at an average asking rent of \$1,692. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

Per the representative of the Sharon Housing Authority, (SHA) they own/manage, eighty-eight one-bedroom apartments of State subsidized for elderly and disabled citizens, six two-bedroom apartments of State subsidized for families and a residential facility which is leased on a long-term basis to the May Center. Per the representative of SHA, there are 2,660 applicants on the elderly/disabled waiting list and 5,034 applicants on the family waiting list. They do not have any Section 8 Housing Choice Vouchers.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the Town of Sharon has 6,413 year-round housing units, 678 (10.6%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 2,072 households in the Town of Sharon approximately 52.7% earned less than the HUD published 2021 AMI, approximately 22.2% earned less than 50% of 2021 AMI, approximately 28.7 % earned less than 60% of the 2021 AMI, and approximately 41.2% earned less than 80% of the 2021 AMI.

**3. Inability of Private Enterprise Alone to Supply Affordable Housing**

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

**4. No Undue Concentration of Low-income Households**

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

**5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

**Rental Determinations:**

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	1	2
Number of Units	98	1
Net SF/Unit	600	650
Elev./Non-Elev.	Elev.	Elev.
Market Rate Rent (insert)	\$3,109	-
MHFA Below Market Rent (Cost-Based Rent)	\$2,019	-
MHFA Adjusted Rent	30% of Income	
Underwriting Rents		
Project-Based Section 8	\$2,020	-
80% AMI	\$2,014	-
Non-Revenue	-	-

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

### **Harborview Towers, New Bedford**

Greg Watson presented a proposal for Approval to Accept Assignment of a HUD-issued Firm Commitment for FHA Insurance, Commitment of a First Mortgage Loan and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS.

Harborview Towers (the “Development”) consists of 144 units throughout two buildings in downtown New Bedford. The proposed New Loan will provide funds to repay existing MassHousing debt and the associated prepayment penalty, complete repairs, recapitalize replacement reserves, pay all transaction costs and provide equity out to the Sponsor.

The Development is located on a 2.42-acre plot of land in downtown New Bedford. The area has convenient access to shopping, parks, entertainment, dining, and other local amenities, with corresponding employment opportunities. The Site has good access to public transportation, including bus service through the Southeastern Regional Transit Authority, with a stop in close proximity to the Development.

The Development consists of two six-story elevator buildings that were built in 1971 and fully renovated in 2010 utilizing Low Income Housing Tax Credits (“LIHTC”). Based on the most recent physical inspection by Asset Management, the Site appears to be in generally good condition, with necessary repairs either recently completed or underway. The buildings are well managed and benefit from both on-site amenities and access to additional services found in the surrounding neighborhood.

Upon a motion duly made and seconded, by roll call vote, it was, by all Members present:

**VOTED:** To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency (“MassHousing”) (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$14,320,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$19,322,000 nor less than \$9,308,000 to Harborview Towers Limited Partnership (the “Borrower”) for Harborview Towers and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$14,320,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$19,322,000 nor less than \$9,308,000 on terms acceptable to MassHousing, subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER VOTED:** That the Massachusetts Housing Finance Agency, acting through its officers duly authorized pursuant to the Government National Mortgage Association Resolution of Board of Directors and Certificate of Authorized Signatories approved by the Agency, is hereby



authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Harborview Towers.

## STATUTORY FINDINGS AND DETERMINATIONS

### Statutory Findings:

The Loan(s) will be financed under the provisions of Section 5 of MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended (the "Act"). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

**1. The affordability of rents for 20% of the units:**

144 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

**2. Shortage of Affordable Housing Units in the Market Area**

The market needs data reflects the information available to A&M staff as of the date of collection December 9, 2021 and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 921 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 99.2%, and range between 99% and 100%. None of the comparables were offering concessions. The property has operated a tax credit and Section 8 project-based development and the average vacancy rate for the property for the past 5 years is 2.05%.

