

**Minutes of the Regular Meeting
of the Members of
MassHousing
held on May 12, 2020**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on May 12, 2020. In accordance with the Order Suspending Certain Provisions of the Open Meeting Law, GL.c.30A Section 20 issued by Governor Baker on March 12, 2020, no Members were physically present and the meeting was conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were all the Members (by roll call):

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

**Members
Not
Participating** None

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

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

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

Chairman Dirrane asked meeting observers to identify themselves through the “raise hands” function in Zoom if anyone wished to record the meeting, so that he could inform the Members, as required by the Commonwealth’s open meeting law. No one indicated an intent to record the meeting.

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 thanking Thaddeus D'Arcy and his team for their hard work getting staff working remotely. She also thanked Kevin Mello, Director of Homeownership Servicing and Operations, and his team for working tirelessly with the Agency's call center and for their hard work implementing the state-of-the art Nobles system. Ms. Kornegay mentioned Theresa Salvias has been in the office every day making sure things are running properly. She also thanked the Administrative Services and Accounting departments for all their hard work behind the scenes. Ms. Kornegay thanked Mary Magliozzi, Henry Mukasa and Joe Hughes for working hard in finding creative ways to keep current on changing policies affecting MassHousing and our borrowers. Ms. Kornegay went on to thank the Senior Management Team for their hard work as well.

Ms. Kornegay continued by thanking the Community Services team for their robust support of multi-family borrowers. Ms. Kornegay also mentioned last month's CCRI grants and the responses received from grant recipients.

Ms. Kornegay went on to give an update on working remotely. MassHousing's IT team had been developing infrastructure before the pandemic hit and we have been successful in getting approximately 330 staff members working remotely. In addition, the Agency has been hyper vigilant with regard to cyber security. The Agency is in the process of procuring more IT equipment, in addition to what we currently have in inventory, and we will be taking a survey of staff to determine if they need additional equipment in order to continue working remotely.

Ms. Kornegay concluded her report by discussing MassHousing's MI Plus program. We are in the process of trying to get some press for this program as there is no other program like it in the country. Ms. Kornegay would also like to get some press attention for the work we do with the CCRI grant program.

Chairman Dirrane thanked Ms. Kornegay for her excellent report. Chairman Dirrane commented on the MI Plus program, which MassHousing put in place in 2004. The MI Plus mortgage insurance program is self-insured and is the only one like it in the country. Chairman Dirrane added that private mortgage insurance companies are not doing this.

Finance Update

Mr. Karimbakas began his report by presenting data ending April 30, 2020. April 2020 was a unique time as it was the start of the COVID-19 pandemic. In these unprecedented times it has become very difficult for people to pay their rent or mortgage. MassHousing has \$8 billion in our servicing portfolio and most of that is federally guaranteed under the CARES Act. Fannie and Freddie loans comprise a large percentage of our single-family portfolio. Because MassHousing has had several strong years, we were well positioned coming into the pandemic.

The Homeownership group has received 1,286 forbearance requests to date on a total of \$270 million of loans in our portfolio. The IT team, as well as Rachel Madden and Paul Hagerty, have worked diligently to get an online application for MI Plus up and running. Mr. Karimbakas also

commended Kevin Mello and his team on the great job they are doing with the large increase of calls to the call center. The Homeownership group services 20,000 loans and most are back by federal guarantee.

Mr. Karimbakas continued by stating we have been receiving an increase in rate lock requests as well as requests to refinance.

Lisa Serafin asked about call volume to the call center and whether there is a sense as to where we are heading next month with calls inquiring about forbearance. Mr. Karimbakas said we have seen a decrease in the number of forbearance requests. Ms. Serafin also asked if there has been anything different in refinance requests. Ms. Kornegay responded with interest rates at 2.99%, MassHousing cannot compete on refinancings because we have to pay investors.

Mr. Karimbakas went on to discuss the current multi-family portfolio of \$4.3 billion. Through the end of April 2020 there were three troubled deals: One formally requested forbearance and two projects were in arrears. Mr. Karimbakas went on to state there have been no real changes to our construction portfolio and it is hoped the moratorium on construction will be lifted at the end of the month.

Chairman Dirrane asked about our re-insurance deal with the 90/10 quota share as the market is getting very tight. Chairman Dirrane asked when the next one was coming up as it may cause concern when re-insurers come in.

Mr. Karimbakas responded that the current agreements run through the end of the year and would likely initiate an RFP process in June. He has not heard of changes, but terms may not be as advantageous.

Chairman Dirrane asked if there were any ‘hiccups’ in the multi-family portfolio. Mr. Karimbakas responded he will do an analysis and give that information. Mr. Karimbakas explained we are really trying to think of borrowers as business partners and we want to make sure we are staying ahead.

Mr. Karimbakas went on to note the recent \$70 million in single-family bonds which were sold to both retail and institutions with a lot of crossover buyers and thought the sale was very successful.

Opportunity Fund Vote **40B Affordability Monitoring Services Fee Escrow Account – Seed Funding**

Rachel Madden presented a request to use Opportunity Fund dollars as a one-time seed funding of an affordability monitoring services fee escrow account in order to establish a new 40B affordability monitoring system for the foreseeable future. It is anticipated that the funds will be over time.

