Minutes of the Meeting
of the Members of
MassHousing
held on
April 9, 2019

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing was held on April 9, 2019 at MassHousing's offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members

Michael Dirrane, Chair
Mark Attia, Designee of Michael Heffernan, ex officio
Carolina Avellaneda
Lisa Serafin
Jennifer Maddox, Member ex officio of Janelle Chan
Jerald Feldman
Ping Yin Chai
Patricia McArdle
Andris Silins

Staff

Carol McIver
Chrystal Kornegay
Laurie Bennett
Maureen Burke
Sarah Hall
Meaghan McCarthy
Kathleen Evans
Antonio Torres
Jennifer Foley
Myra Carmona
Kaitlyn Mulcahy
Hanna Schutt
Anna Reppucci
Bolade Owolewa
Zan Bross
Kelly Johnson
Rachel Carlson
Nancy Slaney
Erin Boswell
Kathy Connolly
LaVergne Randolph
Susan Lynch
Jeremy Meneses
Tom Norton
Susan Sheffer
Steve Vickery
Paul Hagerty
David Keene
Joseph Mullen
Joe Hughes
Andrea Laing
Ricky Ochilo
Francis Goyes
Sergio Ferreira
Chuck Karimbakas
Mark Teden
Mounzer Aylouche
Paul Scola
Gina Micchelli
Maureen McAllister
Kathleen Lynch
Margo O'Connell
Cynthia Lacasse
Kevin Mello
Lisa Fiandaca
Bob McCuish
Colleen Kelley
Stephen Payson
Bethany Wood
Mike Kilgannon

Peter Cooper	Richa Karki
Hana Migliorato	Kelly Johnson
Amy Dominici	Belmira Fallon
Christelle Mbah	

Guests: Paul Ladd, Bank of America Merrill Lynch
Jaimie Scranton, Jefferies
Jamie Oppedisano, J. P. Morgan
Gloria Boyd, J. P. Morgan
Charles Carey, Mintz
Colin McNiece, Mintz
Matt Engler, Wells Fargo

Chairman Dirrane 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 March 12, 2019 are hereby approved and placed on record.

Ms. McCardle and Ms. Avellaneda arrived after the vote on the minutes.

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

Executive Director's Report

Ms. Kornegay began by discussing her participation in a recent introductory hearing held by the Joint Committee on Housing. Ms. Kornegay met with Senator Brendan Crighton, co-chair of the Committee, and Jennifer Maddox, Acting Secretary of Housing and Community Development as well as officials from other agencies including the Office of Housing and Economic Development, Citizens' Housing and Planning Association and other groups. Ms. Kornegay went on to say she will bring recommendations for the Opportunity Fund to the board at the next meeting. Production numbers are already greater than FY2018 and this year looks to be the highest lending year ever.

As part of her "People Behind the Mission" program, Ms. Kornegay introduced Gina Micchelli, Executive Assistant in Rental Portfolio Management. Ms. Micchelli works in rental development and has been the master scheduler for over 20 years. Ms. Micchelli loves to travel and has been to Italy, Greece, Croatia and Ireland. Ms. Micchelli's advice to other MassHousing employees is be a team player and don't be afraid to ask questions.

Abt Associates Report Presentation

Mark Teden gave a presentation on the Abt Associates Report. In August 2018 MassHousing engaged Abt Associates to update the market share study they completed in 2014, which included the period from 2011 to 2013. The focus of the update was to provide market share data for 2014 through 2017 as well as an analysis of our lending concentration. Abt Associates conducted a range of interviews and surveys with both developers and consultants, some of which were not currently MassHousing borrowers.

Ms. Kornegay clarified that the study was about MassHousing's rental business, not the Agency as a whole.

Mr. Teden continued by stating MassHousing's market share from 2011 to 2013 was 23%; and from 2014 to 2017 our market share was 55%, an enormous increase.

Chairman Dirrane asked who else was in the survey. Mr. Teden replied there were some other affordable housing agencies as well as FHA lenders.

