

**Minutes of the Regular Meeting
of MassHousing
held on
February 13, 2018**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – and a special meeting of its affiliate Center for Community Recovery Innovations, Inc. (“CCRI”) was held on February 13, 2018 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members Ping Yin Chai (Acting Chair)
 Patricia McArdle
 Sushil Tuli
 Andy Silins
 Lisa Serafin
 Carolina Avellaneda
 Tom Lyons (Acting Executive Director)
 Mark Attia, designee of Kristen Lepore

Members
Not Present Mike Dirrane
 Carolyn Kirk

Staff	Laurie Bennett	Cynthia Lacasse
	Maureen Burke	Karen Kelleher
	Antonio Torres	Kevin Mello
	Meaghan McCarthy	Monte Stamford
	Ed Chase	Sergio Ferreira
	John W. McCormack	Paul McMorrow
	Chuck Karimbakas	Stephen Payson
	Doug O’Brien	Lisa Fiandaca
	Ricky Ochilo	Mary Magliozzi
	Zan Bross	Paul Scola
	David Keene	Nancy Slaney
	Deb Morse	Belmira Fallon
	Nancy McDonald	Hanna Schutt
	Bethany Wood	Paul Mulligan
	Gail Bishop	Hana Migliorato
	Josiah Madar	Kelly Condon
	Eric Gedstad	Colleen Kelley
	Carmen Beato	Mildred Mukasa
	Nick Pepe	
	Lee-Anne Brooks	Guests Paul Haley, Barclays
	Deepak Karamcheti	Won Park, Loop Capital
	Rachael Weaver	Eric VanDusen, New Boston
	Henry Mukasa	Fund

Acting Chairman Chai convened the meeting to order at 2:00pm. The first order of business was approval of the draft minutes of the preceding meeting of the Members. Acting Chairman Chai noted that the draft minutes of the January 9, 2018 should be corrected to note that Patricia McArdle is a former, rather than a current, member of the Town of Marion Planning Board. Upon a motion duly made and seconded it was,

VOTED: That the minutes of the meeting held on January 9, 2018 are hereby approved and placed on record.

Acting Executive Director's Report

Acting Executive Director Tom Lyons began his presentation by providing an update on the Housing Bond Bill, which contains proposed language related to MassHousing. The bill has been passed in the House and is moving in the Senate, and Mr. Lyons is encouraged with the progress of the bill. Mr. Lyons then discussed HUD's efforts to procure Section 8 Contract Administration services. HUD has recently posted draft solicitations, to which MassHousing and other industry representatives submitted timely comments. The ball is now in HUD's court, and HUD can elect to either respond to the comments or proceed to issue the solicitations. Mr. Lyons then reported on recent activity levels in HomeOwnership and Rental Lending, noting that both business lines continue to move ahead strongly.

In closing, Mr. Lyons thanked the Members for giving him the opportunity to guide the Agency during this period of transition, stating that it has been a great honor. Acting Chairman Chai thanked Mr. Lyons for his leadership during this time.

Finance Report

Charles Karimbakas presented a finance update. Mr. Karimbakas reported that, at halfway through FY18, MassHousing is projecting that we will be \$5 million ahead of budget. This expectation is based on two major assumptions: significant lending volume, especially in Rental Lending, continues, and an uptick in interest rates, which will help MassHousing's investment earnings.

Mr. Karimbakas then reported that MassHousing is headed toward a record year for Rental Lending production and that we could exceed the \$1 billion mark in rental lending. Home Ownership is on track, but the spring housing market will be key. He concluded his report by noting that MassHousing's net interest spread is projecting to be under budget for FY18.

Member Sushil Tuli recused himself immediately following the Finance Report.

Proposed Program for Downpayment Assistance Loans

Karen Kelleher presented a proposal for a new downpayment assistance program to make stable homeownership more reachable for working families. She noted that the inventory of homes for sale in Massachusetts markets is shrinking, while prices and interest rates continue to rise. Ms.

Kelleher explained that 40% of MassHousing's peer agencies have downpayment assistance programs and that, on average, 70% of single-family loans made by housing finance agencies include downpayment assistance.

