

**Minutes of the Meeting
of the Members of
MassHousing
held on
February 12, 2019**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on February 12, 2019 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members Ping Yin Chai, Acting Chair
Mark Attia, Designee of Michael Heffernan, ex officio
Carolina Avellaneda
Lisa Serafin
Janelle Chan, ex officio
Jerald Feldman
Andris Silins

**Members
Not Present** Michael Dirrane
Patricia McArdle

Staff

Carol McIver	Daniel Barbanell
Chrystal Kornegay	Belmira Fallon
Laurie Bennett	Deepak Karamcheti
Maureen Burke	Henry Mukasa
Antonio Torres	Mark Teden
Daniel Staring	Paul Scola
Deb Morse	Sergio Ferreira
Meaghan McCarthy	Paul McMorrow
Kelly Johnson	Thomas F. Wolf
Debra White	Rachel Madden
Barbara Amato	Mounzer Aylouche
Anna Reppucci	Lisa Fiandaca
Jennifer Foley	Stephen Payson
Juan Pena	Alison Haskins
Rachel Carlson	Jeremy Meneses
Stephen Vickery	Bethany Wood
Craig Merry	Peter Cooper
Chris Burns	Paul Mulligan
Joe Hughes	Eric Gedstad
Paul Hagerty	Ricky Ochilo
Susan Lynch	Andrea Laing
Myra Carmona	Nancy McDonald

Mildred Mukasa

Guests: Sunny Aidasana, Mullins Company
Paul Haley, Barclays
Charles Carey, Mintz
Colin McNeice, Mintz
Jeff Gertz, J. P. Morgan
Gloria Boyd, J. P. Morgan
Jeff Sula, RBC
Paul Ladd, BofA Merrill Lynch
Jamie Oppedisano, J. P. Morgan
Tim Sullivan, RSB

Acting Chairman Chai convened the meeting to order at 2:00 p.m. He indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, it was

VOTED: That the minutes of the meeting held on January 8, 2019 are hereby approved and placed on record.

Acting Chairman Chai then called upon Chrystal Kornegay, MassHousing's Executive Director, for her monthly report to the Members.

Executive Director's Report

Ms. Kornegay began by saying what an exciting month it has been for MassHousing. MassHousing has been recognized as a national leader in sustainable financing by several publications. Banker & Tradesman featured an article by Ms. Kornegay detailing the role MassHousing's down payment assistance program plays in closing the racialized wealth gap. Ms. Kornegay was also recognized as a "power woman" of affordable housing in an article in Affordable Housing News. Ms. Kornegay also mentioned a recent article in the Boston Herald about MassHousing and she has pledged to periodically review MassHousing's policies and procedures. Mark Attia commented that the board continues to support Ms. Kornegay in her role and thanked her for her leadership. Carolina Avellaneda also thanked Ms. Kornegay for her leadership.

Ms. Kornegay then introduced Barbara Amato as part of her "People Behind the Mission" series. Ms. Amato began working at MassHousing in 1987. Ms. Amato comes from a military family and she is an avid sports fan. Ms. Amata is pro-active in addressing concerns and brings compassion and support in her role as administrative assistant in the Administrative Services Department. Ms. Amato's advice to a new MassHousing employee would be to listen and be actively engaged. Ms. Kornegay concluded by thanking Ms. Amato for her many contributions to helping us move the mission.

LOAN COMMITTEE

Worcester Courthouse, Worcester

Deb Morse presented a proposal for Commitment of Tax-Exempt Permanent Loan, Commitment of Tax-Exempt Syndication Bridge Loan and Commitment of Opportunity Fund Loan – Workforce Housing.

In December 2017, the Borrower entered into a Land Disposition & Development Agreement with the City of Worcester to purchase and redevelop the Old Worcester County Courthouse. The property is an important component of the larger revitalization of the Historic Lincoln Square District, which sits just north of Downtown Worcester and the City Center. Located on 2 Main Street the Courthouse sits just south of the Worcester Art Museum, Worcester Polytechnic Institute, the Worcester Memorial Auditorium, and across the street from the Massachusetts College of Pharmacy and Health Services. The property also has access to a broad and well-established public transportation network, with bus stops located along Main Street and MBTA Commuter Rail Service at Union Station, which is located less than a mile away.