4<sup>th</sup> Qtr. 2021 CoStar data for the subject's New Bedford Submarket (4,070 units) has an overall vacancy rate at 1.0 % YTD, which is a decrease of .63% from one year ago. CoStar data for the Providence market (55,267 units) has an overall vacancy rate of 2.2% YTD, which is a decrease of 1.03 % from one year ago. The New Bedford Submarket vacancy rate is projected to increase to 1.3% over the next five years, while the Providence market is projected to increase to 2.9%.

CoStar, submarket data for the New Bedford 4-5 Star building type (513 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of 0% and an average asking rent of \$1,466, while submarket data for the subject's 3 Star building type (1,655 units) indicates a 4<sup>th</sup> Qtr. 2021 vacancy rate of .8% at an average asking rent of \$1,703 and 1-2 Star buildings (1,902 units) indicate a 4<sup>th</sup> Qtr. 2021 vacancy rate of 1.4% at an average asking rent of \$1,282. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/20/21), the City of New Bedford has 42,816 year-round housing units, 5,095 (11.9%) of which are subsidized for low/moderate income households.

In addition, the New Bedford Housing Authority (NBHA) owns/manages 23 Federally assisted family properties with a total of 1,458 units consisting of one-, two-, three-, four- and five-bedroom units. Per the representative of NBHA, the wait list for the family units is as follows; 625 applicants for one-bedrooms, 1,198 applicants for the two-bedroom units, 641 applicants for the three-bedroom units, 119 applicants for the four-bedroom units and 19 applicants for the five-bedroom units. NBHA also owns/manages six Federally assisted elderly/disabled properties with a total of 258 units. Per the representative of NBHA, there are 1,033 applicants on the wait list for the elderly/disabled.

NBHA also manages 11 State assisted family properties with a total of 215 units. Per the representative of NBHA there are 5,827 applicants on the waiting list. NBHA participate with CHAMP, the state-wide waiting list, and the representative could not provide a breakdown by bedroom size. NBHA also owns one State assisted Elderly property with a total of 202 units. Per the representative of NBHA, there are 1,665 applicants on this wait list. Finally, NBHA administers 1,799 Housing Choice Vouchers and per the representative of NBHA, they participate on the state centralized waiting list and there are 2,500-2,700 applicants on the list for New Bedford.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 38,888 households in the City of New Bedford, approximately 53.0% earned less than the HUD published 2021 AMI (\$74,500), approximately 46.1% earned less than 50% of 2021 AMI, approximately 53.4% earned less than 60% of the 2021 AMI and approximately 64.4% earned less than 80% of the 2021 AMI.

### **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

### **4. No Undue Concentration of Low-income Households**

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

### **5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other

public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

**Rental Determinations:**

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	Studio	1BR	2BR	3BR
Number of Units	2	48	82	12
Net SF/Unit	400	575	770	925
Elev./Non-Elev.	Elev.	Elev.	Elev.	Elev.
Market Rate Rent	\$1,546	\$1,711	\$1,867	\$2,041
(10% Rate 20 Year Term)				
MHFA Below Market Rent	\$968	\$1,133	\$1,289	\$1,463
(Cost-Based Rent)				
MHFA Adjusted Rent	30% of 80% of AMI			
Underwriting Rents				
Section 8*	\$1,100	\$1,240	\$1,450	\$1,705
LIHTC	\$835	\$918	\$1,094	\$1,220
*Weighted Averages				

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

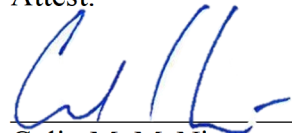
Chairman Dirrane asked if there was any other old or new business for the Members’ consideration. There was no other old or new business.

Chairman Dirrane asked for a motion to adjourn the meeting at 3:00 p.m. Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the MassHousing meeting at 3:00 p.m.

A true record.

Attest.



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Colin M. McNiece  
Secretary