Last summer, MassHousing partnered with an outside consultant, TCAM, to explore what kind of business plan would ensure the sustainability of the external 40B homeownership affordability monitoring system going forward. As Subsidizing Agency for these 40B developments,

MassHousing's responsibilities for oversight of affordability monitoring extends long beyond its role during the development approval process. TCAM confirmed our recommendation that this system needs major reform. They spent several months conducting a deep dive into our 40B homeownership monitoring system, bringing forth best practices from other jurisdictions, and conducting extensive stakeholder engagement. They created a business model around the questions: What does a sustainable affordability monitoring system look like; how many hours of work does it involve, and what does that work cost?

As a result of our collaboration with TCAM, MassHousing is now working to remake, and reform, our homeownership affordability monitoring infrastructure. We intend to issue a request for proposals (RFP) that will, for the first time, set qualification and performance standards for our third-party monitoring partners. We intend to shrink the universe of active affordability monitors and allow them to achieve economies of scale.

We will also set a new payment standard for agents selected through the RFP, consistent with the model TCAM created for us. In doing so, MassHousing will take on a new, active role in administering payments to third-party affordability monitors. Over the long term, 40B development fees will cover the cost of this new monitoring system. We intend to pay monitors from the Escrow Account, to be established at MassHousing, into which such development fees will be deposited.

The monitoring services RFP will cover both our legacy 40B homeownership portfolio as well as newly constructed projects. We intend to begin paying for enhanced monitoring services on 2,300 legacy units from the Escrow Account on day 1 of the new system. Because it will take time to build up the revenue to support this work, we are requesting the use of Opportunity Fund dollars as one-time seed funding of the Escrow Account. Once the revenues in the Escrow Account are fully established, it is our belief that the seed funding can be repaid to the Opportunity Fund.

Mr. Feldman asked how long it may take to repay the funds and if \$1 million was necessary. Ms. Madden responded that it is anticipated that repayment could begin in approximately eight years and that the request was sized on a conservative estimate to ensure adequate coverage and is higher than the actual expected sustainability point.

Chairman Dirrane asked why the money is sourced from the Opportunity Fund. Ms. Kornegay explained there was some internal consideration of other funds but that the Opportunity Fund was the appropriate source making this investment and other monies would be reserved for meeting obligations.

Chairman Dirrane commented on the map of 40B projects and asked if developers were familiar with the program. Ms. Kornegay responded yes and that the Agency has seen a significant increase in development in communities with less than the program's 10% affordability threshold.

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

VOTED: To contribute \$1,000,000 from the Opportunity Fund to be used as seed-funding of an escrow account, to held by MassHousing for the payment of

affordability monitoring services fees, as necessary to support a new 40B affordability monitoring system, and which funds are expected to be repaid over time from 40B developments being monitored within the new system.

FURTHER

VOTED: To authorize the Executive Director, Financial Director, Chief Operating Officer, or General Counsel, each acting singly, to execute and deliver such documents and take such actions as may be necessary or advisable in furtherance of the above vote.

The Members then considered the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, it was, by roll call vote, approved by all the Members:

VOTED: That the minutes of the meeting held on April 14, 2020 are hereby approved and placed on record.

Loan Committee

The Moorings at Squantum Gardens I, Quincy

Sarah Hall presented a proposal for Approval to Accept Assignment of a HUD-Issued Firm Commitment for FHA-Insurance; Commitment of a First Mortgage Loan; Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS; and Approval to Modify the Subordinate Priority Development Fund Loan and AHTF Loan for The Moorings at Squantum Gardens I in Quincy.

The Loan proceeds will be used to pay off the MassHousing loan, repay a portion of the MassHousing Priority Development Fund (PDF) subordinate debt, repay a portion of the Affordable Housing Trust Fund (AHTF) subordinate debt, fully fund the replacement reserves, complete critical and non-critical repairs, and withdraw equity. The partial repayment (50% of the outstanding amount) of the subordinate debt was part of a larger negotiation on six portfolio loans—including two loans that were not captive—with the same owner. The interest rates on the portion of the PDF debt and AHTF debt to be resubordinated to the new first mortgage loan will each be reduced from 4.73% to 0.1%.

Moorings at Squantum Gardens I is located on a seven-acre site in the Squantum neighborhood of Quincy. The site is about a mile from the North Quincy MBTA station and is adjacent to Quincy's Council on Aging. The Moorings at Squantum Gardens I is located in a four-story, age-restricted 115-unit building on the site and also includes 29 units on the fourth floor of the Squantum Gardens II building. The buildings were constructed in 2007. The development was originally financed with 9% low-income housing tax credits (LIHTC), and all 144 units are affordable at or below 60% of AMI. Further, there is a 40-unit HAP Contract administered by the Quincy Housing Authority and 21 units subsidized by a project-based voucher contract administered by Metro Housing Boston.

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

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency (“MassHousing”) (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$21,117,300, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$28,508,355 nor less than \$13,726,245 to Squantum Gardens I LLC (the “Borrower”) for The Moorings at Squantum Gardens I and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$21,117,300 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$28,508,355 nor less than \$13,726,245 on terms acceptable to MassHousing, subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER
VOTED:**

That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for The Moorings at Squantum Gardens I.