Mr. Teden went on to discuss the lending concentration. From 2011 to 2013 the top three borrowers accounted for 60% of the loan volume by dollars. From 2014 to 2017 the top ten borrowers accounted for 60% of the loan volume by dollars. Mr. Teden reviewed the positive results from the surveys and interviews. MassHousing was seen as being more competitive on rates, having a well-known reputation and 80% of recent borrowers were very satisfied with their recent MassHousing experience. Mr. Teden also reviewed areas identified as needing improvement and those areas include new borrowers fearing too many compliance requirements, a need for continued increase in communication across departmental lines during the origination process and statutory issues including prevailing wage requirement, affirmative fair housing and tenant selection plans.

Mr. Teden continued by identifying next steps which include addressing areas still seen as less flexible by our borrowers; smoothing the transition as loans progress through their phases and employing technology solutions to foster communication and create efficiencies.

Mr. Teden concluded his presentation by highlighting how MassHousing could create new ways to meet borrowers' needs including engaging new capital sources to create new product offerings such as local banks, life insurance companies, FMNA, Freddie Mac, FHLB; expanding existing relationship with HUD to offer 221(d)(4) construction loans and Section 202 for elderly affordable projects and to establish specialized investments.

Lisa Serafin commented that taking deliberate action to expand our borrower base is great and shows that setting goals is a priority and will give us a competitive advantage.

Mark Attia commented that we can compete by cooperating with other agencies and private lenders and finding new ways to meet our needs.

LOAN COMMITTEE

Whitney Carriage Park – Leominster

Kathleen Evans presented a proposal for a SHARP refinancing for Whitney Carriage that will include the deferral and resubordination of the existing first mortgage; a new first mortgage using the HUD/FFB execution, and a new capital needs loan modeled on the SHARP Refinancing Initiative (SRI) loans but initially funded out of the Opportunity Fund.

The Development is a 181-unit adaptive re-use of a mill building complex that originally produced baby carriages and is located in the Gateway City of Leominster. The Development was originally converted to affordable housing in 1987 with a MassHousing first mortgage and SHARP/RDAL subsidies from DHCD, and is one of the remaining and more troubled SHARP developments.

In 2013 and 2014, MassHousing worked to position the Development for a refinancing under the SRI Program, and provided the managing general partner at the time with a term sheet. Unfortunately, MassHousing and the general partner were not able to reach an agreement to proceed with the SRI refinancing. The current Sponsor – who was, at the time, a Limited Partner in the deal – spent several years and over $1 million of their own equity to buy out the general partner interest.

This transaction is modeled on the SRI approach, but with the following modifications:

- MassHousing (rather than a MAP lender) will be the first mortgage lender, using the FFB execution which was unavailable to us at the time of the original SRI transactions.
  In connection with this new loan, there will be deeper affordability at the Development; of the 45 units currently restricted at 80% of AMI, 37 will be further restricted at 50% of AMI.

- Also, due to the fact that the SHARP Capital Needs fund is currently smaller than $4 million – the capital needs loan will be made from the Opportunity Fund.
  As additional SHARP Capital Needs funds become available at the Agency, as other properties repay their SHARP Capital Needs Loans, they may be used to pay back the Opportunity Fund for this loan.

The Development will undergo approximately $3.4 million in repairs, and there will be a $10.5 million initial deposit to replacement repairs. In addition to the new FFB first mortgage, the Sponsor will contribute the proceeds of the B-2 to the transaction (which was originally conceived as a payment to the Investors in the Development), as well as existing reserves. The capital needs loan will be in the minimum amount necessary for transaction feasibility, and we do expect to see some reduction from the amount in the commitment memo. 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 $10,500,000 (the "Permanent Loan"), with the Permanent Loan to be insured under the HUD/FFB Risk Sharing Program, to be made to Whitney Carriage Associates Limited Partnership or another single-purpose, sole-asset entity controlled by IMA (the "Borrower") as owner of the multifamily residential development known as "Whitney Carriage Park" and located in Leominster, Massachusetts (the "Development"), 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:

1. The outstanding MassHousing debt that remains unpaid at Closing, as currently evidenced by the existing amended, restated, and consolidated promissory note to MassHousing from the Borrower, will be evidenced by a new note, which will accrue interest at the Applicable Federal Rate and will be secured by a mortgage junior in priority only to the Permanent Loan (the "B Note Loan").