The Old Worcester Courthouse, originally built in 1845 and vacant since 2007, will be repurposed as a new multifamily mixed-income rental housing development, with ancillary amenity space including a fitness center, clubhouse lounge, gallery space, and interior bike and resident storage. Upon construction completion, the repurposed 214,000 square foot building will contain 117 residential units. The site will also feature ample parking, landscaping restoration, and outdoor resident gathering spaces. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a permanent loan commitment for the multifamily development known as “Worcester Courthouse” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of debt by the Agency not be in excess of \$32,865,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

In accordance with the vote of the Agency dated June 11, 1996, staff makes the following Official Action Status findings for the proposed project:

1. Trinity Financial, Inc. (the “Developer”) has acceptable multifamily housing development experience and acceptable credit history.
2. The Developer has demonstrated an arms'-length evidence of site control either by an option agreement, a purchase and sale agreement, a deed, a contract of sale for the site, and/or other legal evidence of site control, with the land price and/or ground lease rent evident.
3. The proposed site of the Development is acceptable for the intended housing.
4. There is a need for the proposed housing in the community.

FURTHER

VOTED: To approve the findings and determinations contained in Attachment C hereto and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$12,200,000, with the permanent loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$19,100,000, in each case to be made to Trinity Worcester Courthouse Limited Partnership or another single-purpose entity controlled by Trinity Financial, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Worcester Courthouse” (the “Development”) and located in Worcester, 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: None.

FURTHER

VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$4,500,000 (1) to be funded from that portion of the Opportunity Fund approved by the Board on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing’s Workforce Program Guidelines adopted by the Board on July 12, 2016, and to any applicable delegations of authority previously approved by the Member of MassHousing.

FURTHER

VOTED: That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the

foregoing, prior to loan closing, to be used in connection with the Development will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

- (a) the sources and uses of funds and the total financing planned for the Development;
- (b) any proceeds or receipts expected to be generated by reason of tax benefits;
- (c) the percentage of the tax credit amount used for Development costs other than the cost of intermediaries; and
- (d) the reasonableness of the developmental and operational costs of the Development, provided, however, that such determination shall not be construed to be a representation or warranty as to the feasibility or viability of the Development.

FURTHER

VOTED: To authorize the Executive Director, the Vice President of Multifamily Programs, the Director of Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, each acting singly, to set the amount of 4% Credits to be used in connection with the Development applying the standards set forth in the immediately preceding vote.

FURTHER

VOTED: To authorize the Executive Director and Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the Borrower to enter into, or assume, mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to MassHousing's mortgage loans, and (2) such subordinate mortgage loans shall be subject to MassHousing's requirements pertaining to subordinate mortgages, in a manner acceptable to MassHousing's General Counsel or her designee.

ATTACHMENT C
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:

66 units (56.4%) 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. In addition, 10 of the 66 low-income units (10% of the 117 total) are being made available for extremely low-income households (<30% AMI) consistent with the Commonwealth's Qualified Action Plan.

(2) Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (1,444 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over that past three years. Current occupancy rates of the six developments reviewed averaged approximately 97.8%, and range between 96.9% and 100%.

There is no submarket data for Worcester; therefore, we have used Worcester Metro area data. REIS, Inc. data (3rd Qtr. 2018) for the Worcester Metro evidenced a vacancy rate at 3.6%, and a YTD rate of 3.4%. The YTD rate is projected to increase to 4.2% over the next five years.

Based on information obtained from the City of Worcester's Five Year Consolidated Plan (2015-2020), the Worcester Housing Authority(WHA) maintains 3,934 units of housing (3,595 Federal and 339 State). The WHA also administers 2,027 tenant assistance program units, of which 301 are Projected-based vouchers and 1,726 are Tenant-based vouchers. The WHA also administers 547 Special Purpose Vouchers of which 246 are for Veterans Affairs Supportive Housing and 301 are for Family Unification Program. Since 2006 Worcester has participated in the Massachusetts Section 8 Housing Choice Wait List program. The list is currently open but has a wait of up to 10 years for a HCV. Per the consolidated plan, there are more than 12,300 families on the WHA combined public and leased housing waiting lists, with approximately 10,650 applicants on the waiting list for the Section 8 housing vouchers.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/17/2017), the City of Worcester has 74,383 year-round housing units, 9,974 (13.4%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 70,792 households in the City of Worcester, approximately 72% earned less than the HUD published 2018 AMI (\$85,800), approximately 47% earned less than 50% of 2018 AMI, approximately 53.9% earned less than 60% of the 2018 AMI and approximately 65.2% earned less than 80% of the 2018 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 not lead to the undue concentration of low-income households. Although it is a low-income development, it will be located adjacent to market-rate developments and are in areas that include a mix of residential and retail uses.