Ms. Kelleher went on to discuss the specifics of the proposed downpayment assistance program. The downpayment assistance loan would only be available to first-time buyers of single-family homes to borrowers with incomes up to 100% of area median income for an amount up to 3% of the purchase price of the home. The downpayment assistance loan would be a 15-year loan with an interest rate fixed at 1%. In addition, MassHousing would offer a 20% discount on mortgage insurance if the borrower was not using FHA insurance.

Acting Chairman Chai asked when this program would be rolled out and whether there would be an aggregate cap. Ms. Kelleher answered the rollout would be March 12, 2018. Mr. Karimbakas stated the program was built on goals of \$7.5 million annually for several years to incentivize lenders to commit to the program. He added the key is getting enough volume cap of single-family to make this program a success. Mr. Chai stated he believes this is a very valuable program.

Lisa Serafin asked what happened to a previous similar program. Ms. Kelleher responded the 2007 program was a different product that the Agency determined it no longer needed to drive business.

Upon a motion duly made and seconded, it was

VOTED: To authorize the Agency to initiate a new program, commencing from the first day of the month in which the first loan thereunder is made, to provide amortizing subordinate downpayment assistance loans of up to 3% of purchase price to MassHousing first mortgage borrowers with incomes at or below 100% of area median income, on terms determined appropriate by the Executive Director or Deputy Director or Financial Director, each acting singly, subject to the availability of funding.

FURTHER

VOTED: To authorize the Agency to dedicate any amounts remaining from the \$250,000 previously allocated from the Opportunity Fund to provide closing cost or downpayment assistance to borrowers with incomes at or below 80% of area median, to provide closing cost, downpayment assistance and/or similar home ownership loan products to borrowers with incomes at or below 100% of area median income.

FURTHER

VOTED: To authorize the Executive Director, Deputy Director, Financial Director and General Counsel, each acting singly, to execute and deliver on behalf of the Agency such agreements or documents necessary or appropriate to implement the foregoing.

CCRI Funding Recommendations

Mr. Tuli returned to the MassHousing meeting after the immediately preceding votes were concluded. Acting Chairman Chai called for a motion to recess the MassHousing meeting in order to conduct a special meeting of MassHousing's affiliate: the Center for Community Recovery Innovations, Inc. (CCRI). Upon a motion duly made and seconded, it was

VOTED: To recess the MassHousing Meeting.

The MassHousing meeting was recessed at 2:20 p.m.

Acting Chairman Chai then called the CCRI Special Meeting to order.

Ed Chase then presented four applications for CCRI funds that the Community Services Advisory Committee has endorsed for consideration by the CCRI Board of Directors, as follows:

Gilly's House, Wrentham

- Requests funding to acquire and renovate a house to create twenty-two new units for young men in recovery. Primary financing partner is the Milford National Bank. Occupancy is projected for Summer 2018.
- Recommendation: \$75,000. Commitment expires March 31, 2019.

The Megan House Foundation, Lowell

- Requests funding to construct nine new apartments at Emma's House for young women in recovery and their children. In partnership with the Coalition For A Better Acre CDC, occupancy is projected for Summer 2018.
- Recommendation: \$125,000. Commitment expires March 31, 2019.

Housing Supports, Amesbury

- Requests funding to rehabilitate twenty-four SRO units of affordable sober housing for men at The Elms. Scope of work includes both interior and exterior improvements. Financing partners include the Federal Home Loan Bank and the Newburyport Savings Bank. Projected completion is October 2018.
- Recommendation: \$75,000. Commitment expires March 31, 2019.

Lowell House, Lowell

- Requests funding to construct two new additional units of affordable sober housing for young men at Zack's House. Scope of work includes converting a garage into two bedrooms, bathroom, kitchenette and common space to be completed by Summer 2018.
- Recommendation: \$25,991. Commitment expires March 31, 2019.

Upon a motion duly made and seconded, it was

VOTED: That the Center for Community Recovery Innovations, Inc. ("CCRI"), an affiliate of the Massachusetts Housing Finance Agency (the "Agency"), approve a grant in the amount of \$75,000 to Gilly's House, Wrentham, for the purposes described in

the application endorsed by the Agency's Community Services Advisory Committee (the "Advisory Committee"), subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$125,000 to The Megan House Foundation, Lowell, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000 to Housing Supports, Newburyport, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$25,991 to Lowell House, Lowell, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That the officers of CCRI and the Manager of the Agency's Community Services Department are hereby authorized and directed to do all acts and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by the three foregoing votes.