2. The outstanding obligation of the Borrower to MassHousing in connection with the termination of MassHousing's obligations under the existing Guarantee Loan Agreement and other documents relating to the SHARP Refinancing Initiative, which is anticipated, subject to final confirmation, to be $653,198, shall be evidenced by a "B-2 Note" and secured by a mortgage on the Development (the "B-2 Note Loan"), and will be used as a source of funds for the refinancing.

3. From and after the closing on the Permanent Loan, and until the B Note Loan, the Capital Needs Loan, the outstanding SHARP and/or RDAL debt funded by the Commonwealth but payable to MassHousing (collectively, the "SHARP Debt") and any and all other MassHousing debt on the Development then outstanding (excluding the B-2 Note Loan) have been paid in full, the Borrower shall make an annual payment to MassHousing in an amount equal to 25% of the cash flow of the Development (the "Cash Flow Sharing Payment"), calculated in accordance with MassHousing requirements and certified by the Borrower and its auditor. MassHousing shall apply the Cash Flow Sharing Payment as follows: (a) first, to the B Note Loan, until paid in full; (b) next, to the Capital Needs Loan, until paid in full; (c) next, to the SHARP Debt, until paid in full; and (d) then, to any other MassHousing debt on the Development then outstanding (excluding the B-2 Note Loan), in such order as MassHousing shall determine, until paid in full.

4. In addition to the Cash Flow Sharing Payment described above, after the Closing and until the B-2 Note Loan has been paid in full, the Borrower shall pay to MassHousing an annual priority cash flow allocation for repayment of the B-2 Note Loan in the amount negotiated by MassHousing, which is anticipated, subject to final confirmation, to be $31,764 per year.

5. All outstanding SHARP Debt shall, subject to the approval of the Commonwealth of Massachusetts's Department of Housing and Community Development ("DHCD"), be deferred and subordinated to the MassHousing Permanent Loan, B Note Loan, Capital Needs Loan and B-2 Note Loan, or, if such deferral and subordination is not approved by DHCD, shall have a priority position and be subject to repayment terms acceptable to MassHousing.

6. The Development's cash flow sharing obligation for 2017 and 2018, which is currently outstanding, will be paid to MassHousing prior to closing.

FURTHER VOTED: That the Executive Director may determine to make a subordinate capital needs loan to the Borrower in a principal amount of up to $4,128,757, to fund the initial deposit to the required replacement reserve (the "Capital Needs Loan").

FURTHER VOTED: That the Executive Director, the Vice President of Multifamily Programs and the General Counsel are each authorized to execute any and all documents required to consummate the transaction as described in the votes set forth herein.

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 votes set forth above, and (2) any 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 his or her 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) Provision of Low-income Set-aside Unit

Forty-five units (25%) 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. 1,157 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 appx. 99.8%, and ranged between 97.2% and 100%. The subject has operated as a mixed income development since 1987, and based on historic data the development has average a vacancy rate of 8.3 % over the last five years. My review of similar mixed income/subsidized portfolio properties (927 units) demonstrated a weighted average vacancy rate of 2.9%.

There is no submarket data for the Leominster area; therefore, we have relied on the Worcester Metro data. REIS, Inc. data (4th Qtr. 2018) for the Worcester metro area has a 4th quarter vacancy rate at 5.2% and 3.8% for the YTD. This rate is projected to remain at 5.2% over the next five years.