(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	2	3
Number of Units	23	52	31	11
Net SF/Unit	500	700	950	1150
Elev./Non-Elev.	E	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$1,577	\$1,834	\$1,961	\$2,319
MHFA Below Market Rent (Cost-Based Rent)	\$1,069	\$1,326	\$1,452	\$1,811
MHFA Adjusted Rent	30% of Income			

Underwriting Rents				
Market Rate	\$0	\$1,735	\$2,150	\$2,950
Workforce Housing	\$1,320	\$1,648	\$2,042	\$2,430
LIHTC 80% AMI	\$1,142	\$1,210	\$1,441	\$1,660
LIHTC 60% AMI	\$841	\$888	\$1,055	\$1,213
MRVP	\$790	\$864	\$1,088	\$1,312
Utility Allowance	\$60	\$78	\$104	\$125

*Underwritten rents for the LIHTC units are net of utility allowances.

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.

Hillside Village - Ware

Deb Morse then presented a proposal for Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan for Hillside Village in Ware.

Hillside Village is an 80-unit apartment community located in Ware. An affiliate of Meredith Management Corporation is seeking permanent financing from MassHousing so that it may payoff the existing MassHousing permanent loan, recapitalize the Development’s reserves and complete repairs and upgrades, including modifications to accessible unit kitchens and baths and replacement of smoke/carbon detectors in all units. This proposal is for a transaction that includes a permanent loan financed under the HUD/FFB Risk Sharing Initiative. Newly constructed in 2005, the Development consists of 80 family units in four wood frame buildings on approximately six acres of land in Ware. 76 units are restricted to households earning up to 60% of the AMI, including 16 units covered by a project-based Section 8 contract. Four units are unrestricted market-rate.

The original financing of the Development included a MassHousing permanent loan, a subordinate MassHousing PDF loan, a DHCD HOME loan, 9% tax credit equity and a deferred developer fee. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment C hereto and to authorize a permanent first mortgage loan in a principal amount of up to \$4,085,000, with the permanent loan to be insured under the HUD HFA Risk Sharing Program, to be made to Hillside Village Associates Limited Partnership or another single-purpose entity controlled by Meredith Management Corporation (the “Borrower”) as owner of the multifamily residential development known as “Hillside Village” (the “Development”) and located in Ware, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Members of MassHousing, and further

subject to compliance with all applicable laws and all regulations and requirements of applicable financing programs.

FURTHER

VOTED: To authorize the Executive Director and Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the prepayment, upon terms and conditions acceptable to the foregoing, of the existing mortgage loan(s) from MassHousing for the Development without the need to make the findings set forth in the mortgage(s) securing such existing loan(s).

FURTHER

VOTED: To authorize the subordination of the existing PDF loan, in the amount of the remaining balance at closing less the repayment of such amount as determined by the Vice President of Multifamily Programs or his designee, the reduction of the applicable interest rate to zero percent (0%), the extension of the PDF loan maturity to be coterminous with the first mortgage loan, and the modification of such other terms as may be determined by the General Counsel.

FURTHER

VOTED: To authorize the Executive Director and Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the Borrower to enter into, or assume, mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to MassHousing's mortgage loans, and (2) such subordinate mortgage loans shall be subject to MassHousing's requirements pertaining to subordinate mortgages, in a manner acceptable to MassHousing's General Counsel or their designee.

**ATTACHMENT C
STATUTORY FINDINGS AND DETERMINATIONS**

Statutory Findings:

The Loan 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

76 units (95%) 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

In-house data for larger market and mixed-income complexes (approximately 345 units) in the area revealed a strong rental market. Current occupancy rates of the five comparable properties reviewed averaged approximately 99.2%, and range between 96.4% and 100%. The subject property has operated as a mixed income property since 2004 and has had an average vacancy rate of 2.75% over the past 6 years. Review from MassHousing's Appraisal and Marketing department of similar mixed income/subsidized portfolio properties (1,294 units) demonstrated a weighted average vacancy rate of approximately 3.5%.

REIS, Inc. data (3rd Qtr. 2018) for the subject's Springfield metro area have projected a vacancy rate at 1.5% YTD, while the Boston Metro is 5.8%. This rate is projected to increase to 2.2% over the next five years, while the Boston Metro is projected to increase to 7.1%. Vacancies in the Springfield metro area have averaged approximately 2.0% over the last five years, while the Boston Metro vacancy rate has averaged 4.7%.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the Town of Ware has 4,539 year-round housing units, 387 (8.5%) of which are subsidized for low/moderate income households.