**FURTHER
VOTED:**

That the Massachusetts Housing Finance Agency is authorized to (i) waive the requirement under the MassHousing Proactive Preservation and Multifamily Loan Prepayment Guidelines adopted by the Agency on July 14, 2015 that the Borrower fully repay subordinate MassHousing loan(s) upon refinancing of the current senior MassHousing loan and (ii) permit partial prepayment and defeasance of such senior loan otherwise in accordance with such Guidelines to facilitate its refinancing.

FURTHER

VOTED:

That the Massachusetts Housing Finance Agency is authorized to (i) permit partial prepayment of the existing uninsured subordinate Priority Development Fund (“PDF”) loan and direct the Affordable Housing Trust to accept prepayment of the existing subordinate Affordable Housing Trust Fund (“AHTF”) loan, (ii) extend the term of the existing uninsured subordinate PDF loan and direct the Affordable Housing Trust to extend the term of the existing subordinate AHTF loan to be coterminous with the New Loan, (iii) reduce the interest rate on the existing uninsured PDF loan and direct the Affordable Housing Trust to reduce the interest rate on the existing subordinate AHTF loan, and (iv) resubordinate the existing uninsured subordinate PDF loan and direct the Affordable Housing Trust to resubordinate the existing subordinate AHTF loan to the New Loan, in each case on such terms and conditions as may be required by the Executive Director, the Vice President of Multifamily Programs and the General Counsel, each acting singly, and to delegate to the Executive Director, the Vice President of Multifamily Programs and the General Counsel, each acting singly, and their respective designees, the authority to enter into all documents necessary or convenient in connection therewith.

**FURTHER
VOTED:**

To authorize the Executive Director and the 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 first mortgage loan, and other MassHousing debt as determined by the Executive Director or the Vice President of Multifamily Programs, 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 his designee.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

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

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

2. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (1,400 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the five developments reviewed averaged approximately 94.9%, and range between 92.5% and 98.4%. The subject properties have operated as elderly restricted properties since approximately 2007, and based on historic data Moorings I has had an average a vacancy rate of 1.71 % over the last five years and Moorings II has had a vacancy rate of .0846% over the last five years.

CoStar data for the subject's Quincy/Milton/Randolph submarket (10,506 units) has an overall vacancy rate at 4.8% YTD, which is a decrease of 1.70% from one year ago. CoStar data for the Boston market (222,294 units) has an overall vacancy rate of 5.7% YTD, which is an increase of .89% from one year ago. The Quincy/Milton/Randolph rate is projected to increase to 5.2% over the next five years, while the Boston Market is projected to increase to 6.5%.

CoStar, submarket data for the 4-5 Star building type (3,386 units) indicates a 4th Qtr. 2019 vacancy rate of 6.8% and an average asking rent of \$2,367, while submarket data for the subject's 3 Star building type (4,689 units) indicates a 4th Qtr. 2019 vacancy rate of 4.2% at an average asking rent of \$2,042. 1-2 Star buildings(2431 units) indicate a 4th Qtr. 2019 vacancy rate of 3.3% at an average asking rent of \$1,638. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the city of Quincy has 42,547 year round housing units, 4,096 (9.6%) of which are subsidized for low/moderate income households.

Further, the Quincy Housing Authority (QHA) owns and /or operates 5 Family Public Housing developments which contain approximately 651 one-five bedroom rental units of which 9 are handicap accessible and 7 Elderly/Disabled developments that contain 930 one bedroom rental units, of which 29 units are wheelchair accessible. Per the representative of QHA, there are 2,681 on the Elderly/Disabled Public Housing waiting list and 638 on the Family Public Housing waiting list. The family list was closed from February 28, 2013 to January 3, 2018.

QHA also administers 1,180 Section 8 Housing Vouchers. Per the Quincy Housing Authority, they participate in the centralized waiting list administered through the state and believe there are thousands on that list, but do not have specifics on the centralized list. The family wait list is closed but the elderly housing wait list is still open. QHA leases a total of four facilities to the Commonwealth of Massachusetts Department of Mental Health and/or the Department of Mental Retardation as group homes for disabled clients

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 39,823 households in the City of Quincy, approximately 70.4% earned less than the HUD published 2019 AMI (\$113,300), approximately 45.1% earned less than 50% of 2019 AMI, approximately 53.8% earned less than 60% of the 2019 AMI and approximately 61.8% earned less than 80% of the 2019 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

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

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2
Number of Units	97	47
Net SF/Unit	608	847
Elev./Non-Elev.	E	E
Market Rate Rent (insert)	\$2,164	\$2,355
MHFA Below Market Rent (Cost-Based Rent)	\$1,326	\$1,516

MHFA Adjusted Rent	30% of Income	
Underwriting Rents		
Project-Based Vouchers	\$1,475	\$1,649
60% LIHTC	\$1,202	\$1,441

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.

The Moorings At Squantum Gardens II, Quincy

Sarah Hall presented a proposal for Approval to accept Assignment of a HUD-Issued Firm Commitment for FHA-Insurance; Commitment of a First Mortgage Loan; and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS for The Moorings At Squantum Gardens II, Quincy.

The Loan proceeds will be used to pay off the MassHousing loan, fully fund the replacement reserves, complete critical and non-critical repairs, and withdraw equity.