The Leominster Housing Authority (LHA) owns/manages five State elderly/disabled buildings (w/ 344 one-bedroom units), and 1 state Family property (w/41 two-bedroom, 49 three-bedroom, and 2 four-bedroom units). A representative of the LHA indicated that there were 1,362 applicants on the wait list for the elderly/disabled units, and 4,117 applicants on the wait list for the family units. The LHA also administers 399 Housing Choice Vouchers, and they indicated there were 1,736 Leominster applicants (201,540 total applicants) on this waitlist.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/17/2017), the City of Leominster has 17,805 year-round housing units, 1,456 (8.2%) 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 16,653 households in the City of Leominster, approximately 64.8% earned less than the HUD published 2018 AMI ($85,800), approximately 39.8% earned less than 50% of 2018 AMI, approximately 46.5% earned less than 60% of the 2018 AMI and approximately 57.4% 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 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 replace existing housing that serves low-income households, and the site is in a neighborhood that includes commercial, and low-income and market rate residential housing.

(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.

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	13	135	33
Net SF/Unit	841	1063	1413
Elev./Non-Elev.	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	$1,226	$1,435	$1,683
MHFA Below Market Rent (Cost-Based Rent)	$924	$1,132	$1,380
MHFA Adjusted Rent		30% of Income	
Underwriting Rents			
Market Rate	$941	$1,194	$1,459
80% AMI	$941	$1,194	$1,459
50% AMI	$716	$848	$978
Mobile Section 8 Vouchers		$1,085	$1,360
Utility Allowance	$40	$60	$71

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.

Clippership Apartments, East Boston

Meaghan McCarthy presented a proposal for an increase to the tax-exempt permanent loan for Clippership Apartments, a 22-unit affordable housing development in East Boston.

The proposed development will replace 20 existing Boston Housing Authority units as well as create two additional units, community space and improve the streetscape. In December of last year, the Agency approved a commitment of a tax-exempt permanent loan in an amount of $4,875,000 and a tax-exempt equity bridge loan in an amount of $3,425,000.

Since that time, the developer received final construction pricing that is higher than anticipated, creating a funding gap. The developer was able secure additional Brownfields and Low-Income Housing Tax Credit Equity, and the proposal today to increase the permanent loan will allow the developer to close the remaining gap and move forward with the demolition and construction of these new units.

The development can support the increased loan amount as a result of increased revenue generated by higher-than-expected Section 8 project-based rents on all 22 units, which will need to be formally approved by the Boston Housing Authority. To the extent this doesn't happen, the Borrower will need to address any remaining gap. The vote is to increase the Permanent Loan amount by $1,725,000 for a new loan of up to $6,600,000. Upon a motion duly made and seconded, it was

VOTED: To authorize an increase of $1,725,000 in the permanent first mortgage loan previously authorized by the Members on December 11, 2018, from $4,875,000 to a principal amount of up to $6,600,000, to be insured upon completion under the HUD HFA Risk Sharing Program to be made to Clippership Apartments Limited Partnership or another single-purpose entity controlled by WinnDevelopment Company Limited Partnership (the "Borrower") as owner of the multifamily residential development known as "Clippership Apartments" (the "Development") and located in Boston, 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

Old Colony Phase Three A4 – South Boston

Antonio Torres presented a proposal for a loan increase to Construction/Permanent Loan and Construction Loan Commitments for Old Colony Phase Three A4. In December 2018, the Agency approved an uninsured taxable construction loan up to $27,951,000, a tax-exempt construction/permanent first mortgage loan up to $11,166,756 insured upon completion under the HUD/HFA Risk-Sharing Program, and an uninsured tax-exempt equity bridge loan up to $15,676,000 for Old Colony Phase Three A4.

Subsequently, two significant changes have occurred: 1) HUD approved higher RAD rents and 2) HUD published the revised 2019 FMRs for Boston and they are higher than the previously published and underwritten FMRs.

Based on these changes, the Development can support a higher permanent loan (an increase from $11,166,756 to $15,040,000) and Beacon (the "Developer") has proposed an equivalent reduction in the BHA and DHCD public equity. The increase in tax-exempt long-term debt will lower the amount of equity bridge loan proceeds necessary to meet the 50% test, therefore approximately the same amount of volume cap will be leveraged. In addition, the higher construction cost requires an increase to the construction loan (from $27,951,000 to $29,740,000).