With no other CCRI business, Acting Chairman Chai asked if there was a motion to adjourn. Upon a motion duly made and seconded, it was

VOTED: To adjourn the CCRI meeting and resume the MassHousing meeting.

The CCRI meeting was adjourned and the MassHousing meeting resumed at 2:24pm.

Loan Committee

West Newton Rutland Apartments – Boston (South End)

Antonio Torres presented a proposal for Commitments of Tax-Exempt Construction and Permanent Loan and Tax-Exempt Equity Bridge Loan for West Newton Rutland Apartments in the South End.

West Newton Rutland Apartments will be a rehabilitation of 146 townhouse-style buildings. Inquilinos Boricuas en Accion (IBA) has presented the proposal that would convert 126 of the 146 units to Projected Based Rental Assistance through HUD's Public Housing Rental Assistance

Demonstration (RAD) program. All 146 units will be affordable to households earning at or below 60% of AMI, preserving deep affordability in an increasingly expensive neighborhood with close access to downtown Boston. MassHousing will provide a tax-exempt construction and permanent loan of up to \$5,290,000 through the HUD/HFA Risk Share Program using insured advances during construction and a bridge loan of up to \$29,210,000.

The project utilizes a variety of funding sources in addition to LIHTC and MassHousing sources, including federal and state Historic Tax Credits and a LEAN grant. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment A hereto and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to \$5,290,000, with the construction/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 \$29,210,000, in each case to be made to West Newton Rutland LLC or another single-purpose entity controlled by Inquilinos Boricuas en Accion, Inc (the "Borrower") as owner of the multifamily residential development known as "West Newton Rutland Apartments" (the "Development") and located in Boston, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, 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: That the amount of 4% Credits, as set by the Executive Director, the Deputy Director, 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 multifamily development located in Boston, Massachusetts and known as "West Newton Rutland Apartments" (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 Deputy Director, the Director of Rental 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 Board vote.

FURTHER VOTED: To authorize the Executive Director and Deputy Director, and their respective designees, 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 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:

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

Twenty-nine units (20%) 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 (appx. 951 units) in the area revealed a strong rental market. Current occupancy rates of the comparables reviewed averaged approximately 98.3 %, and range between 95% and 100%. My review of similar mixed income/subsidized portfolio properties (1,319+ units) demonstrated a weighted average vacancy rate of approximately 0.54%.

REIS, Inc. data (3rd. Qtr. 2017) for the subject's Central City/Back Bay Bay/Beacon Hill submarket have projected a vacancy rate at 5.0% YTD (4.9% Boston Metro). This rate is projected to increase to 5.7% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in the Central City/Back Bay/Beacon Hill submarket have averaged approximately 4.6% over the last five years, while the Boston Metro has averaged 4.5%.

REIS, Inc. submarket data for the Class A building type (15,314 units) indicates a 3rd Qtr. 2017 vacancy rate of 6.2% and an average asking rent of \$4,157. REIS, Inc. submarket data for the subject's Class B/C building type (11,109 units) indicates a 3rd Qtr. 2017 vacancy rate of 3.4% at an average asking rent of \$2,420. The development as proposed more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential.

None of the comparables reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The 3rd Qtr. REIS, Inc. data indicates that the Central City/Back Bay Bay/Beacon Hill submarket is offering .61 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston 269,482 year round housing units, 51,283 (19.0%) of which are subsidized for low/moderate income households. The Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units. In addition to housing developments, BHA administers approximately 14,284 Section 8 housing rental assistance vouchers.

According to the Boston Housing Authority's (BHA) 5 year plan (2015-2019), the BHA owns and operates 63 family and elderly/disabled developments. The BHA also administers Housing Choice Vouchers (Section 8 or Leased Housing) to over 11,000 families. The City of Boston's Consolidated plan (FY2016) indicated that the BHA maintains the following wait lists: There are 2,432 households on the Section 8 tenant based assistance wait list, including 1,189 families with children, 617 families with disabilities and 75 elderly families. This waiting list has been closed since November 2008, and there are no plans to reopen it at this time. The BHA also maintains a Public Housing Wait list with 30,411 applicants, including 12,845 families with children, 8,068 families with disabilities, and 8,760 elderly families. This waiting list is open. On both wait lists the BHA includes single applicants as well as families that fit into one or more categories.