The Moorings at Squantum Gardens II is located on a 7-acre site in the Squantum neighborhood of Quincy. The site is about a mile from the North Quincy MBTA station and is adjacent to Quincy's Council on Aging. The Moorings at Squantum Gardens II is in the first three floors of a four-story, age-restricted building, the fourth floor of which is The Moorings at Squantum Gardens I. The building was constructed in 2007

The subject property contains 79 units, 62 with one bedroom and 17 with two bedrooms. All 79 units are affordable to households at or below 60% of AMI and 18 of the units are subsidized by a project-based voucher contract administered by Metro Housing Boston.

The Moorings at Squantum Gardens II comprises Condominium Unit B of the Moorings at Squantum Gardens Condominium. The property is subject to a 99-year ground lease that commenced in 2007 from Elder Housing Squantum LLC to Squantum Gardens II LLC. The ground lease has been fully paid and no further payments are due.

Upon a motion duly made and seconded, it was, by roll call vote,

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency (“MassHousing”) (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$9,570,600, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$12,920,310 nor less than \$6,220,890 to Squantum Gardens II LLC (the “Borrower”) for The Moorings at Squantum Gardens II and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$9,570,600 subject to the limitation that the final amount of such loan shall not be more than \$12,920,310 nor less than \$6,220,890 on terms acceptable to MassHousing, subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER
VOTED:**

That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for The Moorings at Squantum Gardens II.

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:

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

2. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (1,400 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the five developments reviewed averaged approximately 94.9%, and range between 92.5% and 98.4%. The subject properties have operated as elderly restricted properties since approximately 2007 and based on historic data Moorings I has had an average a vacancy rate of 1.71 % over the last five years and Moorings II has had a vacancy rate of .0846% over the last five years.

CoStar data for the subject's Quincy/Milton/Randolph submarket (10,506 units) has an overall vacancy rate at 4.8% YTD, which is a decrease of 1.70% from one year ago. CoStar data for the Boston market (222,294 units) has an overall vacancy rate of 5.7% YTD, which is an increase of .89% from one year ago. The Quincy/Milton/Randolph rate is projected to increase to 5.2% over the next five years, while the Boston Market is projected to increase to 6.5%.

CoStar, submarket data for the 4-5 Star building type (3,386 units) indicates a 4th Qtr. 2019 vacancy rate of 6.8% and an average asking rent of \$2,367, while submarket data for the subject's 3 Star building type (4,689 units) indicates a 4th Qtr. 2019 vacancy rate of 4.2% at an average asking rent of \$2,042. 1-2 Star buildings (2431 units) indicate a 4th Qtr. 2019 vacancy rate of 3.3%

at an average asking rent of \$1,638. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the city of Quincy has 42,547-year-round housing units, 4,096 (9.6%) of which are subsidized for low/moderate income households.

Further, the Quincy Housing Authority (QHA) owns and/or operates 5 Family Public Housing developments which contain approximately 651 one-five-bedroom rental units of which 9 are handicap accessible and 7 Elderly/Disabled developments that contain 930 one-bedroom rental units, of which 29 units are wheelchair accessible. Per the representative of QHA, there are 2,681 on the Elderly/Disabled Public Housing waiting list and 638 on the Family Public Housing waiting list. The family list was closed from February 28, 2013 to January 3, 2018.

QHA also administers 1,180 Section 8 Housing Vouchers. Per the Quincy Housing Authority, they participate in the centralized waiting list administered through the state and believe there are thousands on that list, but do not have specifics on the centralized list. The family wait list is closed but the elderly housing wait list is still open. QHA leases a total of four facilities to the Commonwealth of Massachusetts Department of Mental Health and/or the Department of Mental Retardation as group homes for disabled clients

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 39,823 households in the City of Quincy, approximately 70.4% earned less than the HUD published 2019 AMI (\$113,300), approximately 45.1% earned less than 50% of 2019 AMI, approximately 53.8 % earned less than 60% of the 2019 AMI and approximately 61.8% earned less than 80% of the 2019 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

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

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2
Number of Units	62	17
Net SF/Unit	608	847
Elev./Non-Elev.	E	E
Market Rate Rent (insert)	\$1,927	\$2,169
MHFA Below Market Rent (Cost-Based Rent)	\$1,245	\$1,487
MHFA Adjusted Rent	30% of Income	
Underwriting Rents		
Project-Based Vouchers	\$1,475	\$1,760
60% LIHTC	\$1,184	\$1,373

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.

Powdermill Village, Westfield

Sarah Hall presented a proposal for Official Action Status, Commitment of Construction/ Permanent Tax Exempt Loan; Commitment of Tax-Exempt Bridge Loan; Approval for the Use of Low-Income Housing Tax Credits and Approval to Modify the Existing First Mortgage Loan for Powdermill Village, Westfield.

The Powdermill Village proposal consists of renovations to a 12 building, 248-unit former Section 236 multi-family development in Westfield. The project was originally constructed in the 1970s, was last renovated in 2000, and is now in need of substantial rehabilitation. Included in the scope of work is the restoration of Building 5, a 22-unit building that was partially destroyed by a fire in April 2018. The insurance proceeds related to this fire are a source in the transaction.

Powdermill Village sits on a 15.8-acre parcel of land located 1.5 miles from downtown Westfield. The site is located just off Union Street, less than one mile east of Route 202/Route 10. Powdermill Village consists of 12 two- and three-story residential apartment buildings, and a community building and a stand-alone laundry building. As part of the proposed scope of work, the management office will be moved to the community building and a community space will be built out in what is now the management office. The Westfield Police Department occupies a community policing space and will continue to do so after the rehabilitation.