Upon a motion duly made and seconded, it was

VOTED: To authorize (a) an increase of $3,873,244 in the construction/permanent first mortgage loan previously authorized by the Members on December 11, 2018, from $11,166,756 to a principal amount of up to $15,040,000, to be insured upon completion under the HUD HFA Risk Sharing Program; and (b) an increase of $1,789,000 in the construction loan previously authorized by the Members on December 11, 2018, from $27,951,000 to a principal amount of up to $29,740,000 in each case to be made to Old Colony Phase Three A4 Limited Partnership or another single-purpose entity controlled by Beacon Communities Development LLC (the "Borrower") as owner of the multifamily residential development known as "Old Colony Phase Three A4" (the "Development") and located in Boston, 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.

Old Colony Phase Three A9, South Boston

Antonio Torres presented a proposal for an increase to the construction/permanent loan commitment for Old Colony Phase Three A9. In December 2018, the Agency approved a taxable construction/permanent first mortgage loan up to $3,146,000 insured upon completion under the HUD/HFA Risk-Sharing Program, and an uninsured equity bridge loan up to $4,019,000 for Old Colony Phase Three A9.

Subsequently, a significant change has occurred: HUD published the revised 2019 FMRs for Boston and they are higher than the previously published and underwritten FMRs. Based on this change, the Development can support a higher permanent loan (increase from $3,146,000 to $4,510,000) and Beacon (the "Developer") has proposed an equivalent reduction in the DHCD public equity. Upon a motion duly made and seconded, it was

VOTED: To authorize an increase of $1,364,000 in the construction/permanent first mortgage loan previously authorized by the Members on December 11, 2018, from $3,146,000 to a principal amount of up to $4,510,000, to be insured upon completion under the HUD HFA Risk Sharing Program; made to Old Colony Phase Three A9 Limited Partnership or another single-purpose entity controlled by Beacon Communities Development LLC (the "Borrower") as owner of the multifamily residential development known as "Old Colony Phase Three A9" (the "Development") and located in Boston, 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.

Holyoke Farms – Holyoke

Antonio Torres presented a proposal for an Increase to Commitment Tax-Exempt Equity Bridge Loan. In November 2018, the Agency approved OAS, an insured and permanent loan up to $13,900,000 under the HUD/HFA Risk-Sharing Program, and an uninsured tax credit equity bridge loan up to $7,815,000 for Holyoke Farms, an existing 225-unit development located in Holyoke

Subsequent to the November 2018 Board meeting, the Borrower was not able to secure the anticipated 20 project-based Section 8 units from the Holyoke Housing Authority, but was successful in securing 8 project-based Massachusetts Rental Voucher Program (MRVP) vouchers. These changes reduced the supportable tax-exempt permanent loan from $13,900,000 to $12,820,000. The decreased permanent loan is being offset by a Sponsor Loan and a higher tax credit equity raise. The acquisition value assumed in November has been increased to the value specified in the final as-is appraisal. This in turn results in a higher tax credit basis and more tax credits. In order to meet the 50% test, a higher tax-exempt bridge loan of up to $9,950,000 or an increase of $2,135,000 is proposed. Upon a motion duly made and seconded, it was

VOTED: To authorize a subordinate equity bridge mortgage loan in a principal amount of up to $9,950,000, to be made to a single-purpose entity controlled by Maloney Properties, Inc. (the "Borrower") as owner of the multifamily residential development known as "Holyoke Farms" (the "Development") and located in Holyoke, 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

Granite Lena Park – Boston

Sarah Hall presented a proposal for Granite Lena Park in Boston. Lena Park Community Development Corporation (LPCDC) 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 Granite Lena Park.

The buildings were constructed circa 1920 and acquired by LPCDC in 1989 as part of a large sale of HUD foreclosed multifamily buildings in Boston. All 143 units are receiving project-based Section 8 assistance. The scope of work includes approximately $90,000 per unit ($13,000,000 total) to address critical sitework, building exterior (balconies/windows/masonry), unit interiors, thermal and moisture protection, water drainage, fire safety systems and accessibility requirements.