Further, the Ware Housing Authority (WHA) owns and /or operates 108 Public Housing units which consist of 22 family housing units and 86 Elderly/Disabled housing units. The waiting list consists of 51 Elderly/Disabled. 110 Family – 69 - 2 Bedroom and 41 - 3 Bedroom applicants. WHA also administers 61 Section 8 Housing Vouchers and they participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List. At this time the list is open and it expected to remain open indefinitely.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that of the 4,133 households in the Town of Ware , approximately 50.0% earned less than the HUD published 2018 AMI (\$73,900), approximately 39.8% earned less than 50% of 2018 AMI, approximately 48.5% earned less than 60% of the 2018 AMI and approximately 59.6% earned less than 80% of the 2018 AMI.

(3) Inability of Private Enterprise Alone to Supply Affordable Housing

Without the public financing made available to this development, low income individuals will not be able to afford rents for comparable units in the area.

(4) No Undue Concentration of Low-income Households

The financing herein proposed will not change the current income mix of this development.

(5) Elimination 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	3
Number of Units	10	46	24
Net SF/Unit	611	824	1,056
Elev./Non-Elev.	Non-Elev	Non-Elev	Non-Elev
Market Rate Rent (10% Rate 20-year term)	\$ 1,098	\$1,300	\$1,398
MHFA Below Market Rent (cost-based rent)	\$ 843	\$ 1,045	\$1,143
MHFA Adjusted Rent	30% of income		
Underwriting Rents			
Section 8 PBV	-	\$1,198	\$1,440
Low-Income < 60%	\$820	\$960	\$1,100
Market-Rate	\$1,050	\$1,250	\$1,440

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.

Daniel F. Burns Apartments – Cambridge

Deb Morse presented a proposal for Official Action Status for Daniel F. Burns Apartments in Cambridge. Daniel F. Burns Apartments is an existing 198-unit development consisting of two mid-rise buildings located in North Cambridge. The buildings were constructed in the early 1970s and serve low-income elderly and disabled households.

The Developer is currently seeking OAS to protect its ability to reimburse any appropriate project expenditures with the proceeds of a future tax-exempt financing. The tax-exempt bond proceeds

from MassHousing will be used as project financing for the rehabilitation of Daniel F. Burns Apartments.

The buildings were constructed in the early 1970s and first occupied in 1973 and are made of pre-cast concrete connected by a bridge on the second floor. There are two surface parking lots on the site as well as a small courtyard for resident use. Since original construction, the buildings have undergone several minor renovations and upgrades to address immediate emergency repair needs and quality of life concerns. This has included a 2006 renovation which turned 29 studios into one-bedrooms by enclosing the balconies and created two ADA units, a roof replacement in 2011, elevator modernization and mechanical upgrades. None of these upgrades have been comprehensive enough to address inherent design deficiencies including substantial building envelope issues, aging mechanical and plumbing systems, excessive water and energy consumption, and aging and inefficient interiors. The building and site currently do not comply with fire, ventilation or accessibility codes.

The proceeds of a future tax-exempt financing will enable the Developer to address these much-needed repairs and upgrades to ensure that the property is able to serve low-income elderly and disabled households well into the future. Renovations will also add 8 new ADA-compliant units. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a permanent loan commitment for the multifamily development known as “Daniel F. Burns Apartments” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of debt by the Agency not be in excess of \$47,500,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

In accordance with the vote of the Agency dated June 11, 1996, staff makes the following Official Action Status findings for the proposed project:

1. Cambridge Housing Authority (the “Developer”) has acceptable multifamily housing development experience and acceptable credit history.
2. The Developer has demonstrated an arms'-length evidence of site control either by an option agreement, a purchase and sale agreement, a deed, a contract of sale for the site,

and/or other legal evidence of site control, with the land price and/or ground lease rent evident.

3. The proposed site of the Development is acceptable for the intended housing.
4. There is a need for the proposed housing in the community.

Sugarbush Meadow, Sunderland

Antonio Torres presented a proposal for Commitment of Permanent Loan for Sugarbush Meadows in Sunderland. Sugarbush Meadow will provide 150 new units under the 40B program in Sunderland, 38 of which will be affordable to households earning at or below 80% of the AMI. Fountain Residential Partners LLC (the “Sponsor/Developer”) is seeking permanent financing for the development of this property. The proposal presents a transaction that includes a MassHousing permanent loan with a 24 month forward rate commitment for a term of (7) seven years with a balloon payment upon maturity. This project will be a new addition to MassHousing’s mortgage portfolio.

Five three-story garden style residential buildings will be constructed, in addition to a community building that will contain leasing/management offices plus fitness and common areas. Post-completion, the unit mix in at Sugarbush Meadow will consist of 30 one-bedroom, 90 two-bedroom, and 30 three-bedroom units. The Borrower will be required to rent 25% of the units to households earning at or below 80% of the area median income (AMI) under an approved Affirmative Fair Housing Marketing Plan.

While all the units will be available and marketed to the general public, the property’s proximity to UMass and planned amenities will make it a good housing option for some of the university’s 30,000 students. Preliminary statistics provided by MassHousing’s Market Study Consultant indicates demand for rental housing in the subject’s Primary Market Area (PMA) exceeds the supply of existing, under construction, and proposed rental housing stock by over 40%. Further, approximately 50% of the overall demand is driven by the student population. As a result, virtually all privately-owned apartment complexes in the area would be expected to have a larger portion of student residents.

To accommodate the individual needs of the potential student and also appeal to the overall rental population, the market units will be offered both on a per-unit and per-bed basis. Affordable units will be rented on a per-unit basis only. All units will be leased for a full twelve months. Rents will include cable access, all utilities, with a cap on electricity to promote energy conservation on market units only. All market units are expected to be fully furnished with a 50 inch television set and the affordable units will be unfurnished. Amenities will include a clubhouse with study rooms, a great room, fitness center and a management/leasing office.

Upon a motion duly made and seconded, from which Carolina Avellaneda abstained, it was

VOTED: To approve the findings and determinations contained in Attachment A hereto and to authorize (a) a permanent first mortgage loan in a principal amount of up to

\$27,000,000, to be made to Sugarbush Meadow LLC or another single-purpose entity controlled by Fountain Residential Partners LLC (the “Borrower”) as owner of the multifamily residential development known as “Sugarbush Meadow” (the “Development”) and located in Sunderland, 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) Approval by the Director of Rental Management of Asset Campus Housing, as Management Agent, prior to commencement of marketing activities;
- (2) Approval by the Director of Rental Management of form(s) of lease governing occupancy of market rate units, including those leased on a per-bed occupancy, prior to construction loan closing; and
- (3) Receipt of evidence satisfactory to the Director of Rental Management and General Counsel prior to commencement of leasing activities that the development will comply with Fair Housing requirements.

**FURTHER
VOTED:**

To authorize the Executive Director and Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the Borrower to enter into, or assume, mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to MassHousing’s mortgage loans authorized in the first vote set forth above, and (2) such subordinate mortgage loans shall be subject to MassHousing’s requirements pertaining to subordinate mortgages, in a manner acceptable to MassHousing’s General Counsel or her designee.

ATTACHMENT A
STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

The Loan 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:

(6) Provision of Low-income Set-aside Units

At least 20% of the 150 units 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.

(7) Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 1,040 units) in the area revealed a strong rental market. Current occupancy rates of the six comparable properties reviewed averaged approximately 97.5% and range between 90% and 100%. Review of similar mixed income/subsidized portfolio properties (1,294 units) demonstrated a weighted average vacancy rate of approximately 3.5%.

There is no submarket data for Sunderland, therefore Springfield Metro area data was used. REIS, Inc. data (3rd Qtr. 2018) for the subject's Springfield metro area have projected a vacancy rate at 1.5% YTD, while the Boston Metro is 5.8%. This rate is projected to increase to 2.2% over the next five years, while the Boston Metro is projected to increase to 7.1%. Vacancies in the Springfield metro area have averaged approximately 2.0% over the last five years, while the Boston Metro vacancy rate has averaged 4.7%.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the Town of Sunderland has 1,718 year round housing units, 0 (0%) of which are subsidized for low/moderate income households. The Town of Sunderland does not have a housing authority.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 1,597 households in the Town of Sunderland, approximately 65.0% earned less than the HUD published 2018 AMI (\$73,900), approximately 57.4% earned less than 80% of the AMI, approximately 44.8% earned less than 60% of the AMI, and approximately 41.7% earned less than 50% of the AMI.

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

(9) No Undue Concentration of Low-income Households

The financing herein proposed does not lead to the undue concentration of low-income households. The development will serve as a mixed-income development, providing housing for tenants earning less than 80% of AMI.

(10) Elimination 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. Staff is not aware of units within the same market area that require demolition or compulsory repair. 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	3
Number of Units	30	90	30
Net SF/Unit			
Elev./Non-Elev.	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$2,391	\$3,031	\$3,545
MHFA Below Market Rent (Cost-Based Rent)	\$1,566	\$2,206	\$2,721
MHFA Adjusted Rent		30% of Income	
Underwriting Rents			
Market/Unrestricted	\$1,699	\$2,450	\$3,100
80% AMI	\$1,200	\$1,452	\$1,678

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.

Acting Chairman Chai asked if there was any other old or new business for the Members' consideration. There was none.

Acting Chairman Chai asked for a motion to adjourn the meeting at 2:18 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:18 p.m.

A true record.

Attest.



Carol G. McIver
Assistant Secretary