There are 248 one-, two- and three-bedroom units. 157 are LIHTC units affordable to households at or below 60% of AMI, 50 are LIHTC units that will be subsidized by a project-based MRVP contract for households at or below 50% AMI, and an additional 19 units will be restricted at or below 80% of AMI (eligible for tax credits using Income Averaging). Twenty-two units will be unrestricted market rate units.

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

Official Action

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 loan commitment for the multifamily development known as “Powdermill village” (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 \$27,300,000 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 Members of MassHousing dated June 11, 1996, staff makes the following Official Action Status findings for the proposed project:

1. Affordable Housing and Services Collaborative (“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.

Mortgage Loans

VOTED: To approve the findings and determinations set forth below and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to \$14,500,000, such first 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 \$12,800,000, in each case to be made to Powdermill Village LLC or another single-purpose entity controlled by Affordable Housing and Services Collaborative, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Powdermill Village” (the “Development”) and located in Westfield, 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 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). In the event that the financial viability of the proposed loan transaction does not permit full prepayment of such existing loans, as determined by the Vice President of Multifamily Programs, to authorize the modification of the existing mortgage loan documents to permit partial prepayment of such loan, the potential reduction of the interest rate on such loan following such partial prepayment, and the subordination of such loan

to the new loan(s), and to delegate to the Executive Director, the Vice President of Multifamily Programs and the General Counsel, each acting singly, and their respective designees, the authority to enter into all documents necessary or convenient in connection therewith.

**FURTHER
VOTED:**

To authorize the Executive Director and the 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 first mortgage loan, and other MassHousing debt as determined by the Executive Director or the Vice President of Multifamily Programs, 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 his designee.

**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 multifamily development located in Westfield, Massachusetts and known as "Powdermill Village" (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 Rental Business Development, the Director of

Rental Lending, the Director of Rental Management, 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.

Level One Transfer

VOTED: That MassHousing approves a Level One Transfer of Ownership (the “Transfer”) for Powdermill Village Apartments from Powdermill-Westfield Limited Partnership (the “Current Owner”) to Powdermill Village Ground Lessor, LLC (the “Ground Lessor”), a single asset, sole-purpose affiliate of Affordable Housing Services Collaborative, Inc., subject to the requirements of the Transfer of Ownership Policy approved by the Agency on August 14, 2007, and further subject to the Special Conditions set forth below and any additional conditions required by the Director of Rental Management and the General Counsel.

SPECIAL CONDITIONS:

1. The Current Owner will obtain consent of all subordinate lenders to the Transfer.

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:

226 units (91%) 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

Note: The market needs data reflects the information available to A&M staff as of the date of collection 04/17/20 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the “novel coronavirus,” known as COVID-19, was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 623 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 99.8 %, and range between 99% and 100%. The subject property has operated as a Section 8 development since approximately 1973. The average vacancy over the past 6 years is 2.41%.

CoStar data for the subject's West Hamden Multifamily Submarket (3,811 units) has an overall vacancy rate at 2.0% YTD, which is an increase of .15% from one year ago. CoStar data for the Springfield market (21,697 units) has an overall vacancy rate of 3.6% YTD, which is an increase of .64% from one year ago. The rate is projected to increase to 2.66% over the next five years, while the Springfield market is projected to increase to 3.79%.

CoStar, submarket data for the subject's 3 Star building type (1,128 units) indicates a 1st Qtr. 2020 vacancy rate of 2.2% at an average asking rent of \$1,158. 1-2 Star buildings (2,683 units) indicate a 1st Qtr. 2020 vacancy rate of 1.9% at an average asking rent of \$977. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential. Per the CoStar, there are no 4-5 Star building types.

According to the Department of Housing and Community Development's (DHCD) *Chapter 40B Subsidized Housing Inventory (9/14/17)*, the City of Westfield has 16,001-year-round housing units, 1,158 (7.2%) of which are subsidized for low/moderate income households.

WHA also owns/manages 5 State subsidized elderly/disabled properties with a total of 339 units, consisting 307 one-bedroom units and 32 two-bedroom units. Per the representative of WHA, there are 1,161 applicants on the waiting list broken down by 383 elderly applicants and 778 disabled applicants. WHA also manages 1 State subsidized Veteran family (Chapter 200) property with 62 units, consisting of 30 two-bedroom units and 32 three-bedroom units and 2 State subsidized family (Chapter 705) with a total of 26 units, consisting of 24 three-bedroom units and 2 four-bedroom units. Per the representative of WHA there are 3,195 applicants on the waiting list. WHA participate with CHAMP, the statewide waiting list, and the representative could not provide a breakdown by bedroom size. They also own/manage 14 one-bedroom units of Chapter 689-C supportive housing for young adult homeless aged 18-24. This property is managed by Domus, Inc.