U.S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 256,294 households in the City of Boston approximately 69.7% earned less than the HUD published 2017 AMI (\$103,400), approximately 47.0% earned less than 50% of 2017 AMI, approximately 53.1 % earned less than 60% of the 2017 AMI, and approximately 61.8% earned less than 80% of the 2017 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 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 does not lead to the undue concentration of low-income households. The development will provide housing for tenants earning less than 60% of AMI.

(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. 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.

Olmsted Green Mixed-Income Rental - Mattapan

Antonio Torres then presented a proposal for Commitment for Tax-Exempt Conduit Loan (Short- and Long-Term) and Commitment of Workforce Housing Funds for Lena New Boston LLC, a partnership between Lena Park Community Development Corporation and New Boston Fund. This proposal is for an allocation of up to \$20 million in tax-exempt loan proceeds and a \$4 million Workforce Housing loan for Olmsted Green Mixed-Income Rental, a to-be-constructed 100 apartment community in Mattapan.

Located at the site of the former Boston State Hospital, Olmsted Green presents a unique opportunity to develop new affordable, workforce, and market units on the largest collection of open space in the City of Boston. The 100-unit rental phase builds on the previously completed phases of redevelopment that commenced in 2006 over a 9-acre area. MassHousing recently provided \$1,000,000 in Workforce Housing Funds for the 41-unit homeownership phase of the development. This phase includes the construction of units in a townhouse-style spread over a 2.5-acre area. Upon a motion duly made and seconded, it was

VOTED: (i) that the Agency grant Official Action Status and consider the application of the developer for tax-exempt financing for the rental residential development known as Olmsted Green Mixed-Income Rental, in Boston, Massachusetts (the “Development”) at such time as it is submitted; (ii) that this vote 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 tax-exempt debt by the Agency not be in excess of \$22,000,000 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 Code or Treasury Regulations promulgated thereunder.

OFFICIAL ACTION STATUS FINDINGS

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

1. The Mortgagor/Developer has acceptable multifamily housing development experience and acceptable credit history.
2. The Mortgagor/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 is acceptable for the intended housing.
4. There is a need for the proposed housing in the community.

FURTHER

VOTED: That the amount of 4% Credits as set by the Executive Director, the Deputy Director, 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 Deputy Director, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing to set the amount of 4% Credits to be used in connection with the Development applying the standards set forth in the immediately preceding Board vote.

FURTHER

VOTED: To approve the findings and determinations contained in Attachment A hereto and to authorize the issuance of tax-exempt obligations in an amount not to exceed \$20,000,000 to be purchased by Boston Private Bank and Trust (the “Bank”) or another entity controlled by the Bank, with the proceeds of such issuance to be lent to a new ownership entity controlled by Lena New Boston, LLC, or another single-purpose entity controlled by Lena Park CDC and New Boston Fund, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Olmsted Green Mixed-Income Rental” (the “Development”) and located in

Boston, Massachusetts, and in accordance with the applicable Conduit Loan Closing Standards approved by the board on September 12, 2017 and delegations of authority previously approved by the Board, 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 \$4,000,000 (the “Workforce Loan”) (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 Board.

FURTHER

VOTED: To authorize the Executive Director and Deputy Director, and their respective designees, 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 (other than the Workforce Loan which may be pari passu with such third party 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.

Weeks School Apartments - Newton

Meaghan McCarthy presented a proposal for a Permanent Loan with Repair Escrow-Uninsured for Weeks School Apartments in Newton.

Weeks School Apartments is a historic former school building that was converted to 75 units of housing, of which 42 are covered by a Section 8 HAP contract. The property is well maintained and it is not classified as a troubled asset by MassHousing, however, it is an old building with components that are near or beyond their useful life. Since there is cash flow available at the development, the sponsor has requested an additional permanent loan, combined with the existing reserves, to fund the immediate work at the development identified in a recent Capital Needs Assessment (CNA), while also allowing for sufficient deposits to the property’s replacement reserve account for long-term property needs. The work identified in the CNA and confirmed by the borrower’s architect/engineer, includes roof, window and exterior door replacement, as well as repairs to masonry around the windows.

There is currently a lease that runs through 2048 from the City of Newton, which allows the borrower to modify its existing mortgage while keeping the existing lease in place. Therefore, to avoid the potential for extended and complicated negotiations with the City of Newton, the sponsor is proposing to keep the existing MassHousing uninsured first mortgage in place and obtain a new fully-amortizing loan that will be evidenced by a new mortgage note secured through an amendment

to the existing first mortgage on a pari passu basis with the existing note. The existing MassHousing loan provided in 2007 matures in 2047, and the proposed additional permanent loan will be co-terminus with this loan, for a term of approximately 29 years. Since the remaining term of the lease is not 10-years longer than the term of the loan, it is not possible to insure the new loan under the HUD/HFA Risk Sharing program. The interest rate on the proposed new loan reflects that this loan is uninsured. The NOI is sufficient to cover the debt service associated with both the existing and new loans.

Upon a motion duly made and seconded it was,

VOTED: To approve the findings and determinations contained in Attachment A hereto and to authorize a permanent first mortgage loan, to be secured pari passu with the existing MassHousing first mortgage debt, in a principal amount of up to \$3,395,000, to be made to Weeks School Limited Partnership or another single-purpose entity controlled by Newton Community Development Foundation, Inc. (the "Borrower") as owner of the multifamily residential development known as "Weeks School Apartments" (the "Development") and located in Newton, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special condition:

1. The Borrower shall receive any applicable approvals from the City of Newton, as the lessor, necessary to enter into this financing transaction and complete the identified scope of work.

**FURTHER
VOTED:**

To authorize the Executive Director and Deputy Director, and their respective designees, each acting singly, to permit the Borrower to enter into, assume, or continue 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 A
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:

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

At least 15 units (20%) 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.

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

In-house data for larger market and mixed-income complexes (appx. 1,682 units) in the area revealed a strong rental market. Current occupancy rates of the five comparable developments reviewed had an average occupancy of approximately 98.2%, and range between 93% and 100%. The subject has operated as a partially subsidized development since approximately 1984 and has a 6-year average vacancy rate of 1.67%. Staff review of similar mixed income/subsidized portfolio properties (1,073 units) demonstrated a weighted average vacancy rate of approximately 3.54%.

REIS, Inc. data (3rd Qtr. 2017) for the subject's Brookline/Brighton/Newton submarket have projected a vacancy rate at 4.1% YTD (4.9% Boston Metro). This rate is projected to increase to 4.2% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in Brookline/Brighton/Newton submarket have averaged approximately 2.9% over the last five years, while the Boston Metro has averaged 4.5%.

REIS, Inc. submarket data for the Class A building type (6,711) indicates a 3rd Qt. 2017 vacancy rate of 6.3% and an average asking rent of \$3,146 and, *REIS, Inc.* submarket data for the subject's Class B/C building type (11,939 units) indicates a 3rd Qtr. 2017 vacancy rate of 2.9% at an average asking rent of \$1,995. The development more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential.

None of the comparable properties reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The 3rd Qtr.2017, REIS, Inc. data indicates that the Boston City submarket is offering .75 months free rent and the Brookline/Brighton/Newton is offering .43 months free rent.

Based on information obtained from the Newton Housing Authority and the City of Newton's Five Year consolidated plan (2015-2020), the Newton Housing Authority owns 90 units of State-funded family public housing comprised of 2, 3 and 4 bedrooms units, with a total of 926 applicants on the waiting list. These units are scattered throughout Newton. NHA also owns 2 State funded elderly/disabled public housing units with 32 one-bedroom units with a total of 238 applicants on the waiting list. They also administer 30 Massachusetts Rental Vouchers(MRVP) and there are two applicants on the waiting list.

Regarding Federal funded public housing, NHA owns 6 Federal funded elderly/disabled public housing developments with 298 one-bedroom units with a total of 130 applicants of the waiting list.

NHA also administers 441 Section 8 Housing Choice Vouchers, NHA participates in the Massachusetts Section 8 Centralized Waiting List and there are currently 157,554 applicants on this list. NHA also administers the following other Federal funded programs; Section 8 YMCA Project-based Single Room Occupancy Program for Single Homeless Men. There are 25 units in this facility that are subsidized by Section 8 project-based vouchers and there are 8 applicants on the waiting list. Section 8 Victims of Domestic Violence Program. The

program has of 15 units dedicated to victims of domestic violence and there are 54 applicants on the waiting list.

The Newton Housing Authority is the owner of two properties funded by the Commonwealth of Massachusetts Department of Housing and Community Development. These properties are leased to vendors who operate residential programs for special needs clients.

U.S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 31,077 households in the City of Newton, approximately 46.6% earned less than the HUD published 2017 AMI (\$103,400), approximately 21.5% earned less than 50% of 2017 AMI, approximately 25.7 % earned less than 60% of the 2017 AMI and approximately 32.7% earned less than 80% of the 2017 AMI.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the City of Newton has 32,346 year-round housing units, 2,425 (7.5%) of which are subsidized for low/moderate income households.

(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 does not lead to the undue concentration of low-income households, as it is an existing mixed-income development located in a residential area and near community amenities.

(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.

Council Tower - Roxbury

Henry Mukasa presented a proposal for MassHousing's approval of a Category One: Release of Collateral for Purpose of Developing Housing with an Affordable Component.

Council Tower is a 145-unit multifamily housing development located in Roxbury. The Development, comprising a 17-story building situated on a 211,613-square-foot lot, was constructed in the mid-1980s under the HUD section 202 program. Council Tower receives project-based Section 8 rental subsidy on 144 of its units under a 20-year renewal contract that is scheduled to expire in 2030. Council Tower, which was refinanced in 2004 under the HUD-Risk Sharing Program, has a first mortgage loan scheduled to mature on January 1, 2046, and has an outstanding principal balance of \$10,511,899. Fannie Mae is the owner of a one hundred percent (100%) participation interest in the first mortgage loan.

The request outlines a plan to construct sixty units of elderly housing in a new, four-story building, totaling 47,736 square feet, served by twenty-four parking stalls of which three will be accessible. After lot coverage of building, parking and drives, 33,992 square feet of open space would remain for landscaped, gardens and outdoor spaces. The first floor of the new building would consist of nine one-bedroom units with full kitchens and baths, a community room, public restrooms, library, lounge, resident laundry, management offices and utility spaces. The second, third and fourth floors would have identical layouts each consisting of seventeen one-bedroom units with full kitchens and baths, and support spaces such as utility closets, two elevators, trash chute room and egress stairs. Upon a motion duly made and seconded, it was

VOTED: To approve the partition and conveyance by Council of Elders Housing Corp. (the "Borrower") of an approximately 62,078 square foot parcel of land (the "Parcel") located on an unimproved portion of land belonging to the Council Tower development (the "Development"), to an affiliate of Borrower and Rogerson Communities, its Development Agent, for construction of an affordable housing development, and to release the Parcel from the MassHousing mortgage and restrictions of record, and that the Executive Director, Deputy Director and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith subject to satisfaction of the Conditions set forth below, and with such other conditions as such officers may require.

CONDITIONS:

1. MassHousing Appraisal and Marketing staff shall commission, at the Borrower's expense, an independent appraisal to determine the prospective value of the Council Tower development following the proposed release and transfer of the Parcel, as necessary to confirm that the current MassHousing mortgage to Council Tower does not exceed 90% of the value of the Council Tower property without the Parcel. The appraisal shall also determine the prospective market value of the Parcel.