The proceeds of a future tax-exempt financing will enable the LPCDC to address these much-needed repairs and upgrades to ensure that the property is able to serve low-income families well into the future. 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 "Granite Lena Park" (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 $22,500,000 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. Lena Park Community Development Corporation (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.

Ocean Shores – Lynn

Sarah Hall presented a proposal for approval for partial prepayment and subordination of mortgage for Ocean Shores. Ocean Shores is a 202-unit elderly restricted apartment building owned by Ocean Shores Associates (the "Owner") located on the waterfront in Lynn. All of the units are subsidized under a project-based Section 8 Contract. The Development has an outstanding 40-year loan with MassHousing (the "Existing Loan") that can be prepaid as of right in 2023 and that as of July 2018, was eligible for partial prepayment and defeasance under the prepayment policy if the Owner were to refinance with MassHousing. Harbor Management (the "Sponsor") has five properties, including Ocean Shores, in the MassHousing loan portfolio and the most recent transaction with the Agency was the 2016 HUD/FFB refinancing of Wilson Gardens, a 26-unit development in Lynn. The Sponsor manages a total of 30 residential properties, as well as some commercial and office space.

In early 2018, the Sponsor informed Staff that it wished to take advantage of MassHousing's prepayment policy to refinance the Existing Loan on Ocean Shores with a new MassHousing loan, but due to changes that occurred in 2014 in FEMA flood maps, the property is now part of flood zone VE, a designation that precludes financing under both Risk Share and MAP 223(f). At the time of these discussions with the Sponsor, MassHousing did not have an alternative loan product to offer and informed the Sponsor of ongoing Agency efforts to expand the menu of taxable refinancing options and indicated that upon identification of a new execution compatible with Ocean Shores' unique requirements, the discussions about refinancing could recommence.

The Owner, at MassHousing's suggestionn, has elected to work with Berkadia on the refinancing and is therefore requesting MassHousing approval to partially prepay the Existing Loan by paying down 90% of the loan and securing the remaining payments by subordinating the existing mortgage to the new mortgage and funding a cash escrow. Pursuant to an agreement between MassHousing and Berkadia, MassHousing and the Borrower will provide Existing Loan and Development information to Berkadia as needed. Berkadia will complete the underwriting and closing and will update MassHousing at notable milestones. MassHousing will have the opportunity to review the likely loan outcome prior to Fannie or Freddie commitment in order to ensure consistency with any applicable MassHousing requirements. Upon closing, MassHousing will receive 50% of the origination fee (currently estimated to be 2% of the anticipated $33 million loan amount) collected by Berkadia.

A new MassHousing Disposition Agreement will be recorded ahead of the new loan and will remain in place for fifteen years from the new loan closing. MassHousing requirements under the existing Note, Mortgage, and Regulatory Agreement will remain in effect until 2023 (fifteen years from the closing of the Existing Loan) per the statutory requirement. Other MassHousing requirements will no longer apply going forward and after 15 years, there will be no MassHousing requirements. Upon a motion duly made and seconded, it was

VOTED: To authorize the Executive Director, or her designee, to permit Ocean Shores Associates (the "Owner") to partially prepay its existing MassHousing loan and subordinate the existing loan documents relating to the remaining balance for the rental housing development known as Ocean Shores (the "Development"), on such terms and conditions as the Executive Director or the Vice President of Multifamily Programs shall determine, and further subject to the Special Conditions set forth below:

1. The Owner shall pay on the partial prepayment date all sums due to MassHousing relating to the Existing Loan, including any prepayment fees, and such other costs as the Financial Director shall determine and as set forth in a Payoff Letter to be provided to the Owner.

2. The Owner shall execute in connection with such partial prepayment and subordination such documents as required by the General Counsel, which documents shall include a new fifteen-year Disposition Agreement.

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

Chairman Dirrane asked for a motion to adjourn the meeting at 2:40p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:40 p.m.

A true record.

Attest.

Carol G. McIver
Assistant Secretary