Finally, WHA administers 436 Housing Choice Vouchers, broken down as follows, 19 studios, 125 one bedrooms, 139 two bedrooms, 133 three bedrooms, 16 four bedrooms, and 4 five bedrooms. Per the representative of WHA they participate on the state centralized waiting list and per the representative there are 221,342 applicants on the waiting list.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 15,275 households in the City of Westfield approximately 60.3% earned less than the HUD published 2020 AMI (\$77, .200), approximately 31.8% earned less than 50% of 2020 AMI, approximately 39.9% earned less than 60% of the 2020 AMI and approximately 54.0% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

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

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	50	148	50
Net SF/Unit	835	855	1,543
Elev./Non-Elev.	N	N	N
Market Rate Rent (insert)	\$1,930	\$2,121	\$2,309
MHFA Below Market Rent (Cost-Based Rent)	\$1,206	\$1,397	\$1,586
MHFA Adjusted Rent	30% of Income		

Underwriting Rents

MRVP	\$832	\$1,061	\$1,308
Tax Credit at 60% and 80% AMI	\$914	\$1,115	\$1,304
Market	\$932	\$1,118	\$1,299

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.

The Cordovan at Haverhill Station, Haverhill

Antonio Torres presented a proposal for Approval to Accept Assignment of a HUD-Issued Firm Commitment for FHA-Insurance; Commitment of a First Mortgage Loan; Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS; Approval to Accept Prepayment of the Existing First Loan; and Approval to Resubordinate and Extend Existing Subordinate Debt for The Cordovan at Haverhill Station, Haverhill.

The 2.41-acre site is proximate to a variety of restaurants and bars, as well as the Central Plaza shopping center, all of which are within a 0.5-mile radius. The MBTA Commuter Rail provides service to Boston's North Station from the Haverhill and Bradford stations, which are 0.2 miles and 0.7 miles from the subject, respectively. This station also serves as the second stop of the Amtrak Downeaster train route from Boston to Portland, Maine. The Washington Square Transit Station (also known as the Haverhill Bus Depot), served by the Merrimack Valley Regional Transit Authority, is within walking distance as well.

The property was formally known as the Haverhill Board of Trade in Haverhill and is listed in the National Register of Historic Places. The building is a U-shaped eight story containing approximately 200,000 square feet. It was originally constructed in two phases, with the east wing completed in 1906 and the west wing completed in 1908. The building's initial occupants were shoe industry businesses such as shoe lacers and ladies' slipper manufacturers. Although a few shoe companies in the building survived through the late 1960's, most of them left Haverhill. Some of the space was filled by new industries, but much of the building became vacant. Cabot House furniture purchased it in the 1970's and utilized the building as a furniture showroom and warehouse space until it was converted into 146 mixed-income units in 2006. The total development cost was approximately \$36.7 million with significant investments from 9% and State LIHTCs, Historic Tax Credits, DHCD, the City of Haverhill, the MassHousing PDF loan, TOD set-aside funds and the AHTF loan.

The development includes 146 units and consists of studio, one- and two-bedroom units. Of the 146 units, 85 are unrestricted, market-rate units and 61 are income-restricted. Of the 61 income-restricted units, 46 must be occupied by households earning no more than 60% of Area Median Income and 15 units by households at 30% AMI, eight of which have Section 8 Project-Based Vouchers (PBV). The PBV Contract was entered into on March 26, 2017 and will remain in effect for 18 years. The contract administrator is Community Teamwork, Inc.

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

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$13,200,900, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than

\$17,821,215 nor less than \$8,580,585, to BC Walnut Street LLC (the “Borrower”) for the Cordovan at Haverhill Station and (2) to make the FHA-insured first mortgage loan to the Borrower for the Cordovan at Haverhill Station in the approximate amount of \$13,200,900 subject to the limitation that the final amount of such loan shall not be more than \$17,821,215 nor less than \$8,580,585 on terms acceptable to MassHousing, subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER
VOTED:**

That MassHousing, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for the Cordovan at Haverhill Station.

**FURTHER
VOTED:**

That MassHousing is authorized to (i) extend the term of the existing uninsured subordinate Priority Development Fund loan and direct the Affordable Housing Trust to extend the term of the existing subordinate Affordable Housing Trust Fund loan to be coterminous with the new FHA-insured first mortgage loan and (ii) subordinate the existing uninsured subordinate Priority Development Fund loan, and direct the Affordable Housing Trust to subordinate the existing subordinate Affordable Housing Trust Fund loan, to the new FHA-insured first mortgage loan, in each case on such terms and conditions as may be required by the Executive Director, the Vice President of Multifamily Programs and the General Counsel, each acting singly, and to delegate to the Executive Director, the Vice President of Multifamily Programs and the General Counsel, each acting singly, and their respective designees, the authority to enter into all documents necessary or convenient in connection therewith.

**FURTHER
VOTED:**

That MassHousing is authorized to (i) waive the requirement under the MassHousing Proactive Preservation and Multifamily Loan Prepayment Guidelines adopted by the Agency on July 14, 2015 that the Borrower fully repay subordinate MassHousing loan(s) upon refinancing of the current senior MassHousing loan and (ii) permit partial prepayment and defeasance

of such senior loan otherwise in accordance with such Guidelines to facilitate its refinancing.

**FURTHER
VOTED:**

To authorize the Executive Director and the Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the Borrower to enter into, assume, or retain mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to MassHousing's first mortgage loan, and other MassHousing debt as determined by the Executive Director or the Vice President of Multifamily Programs, 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 his designee.