2. The proposed partition and conveyance of the Parcel shall be subject to the approval of HUD, as insurer of the first mortgage loan under the HUD HFA Risk Sharing Program.
3. The proceeds of the sale of the Parcel in excess of nominal consideration, if any, shall be paid over to MassHousing and applied as specified in Section 12 of the Mortgage.
4. The proposed documents for release and/or conveyance of the Parcel, and any agreements for easements or joint access to the Parcel or remaining Council Tower property, together with any related plans or surveys, as necessary for construction of the new development and/or the continued operation of Council Tower documents shall be subject to prior review and approval by MassHousing's General Counsel, Director of Rental Management and Director of Rental Underwriting, or their designees.
5. The final subdivision plan for the Parcel, together with the final site plan and plans and specifications for the new development, shall be subject to the approval of the Director of Rental Underwriting or his designee.
6. The proposed development shall have received all applicable approvals and permits required for commencement of construction
7. The Borrower shall provide an endorsement to the mortgagee title insurance policy for Council Tower, following release and conveyance of the Parcel, to confirm MassHousing's continued priority lien on the Council Tower property subject only to those exceptions of title approved by MassHousing's General Counsel.
8. The Borrower shall cause an opinion or opinions, in a form acceptable to MassHousing's General Counsel, to be delivered by their counsel (accompanied by appropriate certificates of votes and incumbency) as to: (1) the legal existence of the Borrower; (ii) the due authority of the Borrower to enter into, and its officers to execute on its behalf, the modifications to loan documents; and (3) the enforceability of loan documents and certifications executed by the Borrower.
9. The Borrower, Development Agent and their related entities shall be current and not in default on all MassHousing mortgage loans.
10. MassHousing Appraisal and Marketing staff shall commission, at the Borrower's expense, an independent appraisal to determine the prospective value of the Council Tower development following the proposed release and transfer of the Parcel, as necessary to confirm that the current MassHousing mortgage to Council Tower does not exceed 90% of the value of the Council Tower property without the Parcel. The appraisal shall also determine the prospective market value of the Parcel.

11. The proposed partition and conveyance of the Parcel shall be subject to the approval of HUD, as insurer of the first mortgage loan under the HUD HFA Risk Sharing Program.
12. The proceeds of the sale of the Parcel in excess of nominal consideration, if any, shall be paid over to MassHousing and applied as specified in Section 12 of the Mortgage.
13. The proposed documents for release and/or conveyance of the Parcel, and any agreements for easements or joint access to the Parcel or remaining Council Tower property, together with any related plans or surveys, as necessary for construction of the new development and/or the continued operation of Council Tower documents shall be subject to prior review and approval by MassHousing's General Counsel, Director of Rental Management and Director of Rental Underwriting, or their designees.
14. The final subdivision plan for the Parcel, together with the final site plan and plans and specifications for the new development, shall be subject to the approval of the Director of Rental Underwriting or his designee.
15. The proposed development shall have received all applicable approvals and permits required for commencement of construction
16. The Borrower shall provide an endorsement to the mortgagee title insurance policy for Council Tower, following release and conveyance of the Parcel, to confirm MassHousing's continued priority lien on the Council Tower property subject only to those exceptions of title approved by MassHousing's General Counsel.
17. The Borrower shall cause an opinion or opinions, in a form acceptable to MassHousing's General Counsel, to be delivered by their counsel (accompanied by appropriate certificates of votes and incumbancy) as to: (1) the legal existence of the Borrower; (ii) the due authority of the Borrower to enter into, and its officers to execute on its behalf, the modifications to loan documents; and (3) the enforceability of loan documents and certifications executed by the Borrower.
18. The Borrower, Development Agent and their related entities shall be current and not in default on all MassHousing mortgage loans.

Lincoln Village - Worcester

John McCormack presented a proposal for the Extension of a Taxable Bridge Loan for Lincoln Village in Worcester.

On December 30, 2014, the Agency closed on a financing package for Lincoln Village totaling \$11,550,000 consisting of a taxable HUD Rental Assistance Demonstration (“RAD”) Program bridge loan tranche in the amount of \$7,121,878 (the “Bridge Loan”) and an IRP-decoupling tranche in the amount of \$4,428,122 (the “IRP Loan”), both with maturity dates of March 1, 2018. The financing allowed the borrower to secure the full benefit of the tenant protections available under the HUD RAD program, resulting in the issuance of a 15-year project based voucher contract for 738 of the 1,312 units. The sponsor has now requested a 12-month extension to the Bridge Loan to allow for commitment and closing of a HUD MAP 223(f) financing through Rockport Mortgage Company. The proposed financing is not part of the Agency’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative. Upon a motion duly made and seconded, it was

VOTED: That MassHousing approves the extension of the Bridge Loan to Lincoln Street Realty Company as owner of Lincoln Village in Worcester, for an additional 12 months, provided the Borrower is not in default of its obligations under the loan and subject to any conditions required by the Director of Rental Underwriting.

Acting Chairman Chai made a motion to adjourn the meeting at 2:38 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:38 p.m.

A true record.

Attest.

Beth M. Elliott
Secretary

Carol G. McIver
Assistant Secretary