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:

61 units (41.8%) 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 932 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.9 %, and range between 97.1% and 100%. The subject property has operated as a LIHTC development since approximately 2005. The average vacancy over the past 6 years is 4.7%

CoStar data for the subject's Burlington/Woburn Multi-Family Submarket (5,297 units) has an overall vacancy rate at 7.8% YTD, which is an increase of 4.7% from one year ago. CoStar data for the Boston market (224,580 units) has an overall vacancy rate of 6.3% YTD, which is an increase of 1.48% from one year ago. The rate is projected to decrease to 6.1% over the next five years, while the Boston market is projected to increase to 6.6%.

CoStar, submarket data for the 4-5 Star building type (2,409 units) indicates a 1st Qtr. 2020 vacancy rate of 14.3% and an average asking rent of \$1,837, while submarket data for the subject's 3 Star building type (2,545 units) indicates a 1st Qtr. 2020 vacancy rate of 2.3% at an average asking rent of \$1,588. 1-2 Star buildings (1415 units) indicate a 1st Qtr. 2020 vacancy rate of 3.3% at an average asking rent of \$1,292. The development with its amenities, more closely reflects the

3 Star building type, and is reflected in both the vacancy rate and market rent potential. The high vacancy rate for the 4-5 Star building type is because 2 of the 10 properties included in this group are in the lease up phase with 35% and 72% vacancy rates.

According to the Department of Housing and Community Development's (DHCD) *Chapter 40B Subsidized Housing Inventory (9/14/17)*, the City of Haverhill has 25,557-year-round housing units, 2,555 (10%) of which are subsidized for low/moderate income households.

Further, the Haverhill Housing Authority (AHA) owns and /or operates four State funded Elderly/Disabled Public Housing developments which have 296 one-bedroom units. Per the representative of HHA, there are approximately 1,000 applicants on the waiting list and the wait time is approximately 3 years. They also own/operate 138 State funded Family units, which consist of 66 two-bedroom units, 67 three-bedroom units, and 5 four-bedroom units. Per the representative, there are approximately 4,000 applicants on the waiting list and the wait time is over 5 years. Per the representative, HHA has a local resident preference and priority placement for homeless households according to the state regulations.

Also, per the HHA representative, they administer 348 Section 8 Housing Choice Vouchers. They participate in the centralized waiting list administered through the state and wait time is over ten years, and they representative stated they were working with applicants that applied in 2007.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 24,155 households in the City of Haverhill approximately 63.5% earned less than the HUD published 2020 AMI (\$98,000), approximately 36.6% earned less than 50% of 2020 AMI, approximately 43.7% earned less than 60% of the 2020 AMI and approximately 56.5% earned less than 80% of the 2020 AMI.

Note: The market needs data reflects the information available to A&M staff as of the date of collection April 16, 2020, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the collection date.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

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

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	0	1	2
Number of Units	18	85	43
Net SF/Unit	642	731	1,103
Elev./Non-Elev.	Elev.	Elev.	Elev.
Market Rate Rent (insert)	\$2,012	\$1,890	\$2,071
MHFA Below Market Rent (Cost-Based Rent)	\$1,388	\$1,266	\$1,447
MHFA Adjusted Rent	30% of 80% of AMI		
Underwriting Rents			
Section 8 PBV		\$1,150	\$1,435
30%		\$499	\$581
60%		\$966	\$1,173
Market	\$1,388	\$1,556	\$1,750

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.

Morse Apartments, Brookline

Max Glikman presented a proposal for Commitment of a Conduit Loan for Morse Apartments, Brookline.

The Borrower seeks an allocation of up to \$25,000,000 in tax-exempt loan proceeds for the acquisition and rehabilitation of the 99-unit Morse Apartments located in Brookline. MassHousing will serve as the conduit lender under the Agency's Conduit Loan Program with Boston Private Bank & Trust Company ("Boston Private") acting as the commercial lender. The conduit loan will be made by MassHousing from bond proceeds pursuant to a private issue to Boston Private, which will underwrite the first mortgage debt and will assume the risks associated with the construction period, lease-up and permanent loan.

The Development is situated on 0.74 acres, located just a few blocks from Coolidge Corner. It is conveniently located to public transportation and many area amenities such as grocery stores, the public library, restaurants, and retail shops. The Development is a 99-unit elderly-restricted, high-rise, elevator building that includes 29 parking spaces. The first floor includes a community room and laundry for the residents and the BHA's headquarters, which we are considering commercial space. Originally constructed in 1973, the Development currently operates as federal public housing. The scope of the rehabilitation work includes sitework, building envelope repairs, windows, renovation of common areas, plumbing upgrades, fire protection systems, HVAC repairs and other renovations.

It is anticipated that all units will be LIHTC units restricted to 60% of AMI. BHA submitted an application to convert this property to Project-Based Section 8 Vouchers under HUD's Rental Assistance Demonstration (RAD) program and has received preliminary approval and a RAD reservation in the form of a RAD Commitment to Enter Into Housing Assistance Payments. Ninety-eight (98) units will benefit from Section 8 assistance in the form of 20-year Housing Assistance Payment contracts with BHA. As part of the RAD conversion, BHA will utilize its own Project-Based Vouchers (PBV) for four units as well as Project-Based Tenant Protection Vouchers (TPV) for 25 units.

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

VOTED: To approve the findings and determinations set forth below and to authorize the issuance of multifamily tax-exempt obligations in an estimated principal amount of \$25,000,000, in one or more series pursuant to one or more indentures and/or financing agreements with such terms, interest rates, redemption provisions and maturity schedules as shall be approved by any of the Executive Director, General Counsel, Financial Director, Comptroller, or Manager of Finance and Bond Compliance, acting singly, and any officer or employee of MassHousing acting in such capacity or otherwise authorized to perform specific acts or duties by resolution of MassHousing (each an "Authorized Officer"), each Authorized Officer, acting singly, being authorized to execute and deliver such agreements and any other documents, instruments, and agreements necessary to effectuate the purposes of a conduit financing, with the proceeds of such issuance to be lent to 90

Longwood LLC or another single-purpose entity controlled by Brookline Housing Authority (the “Borrower”) as owner of the multifamily residential development known as “Morse Apartments” (the “Development”) and located in Brookline, Massachusetts, and in accordance with the applicable Conduit Loan Closing Standards approved by the Members of MassHousing on September 12, 2017 and delegations of authority previously approved by the Members of MassHousing, 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 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, each acting singly, prior to loan closing, to be used in connection with the multifamily development located in Brookline, Massachusetts and known as “Morse 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 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, 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 the 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 first mortgage loan, and other MassHousing debt as determined by the Executive Director or the Vice President of Multifamily Programs, 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 his designee.

FURTHER

VOTED: That MassHousing authorizes the Executive Director or her designee to permit the owner and management agent of Morse Apartments to use as its tenant selection plan and affirmative fair housing marketing plan a Brookline Housing Authority Administrative Plan prepared and approved by Brookline Housing Authority, subject to review and approval by MassHousing's Director of Rental Management.

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:

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

2. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 1,110 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.7%, and range between 95 % and 98.6%.

CoStar data for the subject's Brookline/Newton/Watertown submarket (8,996 units) has an overall vacancy rate at 3.3% YTD, which is a decrease of 1.73% from one year ago. CoStar data for the Boston market (222,274 units) has an overall vacancy rate of 5.7% YTD, which is a slight increase of .86% from one year ago. The rate is projected to increase to 5.9% over the next five years, while the Boston Market is projected to increase to 6.9%.

CoStar, submarket data for the 4-5 Star building type (1,846 units) indicates a 4th Qtr. 2019 vacancy rate of 6.6% and an average asking rent of \$3,007, while submarket data for the subject's 3 Star building type (4,116 units) indicates a 4th Qtr. 2019 vacancy rate of 3.2% at an average asking rent of \$2,780. 1-2 Star buildings (3,034 units) indicate a 4th Qtr. 2019 vacancy rate of 1.6% at an average asking rent of \$2,423. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the Town of Brookline 26,201 round housing units, 2,454 (9.4%) of which are subsidized for low/moderate income households.

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

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

In addition, BHA provides 619 Section 8 rental vouchers in Brookline and the surrounding area. BHA participates in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List. Per the BHA, the Section waiting list is open.

The following data regarding the BHA, Wait List for public housing was provided by BHA Application Department.

Wait List Statistics

Type	BR Size	Total Apps	W/ Priority	Standard/Local	Standard/Non Local
<i>Public Housing</i>					
Elderly/Disabled	1	1,640	3-4 months	9-12 months	15 years +
Elderly/Disabled	2	42	15 years +	15 years +	15 years +
<i>E/F*</i> Wheelchair	1	65	8 years +	8 years +	8 years +
Wheelchair	2	18	8 years +	8 years +	8 years +
Wheelchair	3	8	8 years +	8 years +	8 years +
Wheelchair	4	5	8 years +		
Family	1	147	15 years +	15 years +	15 years +
Family	2	843	2-4 years	3-4 years	8 years +
Family	3	407	2-4 years	3-4 years	8 years +
Family	4	217	8 years +	8 years +	8 years +
Family	5	19	8 years +	8 years +	8 years +
<i>Section 8</i>					
Central Wait List	-	169,326	1-3 years	25 years +	25 years +
Beacon Park – <i>PBV**</i>	1	70	-	-	-

Beacon Park – <i>PBV</i>	2	39	-	-	-
Brookline Village – <i>PBV</i>	1	6	-	-	-
Brookline Village – <i>PBV</i>	2	6	-	-	-
Brookline Village – <i>PBV</i>	3	6	-	-	-

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the approximately 55.7% earned less than the HUD published 2019 AMI (\$113,300), approximately 28.9% earned less than 50% of 2019 AMI, approximately 34.3 % earned less than 60% of the 2019 AMI and approximately 55.7% earned less than 80% of the 2019 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 is 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	1
Number of Units	98
Net SF/Unit	400
Elev./Non-Elev.	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$2,786
MHFA Below Market Rent (Cost-Based Rent)	\$1,304
MHFA Adjusted Rent	30% of Income
Underwriting Rents	\$1,304

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

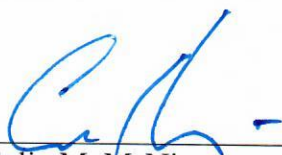
Chairman Dirrane asked if there was any other old or new business for the Members' consideration. There was none.

Chairman Dirrane asked for a motion to adjourn the meeting at 3:10 p.m. Upon a motion duly made and seconded, by roll call vote, it was

VOTED: To adjourn the MassHousing meeting at 3:10 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary