Minutes of the Regular Meeting
of the Members of MassHousing
held on
June 8, 2021

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on June 8, 2021. 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 meetings were conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members (by roll call):

Members Michael Dirrane, Chair
Mark Attia, Designee of Michael Heffernan, ex officio
Patricia McArdle
Carolina Avellaneda
Lisa Serafin
Ping Yin Chai
Jennifer Maddox, ex officio
Thomas Flynn
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 then indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, by roll call vote of all the present Members, it was:

VOTED: That the minutes of the meeting held on May 11, 2021 are hereby approved and placed on record.

Lisa Serafin joined the meeting at 2:03 p.m.

Executive Director's Report

Chrystal Kornegay began her report by discussing the Neighborhood Stabilization Program. The purpose of the Neighborhood Stabilization Program is to provide financial assistance for the revitalization of neighborhoods and communities with properties that have long been vacant or underused. The Neighborhood Stabilization Program was established with an appropriation of $50 million from the economic development bill. MassHousing will receive approximately $6.5 million in FY2022 and will administer the funds with the help of DHCD. The preference will be municipalities in the Neighborhood Hub which includes Brockton, Fall River, Fitchburg, Holyoke and Malden.

Ms. Kornegay went on to state that in accordance with Governor Baker's decree in 2020, MassHousing will observe June 19, 2021 as a holiday. In addition, MassHousing will be closed on July 2, 2021 to give staff a longer holiday weekend in appreciation of all their hard work.

Ping Yin Chai asked if future board meetings will continue to be Zoom meetings or will they be in person. Ms. Kornegay responded that is a question for the legislature. There is a possibility the legislature will extend the remote meetings until April of 2022.

Finance Update

Vote Approving Fiscal Year 2022 Fiscal Plan

Rachel Madden reported COVID statistics continue to remain consistent in the HomeOwnership program. The trend continues of payoffs outpacing new loans. On average there have been 486 loan payoffs and 310 new loans per month since March 2020. The multifamily portfolio has also been consistent and the portfolio is stable. Last month there were 3 loans in arrears – one loan was a timing issue. As of the end of May there is one loan remaining in arrears and one was made whole June 1, 2021. There is one development that remains delinquent and there are no developments in forbearance.

Jerald Feldman asked what the principal balance is of the loan that remains in default. Ms. Madden replied just under $18 million. The development is current on cash flow payments and Mark Teden is working hard to solve this.

Chairman Dirrane asked about low inventory and MassHousing's purchase price limits. Chairman Dirrane also asked what the average purchase price is currently for first time borrowers, and given the very tight housing inventory at the moment, what is MassHousing's strategy to overcome this?

Ms. Kornegay answered that runoff is a problem but we will have one of our strongest lending years because we still offer a competitive product in the CommonWealth Builder Program. Ms. Kornegay added we are working with the current administration to make housing more affordable.

Chairman Dirrane asked if we have any 40B projects in the pipeline in either rental or homeownership and are we actively working to see if those go through. Ms. Kornegay replied we have a robust number of deals mostly on the rental side. Ms. Kornegay added the administration is working to boost production of 40B projects. The CommonWealth Builder Program will have an impact on families with modest income.

Rachel Madden continued with a presentation of the FY2022 Budget. In the FY2021 budget we had budgeted $1.3 billion in loan production - $550 million for HomeOwnership and $750 million for Rental Lending. We are trending to $1.7 billion (multifamily - $782 million; single family $900 million.) Cash income is ahead of the 2021 budget. Current net income projection for the full fiscal year is approximately $54.8 million above the approved budget as we did not expend grant funds we thought we would. Significant variances to budget include $23.7 million of unusual loan-related income, a net grant activity variance of $29.8 million less an increase in pension expense of $12.6 million.

Carolina Avellaneda questioned the optional contribution to the pension fund and asked if this was a unanimous recommendation. Rachel Madden replied the optional contribution was brought to the executive team and our actuaries and it was determined this was the right thing to do at this time. Ms. Avellaneda asked what the unfunded liability is for the pension fund. Ms. Madden continued by stating an actuarial valuation of the pension fund is done every two years and at the present time the amount of unfunded liability has dropped to $12.2 million. This is due to incredible investment returns during this cycle beginning 1/21/2021. We have an opportunity to make this one-time payment which will save over $9 million in the next two fiscal years. This will be a savings in our required annual contribution and will situate us well for the next two years and we will have two years of budgetary savings.

Jerald Feldman commended Ms. Madden on having the foresight to make this optional contribution to the pension fund and commented on how important it is to have a fully-funded pension program.

Ms. Madden then continued with the FY22 Budget Overview. FY22 Plan assumes $1.5 billion of lending - $700 million in HomeOwnership Lending and $800 million in Rental lending. The 2022 budget reflects the continuation of strong lending and Performance Based Contract Administration (PBCA) contract fees and a full year of existing PBCA contract fee revenue of $26.4 million. FY22 plan assumes net income of $14.3 million, net income with grant activity $35 million; net grant activity ($20.7 million.)

For FY22 we budgeted $42.5 million in available income with a deposit of $20.1 million to the Opportunity Fund with grant expenditures coming out. Total operating revenues of $119.2 million, up 5% from FY21. The increase in revenue is primarily driven by higher HomeOwnership and Rental production offset by lower interest rates. Total direct expenses of $92.7 million, down 15% from FY21. The decrease in expenses is primarily driven by grant expenditures and Pension/OPEB costs.

Ms. Madden continued by discussing grant expenses of $20.7 million, down $4.5 million or 18% from FY21: CommonWealth Building Program $20.0 million and $700K to CCRI. Ms. Madden also discussed amounts allocated to various programs under our Moving the Mission initiatives.

The FY2022 Fiscal Plan allocates substantial resources to several initiatives that advance the Agency's mission of expanding affordable housing resources and services in the Commonwealth. The Fiscal Plan commits:

- $1.9 million to cover the Commonwealth's Section 13A shortfall
- $615,000 to cover the payroll and payroll added costs of five DHCD employees.
- $700,000 for developing and preserving sober housing and related services through the Center for Community Recovery Innovations (CCRI).
- $120,000 towards the Mel King Institute.
- $50,000 towards New Lease (Homelessness Initiative); and
- Continued funding of $2.5 million for other community service programs, including
  - $1.2 million for crime prevention, youth development and community engagement;
  - $685,000 for various youth programs, including Youth RAP (Residents' Activities Program);
  - $773,000 to continue the Tenancy Preservation Program, which has won awards from both the NCSHA and The Ford Foundation

In addition, the Agency serves as the Administrator for the Affordable Housing Trust Fund ("AHTF") and the 40B program on behalf of the Commonwealth and has costs not covered by fee income relative to those activities of $269,000 for AHTF and $548,000 for 40B.

Carolina Avellaneda asked what benefits we receive from the Mel King Institute for our $120K contribution to their program. Ms. Madden answered we get designated spots for training sessions and other great programs the Institute offers including leadership training.

Lisa Serafin asked if the pension allocation was incorporated into the FY 2022 vote. Colin McNiece answered that the one-time payment discussed is a modification to the FY21 Fiscal Plan and does not require a vote but the vote proposed today for the FY22 Fiscal Plan is inclusive of the costs of the pension for fiscal year 2022 after being fully funded by that one-time payment.

Upon a motion duly made and seconded, <u>by roll call vote</u> of all the present Members, it was:

VOTED: To adopt the Proposed Fiscal Plan for Fiscal Year 2022 substantially in the form attached hereto, provided that the Executive Director may authorize the Agency to deviate from such plan during the course of said fiscal year to the extent she deems necessary or appropriate, provided, however, that any material deviations from such plan shall be reported to the Board on a periodic basis.

MEMORANDUM

To: **Agency Members**

Through: **Chrystal Kornegay**

From: **Rachel Madden**

Date: **June 8, 2021**

Subject: **Proposed Fiscal Plan for Fiscal Year 2022**

I. History and Evolution of the Fiscal Plan

Each year, MassHousing's Members are asked to adopt a Fiscal Plan that establishes financial benchmarks for operating results. We develop the Fiscal Plan to better understand and manage the costs of doing business. The Fiscal Plan is presented on a modified cash basis and may differ from the year-end Financial Statements due to required accounting treatments of deferrals, accruals, capital items, loan loss provisions, extraordinary items, restrictions, designations, mark-to-market and other non-cash adjustments. The Fiscal Plan includes each of our Business Lines including Home Ownership operations, Multi-Family operations, Mortgage Insurance Fund ("MIF") operations, Mission activities (primarily within the Opportunity Fund), and Corporate Overhead.

The Fiscal Plan represents our best current estimates of business projections and financial forecasts. Since some of the major components of our business (e.g. interest rates and market conditions) are beyond our control, preparing this Fiscal Plan represents a significant, yet necessary, challenge.

The Fiscal Plan presented for your review and approval consists of the following items:

Exhibit 1: Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates

Exhibit 2: Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates by Business Lines

Exhibit 3: Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Income Streams

Exhibit 4: Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates – Sustainable Core

Exhibit 5: Glossary of Terms

II. Overview of the Fiscal Plan

A. FY22 Budget Comparison to FY21 Projection and FY21 Budget

The proposed Budget for FY22 projects an operating budget excess of revenues over expenditures ("Net Income") of $14.3 million, or a $20.3 million increase from the ($6.0) million approved budget for FY21. We are projecting $48.8 million for FY21, which is a $54.8 million increase over the FY21 Budget.

Net Income (in millions)

	FY22 Budget	FY21 Projection	FY21 Budget
Net Income Before Significant Variants	$ 37.8	$ 44.4	$ 30.2
OPEB	(1.3)	(3.3)	(3.0)
Pension	(1.5)	(22.6)	(10.0)
Net Grant Activity	(20.7)	6.6	(23.2)
Unusual Loan Related Income	-	23.7	-
Net Income (Loss)	$ 14.3	$ 48.8	$ (6.0)

There are several factors that lead us to the proposed FY22 Budget of $14.3 million:

Production and New Lending Income (in millions)

	FY22 Budget	FY21 Projection	FY21 Budget
HomeOwnership Production	$ 700.0	$ 900.0	$ 550.0
HomeOwnership New Lending Income	4.8	11.6	3.3
Mortgage Insurance Fund Production	$ 603.0	$ 668.0	$ 445.0
Mortgage Insurance Fund New Lending Income	5.5	6.3	5.3
Rental Production	$ 800.0	$ 782.0	$ 750.0
Rental New Lending Income	17.9	12.1	15.3

HomeOwnership ("HO") income is up in the FY22 Budget as compared to the FY21 Budget due to higher volume and higher expected premiums on loan sales. The FY21 Projection is up over the FY21 Budget due to the same reasons. The Rental income for FY22 Budget is up over FY21 Budget due to higher volume and we expect closer timing between construction loan debt financing and the advances on construction loans. Although FY21 projected volume is up, a number of transactions had little or no financing fee associated with the deals as there were a number of Government National Mortgage Association ("GNMA") refinancings where we only received the servicing rights and nominal or no fee shares.

Servicing Income, Spread and Investment Earnings (in millions)

	FY22 Budget	FY21 Projection	FY21 Budget
HO Servicing Income	$ 9.8	$ 9.5	$ 11.1
Rental Servicing Income	36.4	34.3	33.4
HO Spread	6.8	5.1	9.4
Rental Spread	35.1	41.9	27.5
Unusual Loan Related Income	-	23.7	-
Investment Income	2.6	3.8	5.9
Grant Income	-	7.8	2.0
Other Income	0.2	0.3	0.2
Total	$ 90.9	$ 126.4	$ 89.5

Total Servicing income is up in the FY22 Budget compared to the FY21 Budget due to growth in the rental servicing fees and subsidy administration fees somewhat offset by lower HO servicing fees which are down due to significant payoffs in that portfolio during FY21. The FY21 HO Servicing Projection is down compared to the FY21 Budget due primarily to the payoffs in the HO portfolio.

Spread and Investment Earnings are relatively consistent between the FY22 and the FY21 Budgets, while the FY21 Projection is up due to the significant collection on cash flow notes created from the SHARP (the Commonwealth's State Housing Assistance for Rental Production program) Refinancing Initiative ("SRI") project. The Unusual Loan Related Income noted for the FY21 Projection was from a number of unusual transactions with almost two-thirds coming from the collection of a single note that had been written off a number of years ago. For the FY22 Budget, we are not anticipating any grant income. In FY21, we budgeted $2.0 million for receipt from the Federal Home Loan Bank ("FHLB"), while we also received $5.8 million from the Capital Magnet Fund, which is included in the Projection.

Direct Expenses (in millions)

	FY22 Budget	FY21 Projection	FY21 Budget
Personnel	$ (35.7)	$ (35.1)	$ (36.3)
Pension	(1.5)	(22.6)	(10.0)
OPEB	(1.3)	(3.3)	(3.0)
Other Payroll Added Costs	(6.3)	(6.1)	(6.3)
Professional Services	(8.5)	(6.5)	(7.3)
Information Technology	(7.4)	(7.2)	(8.0)
Leased Office Space	(5.2)	(5.2)	(5.0)
Operating Costs	(4.4)	(3.8)	(4.3)
Grant Expenditures	(20.7)	(1.2)	(25.2)
Insurance Claims	(1.6)	(1.2)	(3.8)
Total	$ (92.6)	$ (92.2)	$ (109.2)

The Agency will be making a one-time payment of $12.25 million to the Pension Fund before the end of FY21, which is equal to the unfunded liability as noted on the most recent Pension Actuarial Valuation, dated 1/1/21. Since the last valuation, the returns on the investments held by the Pension Fund have been very strong, which resulted in a significant decrease in the unfunded liability ($12.25M as of the 1/1/21 valuation, down from $52.5M from the 1/1/19 valuation). This reduction in the remaining unfunded liability, combined with the Agency's strong operating performance to date in FY21 - including the receipt of unanticipated cash for a number of unusual loan related income items - has provided the Agency with this opportunity to pay down its unfunded pension liability in order to reduce its annual required contribution significantly for at least the next two years. As a result, the Agency will only be required to contribute the "normal costs" to the Pension during FY22 and FY23, which are projected to be approximately $1.5 million. Without making this one-time payment of $12.25 million to the Pension Fund, the Agency's Budget would need to include a required contribution in excess of $10 million for both upcoming fiscal years. This represents budgetary savings of close to $9 million for FY22. In addition, the returns on the OPEB Trust investments were also strong over the recent period, which is resulting in a reduction in the contribution amount from approximately $3 million in FY21 to $1.3 million in FY22.

Professional Services and Information Technology costs in aggregate are consistent between the FY22 Budget and the FY21 Budget. In the FY22 Budget for Professional Services, we have included the expected cost for the new front-end system for HO. A portion of the system's costs were included in IT expenses in the FY21 Budget, but due to COVID delays this project did not get underway until late this fiscal year. The majority of the cost for the new HO system is now reflected in and accounts for the increase in the Professional Services line item.

We have included $20 million in the FY22 Budget for grant expenditures for the CommonWealth Builder Program, whereas the FY21 Budget had $10 million for that program and $14.5 million for a Springfield workforce deal, which continues to be delayed. During FY21, we only had some nominal grant expenditures from the Opportunity Fund and all periods reflect the $700K Center for Community Recovery Innovations ("CCRI") Budget.

Investment in Future Income (in millions)

	FY22 Budget	FY21 Projection	FY21 Budget
Servicing Rights Premium	$ (6.5)	$ (8.2)	$ (5.3)
Cost of Issuance	(5.7)	(7.2)	(4.9)
Total	$ (12.2)	$ (15.4)	$ (10.2)

The Servicing Rights Premium is up slightly in the FY22 Budget compared to the FY21 Budget due to higher HO volume expectations, while the increase in the FY21 Projection is due to significantly higher volume than budgeted. Cost of Issuance is up in the FY22 Budget compared to the FY21 Budget to reflect current anticipated costs. The FY21 Projection is up over the FY21 Budget due to more transactions than budgeted, plus an increase in costs.

Additional Factors:

- Budgeted headcount for FY22 is 319 FTEs versus 329 FTEs budgeted for FY21.
- Merit increase pool is budgeted at 3.0% for FY22 versus 2.5% in the FY21 budget.
- 457 Match is budgeted at $415K for FY22, up $15K from FY21.

We have not budgeted any capital improvements for FY22, nor did we for FY21. Regular purchases of computer equipment are expensed under the IT line item included in direct expenses due to their limited cost.

B. Income Streams and Sustainable Core

As noted above, Net Income is budgeted at $14.3 million. Ongoing income from operations is budgeted at $88.2 million, fees at $23.2 million, and MIF income at $4.1 million which is partially offset by operating and administrative costs of $68.9 million, investment in future income of $12.2 million and Opportunity Fund costs of $20.1 million.

The bond programs are projected to generate $24.2 million from bond-related activities, of which $19.0 million is projected to be transferred to the Working Capital Fund ("WCF"). The WCF, exclusive of MIF and the Opportunity Fund, is projected to operate at a net income of $6.1 million, for an aggregate positive of $25.1 million which would result in a projected contribution to the Opportunity Fund of $12.6 million.

Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates
Proposed Budget For FY 2022
Exhibit 1
(in millions)

	FY 2022 Budget Total	FY 2021 Budget Total	Budget to Budget $ Change	Budget to Budget % Change
REVENUES				
New Lending				
Premiums on Loans Sold	$ 6,275	$ 4,000	$ 2,275	56.9%
Transaction & Underwriting Fees	20,661	19,664	997	5.1%
Warehousing/Construction Notes, net	974	(102)	1,076	-1055.8%
Fees - Other (AHT, Other)	300	300	-	0.0%
Total New Lending Income	28,210	23,862	4,348	18.2%
Servicing				
Override/Servicing Fee Income	37,422	36,523	899	2.5%
GNMA/FFB Servicing Fee Income	8,364	7,680	684	8.9%
Fees - Compliance Monitoring Fees	442	394	48	12.2%
Total Servicing Income	46,228	44,597	1,631	3.7%
Spread				
Bond Program Net Interest Spread	29,849	26,295	3,554	13.5%
WCF Net Interest Spread	8,029	7,082	947	13.4%
Risk Share Fee Income	3,284	2,750	534	19.4%
Loan Prepayment Fees	750	750	-	0.0%
Total Spread	41,912	36,877	5,035	13.7%
Investment Earnings, Grant Income, Other				
Investment Earnings	2,621	5,917	(3,296)	-55.7%
Grant Income	-	2,000	(2,000)	-100.0%
Other Income	191	150	41	27.3%
Total Investment Earnings, Grant Income, Other	2,812	8,067	(5,255)	-65.1%
Total Operating Revenues	$ 119,162	$ 113,403	$ 5,759	5.1%
DIRECT EXPENSES				
Administrative Expenses				
Personnel	$ (35,716)	$ (36,328)	$ 612	-1.7%
Pension	(1,499)	(10,000)	8,501	-85.0%
OPEB	(1,300)	(3,000)	1,700	-56.7%
Other Payroll Added Costs	(6,315)	(6,308)	(7)	0.1%
Professional Services	(8,484)	(7,264)	(1,220)	16.8%
Information Technology	(7,415)	(8,026)	611	-7.6%
Leased Office Space	(5,217)	(5,006)	(211)	4.2%
Operating Costs	(4,416)	(4,347)	(69)	1.6%
Grant Expenditures	(20,700)	(25,200)	4,500	-17.9%
Insurance Claims	(1,594)	(3,810)	2,216	-58.2%
Total Direct Expenses	$ (92,657)	$ (109,289)	$ 16,632	-15.2%
Investment in Future Income				
Servicing Rights Purchases (Production)	$ (6,575)	$ (5,300)	$ (1,275)	24.1%
Costs of Issuance	(5,680)	(4,850)	(830)	17.1%
Total Investment in Future Income	$ (12,255)	$ (10,150)	$ (2,105)	20.74%
NET INCOME	$ 14,250	$ (6,036)	$ 20,286	336.1%

Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates by Business Line
Proposed Budget For FY 2022
Exhibit 2
(in millions)

	Home Ownership	Rental Areas	Mortgage Insurance Fund	Opportunity Fund	Corporate	FY 2022 Budget Total	FY 2021 Budget Total	Budget to Budget $ Change	Budget to Budget % Change
REVENUES									
New Lending									
Premiums on Loans Sold	$ 3,275	$ 3,000	$ -	$ -	$ -	$ 6,275	$ 4,000	$ 2,275	56.9%
Transaction & Underwriting Fees	792	14,400	5,469	-	-	20,661	19,664	997	5.1%
Warehousing/Construction Notes, net	746	228	-	-	-	974	(102)	1,076	-1055.8%
Fees - Other (AHT, Other)	-	300	-	-	-	300	300	-	0.0%
Total New Lending Income	4,813	17,928	5,469	-	-	28,210	23,862	4,348	18.2%
Servicing									
Override/Servicing Fee Income	9,778	27,644	-	-	-	37,422	36,523	899	2.5%
GNMA/FFB Servicing Fee Income	-	8,364	-	-	-	8,364	7,680	684	8.9%
Fees - Compliance Monitoring Fees	-	442	-	-	-	442	394	48	12.2%
Total Servicing Income	9,778	36,450	-	-	-	46,228	44,597	1,631	3.7%
Spread									
Bond Program Net Interest Spread	6,818	23,031	-	-	-	29,849	26,295	3,554	13.5%
WCF Net Interest Spread	-	8,029	-	-	-	8,029	7,082	947	13.4%
Risk Share Fee Income	-	3,284	-	-	-	3,284	2,750	534	19.4%
Loan Prepayment Fees	-	750	-	-	-	750	750	-	0.0%
Total Spread	6,818	35,094	-	-	-	41,912	36,877	5,035	13.7%
Investment Earnings, Grant Income, Other									
Investment Earnings	-	-	1,674	524	423	2,621	5,917	(3,296)	-55.7%
Grant Income	-	-	-	-	-	-	2,000	(2,000)	-100.0%
Other Income	-	-	-	66	125	191	150	41	27.3%
Total Investment Earnings, Grant Income, Other	-	-	1,674	590	548	2,812	8,067	(5,255)	-65.1%
Total Operating Revenues	$ 21,409	$ 89,472	$ 7,143	$ 590	$ 548	$ 119,162	$ 113,403	$ 5,759	5.1%
DIRECT EXPENSES									
Administrative Expenses									
Personnel	$ (7,578)	$ (13,155)	$ (378)	$ -	$ (14,605)	$ (35,716)	$ (36,328)	$ 612	-1.7%
Pension	(325)	(535)	(15)	-	(625)	(1,499)	(10,000)	8,501	-85.0%
OPEB	(285)	(465)	(10)	-	(540)	(1,300)	(3,000)	1,700	-56.7%
Other Payroll Added Costs	(1,375)	(2,245)	(60)	-	(2,635)	(6,315)	(6,308)	(7)	0.1%
Professional Services	(2,252)	(378)	(908)	-	(4,947)	(8,484)	(7,264)	(1,220)	16.8%
Information Technology	(1,745)	(257)	-	-	(5,413)	(7,415)	(8,026)	611	-7.6%
Leased Office Space	(1,077)	(1,921)	(50)	-	(2,170)	(5,217)	(5,006)	(211)	4.2%
Operating Costs	(1,102)	(226)	(13)	-	(3,076)	(4,416)	(4,347)	(69)	1.6%
Grant Expenditures	-	-	-	(20,700)	-	(20,700)	(25,200)	4,500	-17.9%
Insurance Claims	-	-	(1,594)	-	-	(1,594)	(3,810)	2,216	-58.2%
Total Direct Expenses	$ (15,740)	$ (19,181)	$ (3,027)	$ (20,700)	$ (34,009)	$ (92,657)	$ (109,289)	$ 16,632	-15.2%
Investment in Future Income									
Servicing Rights Purchases (Production)	$ (6,575)	$ -	$ -	$ -	$ -	$ (6,575)	$ (5,300)	$ (1,275)	24.1%
Costs of Issuance	(2,550)	(3,130)	-	-	-	(5,680)	(4,830)	(830)	17.1%
Total Investment in Future Income	$ (9,125)	$ (3,130)	$ -	$ -	$ -	$ (12,255)	$ (10,150)	$ (2,105)	20.74%
NET INCOME	$ (3,456)	$ 67,161	$ 4,116	$ (20,110)	$ (33,461)	$ 14,250	$ (6,036)	$ 20,286	336.1%

Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Income Streams
Proposed Budget For FY 2022
Exhibit 3
(in millions)

	FY 2022 Budget Total	FY 2021 Budget Total	Budget to Budget $ Change	Budget to Budget % Change	FY 2021 Projection Total
Ongoing Revenue from Past Activities					
Bond Program Net Interest Spread	$ 29,849	$ 26,295	3,554	13.5%	$ 29,069
Override/Servicing Fee Income	37,422	36,523	899	2.5%	35,520
GNMA/FFB Servicing Fee Income	8,364	7,680	684	8.9%	8,076
Risk Share Fee Income	3,284	2,750	534	19.4%	2,750
WCF Net Interest Spread	8,029	7,082	947	13.4%	13,301
Loan Prepayment Fees	750	750	-	0.0%	1,875
Investment Earnings	423	2,337	(1,914)	-81.9%	1,304
Other Income	125	150	(25)	-16.7%	124
Total - Ongoing Revenue from Past Activities	$ 88,246	$ 83,567	4,679	5.6%	$ 92,019
Current Year Activity - Fee Revenue					
Premiums on Loans Sold	$ 6,275	$ 4,000	$ 2,275	56.9%	$ 13,267
Transaction & Underwriting Fees	15,192	14,385	807	5.6%	10,217
Warehousing/Construction Notes, net	974	(102)	1,076	-1055.8%	(2,259)
Unusual Loan Related Income	-	-	-	-	23,699
Fees - Other (AHT, Other)	300	300	-	0.0%	2,498
Fees - Compliance Monitoring Fees	442	394	48	12.2%	267
Total Current Year Activity - Fee Revenue	$ 23,183	$ 18,977	$ 4,206	22.2%	$ 47,689
Current Year Activity - Operating Costs					
Administrative Expenses					
Personnel	$ (35,338)	$ (36,007)	$ 669	-1.9%	$ (34,904)
Pension	(1,485)	(9,980)	8,495	-85.1%	(22,541)
OPEB	(1,290)	(2,985)	1,695	-56.8%	(3,265)
Other Payroll Added Costs	(6,255)	(6,228)	(27)	0.4%	(6,029)
Professional Services	(7,577)	(6,482)	(1,095)	16.9%	(5,912)
Information Technology	(7,415)	(8,026)	611	-7.6%	(7,161)
Leased Office Space	(5,168)	(4,976)	(191)	3.8%	(5,226)
Operating Costs	(4,403)	(4,325)	(78)	1.8%	(3,838)
Total Current Year Activity - Operating Costs	$ (68,930)	$ (79,009)	$ 10,079	-12.8%	$ (88,876)
Available Net Income - Cash	$ 42,499	$ 23,536	$ 18,964	80.6%	$ 50,832
Investment in Future Income					
Servicing Rights Purchases (Production)	$ (6,575)	$ (5,300)	$ (1,275)	24.1%	$ (8,179)
Costs of Issuance	(5,680)	(4,850)	(830)	17.1%	(7,229)
Total Investment in Future Income	$ (12,255)	$ (10,150)	$ (2,105)	20.74%	$ (15,408)
MIF					
Transaction & Underwriting Fees	$ 5,469	$ 5,279	$ 190	3.6%	$ 6,280
Investment Earnings	1,674	1,826	(152)	-8.3%	2,044
Personnel	(378)	(321)	(57)	17.7%	(174)
Pension	(15)	(20)	5	-25.0%	(40)
OPEB	(10)	(15)	5	-33.3%	(35)
Other Payroll Added Costs	(60)	(80)	20	-24.9%	(115)
Professional Services	(908)	(782)	(126)	16.1%	(549)
Leased Office Space	(50)	(30)	(20)	66.2%	(31)
Operating Costs	(13)	(22)	9	-42.3%	(17)
Insurance Claims	(1,594)	(3,810)	2,216	-58.2%	(1,158)
Total MIF	$ 4,116	$ 2,024	$ 2,091	103.3%	$ 6,201
Opportunity Fund					
Investment Earnings	$ 524	$ 1,754	$ (1,230)	-70.1%	$ 453
Grant Income	-	2,000	(2,000)	100.0%	7,800
Other Income	66	-	66	-	80
Grant Expenditures	(20,700)	(25,200)	4,500	-17.9%	(1,190)
Total Opportunity Fund	$ (20,110)	$ (21,446)	$ 1,336	-6.2%	$ 7,143
NET INCOME	$ 14,250	$ (6,036)	$ 20,286	336.1%	$ 48,768

Revenues and Expenses for the Massachusetts Housing Finance Agency and Affiliates - Sustainable Core
Proposed Budget For FY 2022
Exhibit 4
(in millions)

	FY 2022 Budget Total	FY 2021 Budget Total	Budget to Budget $ Change	Budget to Budget % Change
WCF - Operating Income				
Override/Servicing Fee Income	37,422	36,523	899	2.5%
GNMA/FFB Servicing Fee Income	8,364	7,680	684	8.9%
Risk Share Fee Income	3,284	2,750	534	19.4%
WCF Net Interest Spread	8,029	7,082	947	13.4%
Loan Prepayment Fees	750	750	-	0.0%
Investment Earnings	423	2,337	(1,914)	-81.9%
Other Income	125	150	(25)	-16.7%
Premiums on Loans Sold	6,275	4,000	2,275	56.9%
Transaction & Underwriting Fees	15,192	14,385	807	5.6%
Warehousing/Construction Notes, net	974	(102)	1,076	-1055.8%
Fees - Other (AHT, Other)	300	300	-	0.0%
Fees - Compliance Monitoring Fees	442	394	48	12.2%
Unusual Loan Related Income	-	-		
Total WCF - Operating Income	$ 81,580	$ 76,249	5,331	7.0%
WCF - Operating Costs				
Administrative Expenses				
Personnel	$ (35,338)	$ (36,007)	$ 669	-1.9%
Pension	(1,485)	(9,980)	8,495	-85.1%
OPEB	(1,290)	(2,985)	1,695	-56.8%
Other Payroll Added Costs	(6,255)	(6,228)	(27)	0.4%
Professional Services	(7,577)	(6,482)	(1,095)	16.9%
Information Technology	(7,415)	(8,026)	611	-7.6%
Leased Office Space	(5,168)	(4,976)	(191)	3.8%
Operating Costs	(4,403)	(4,325)	(78)	1.8%
Servicing Rights Purchases (Production)	(6,575)	(5,300)	(1,275)	24.1%
Total WCF - Operating Costs	$ (75,505)	$ (84,309)	$ 8,804	-10.4%
Excess of Revenues over Expenses	$ 6,075	$ (8,059)	$ 14,135	175.4%
Transfers From the Bond Programs				
Multi-Family Bond Programs - Housing Bonds	$ 15,000	$ 8,878	$ 6,122	69.0%
Multi-Family Bond Programs - Other	3,957	4,422	(465)	-10.5%
Single Family Bond Programs	70	154	(84)	-54.5%
Total Transfers From the Bond Programs	$ 19,027	$ 13,454	$ 5,573	-41.4%
Excess After Transfers from Bond Programs	$ 25,102	$ 5,395	$ 19,708	-365.3%
Transfer to Opportunity Fund	$ 12,551	$ 4,697	$ 7,854	-167.2%
Multi-Family Bond Program				
Bond Program Net Interest Spread	$ 23,031	$ 16,921	6,110	36.1%
Costs of Issuance	(3,130)	(2,300)	(830)	36.1%
Total Multi-Family Bond Program	$ 19,901	$ 14,621	$ 5,280	36.1%
Single Family Bond Program				
Bond Program Net Interest Spread	$ 6,818	$ 9,374	(2,556)	-27.3%
Costs of Issuance	(2,550)	(2,550)	-	0.0%
Total Single Family Bond Program	$ 4,268	$ 6,824	$ (2,556)	-37.5%
Total Bond Programs	$ 24,169	$ 21,445	$ 2,724	12.7%
MIF				
Transaction & Underwriting Fees	$ 5,469	$ 5,279	$ 190	3.6%
Investment Earnings	1,674	1,826	(152)	-8.3%
Income - Other	-	-	-	-
Personnel	(378)	(321)	(57)	17.7%
Pension	(15)	(20)	5	-25.0%
OPEB	(10)	(15)	5	-33.3%
Other Payroll Added Costs	(60)	(80)	20	-24.9%
Professional Services	(908)	(782)	(126)	16.1%
Information Technology	-	-	-	-
Leased Office Space	(50)	(30)	(20)	66.2%
Operating Costs	(13)	(22)	9	-42.3%
Insurance Claims	(1,594)	(3,810)	2,216	-58.2%
Total MIF	$ 4,116	$ 2,024	$ 2,091	103.3%
Opportunity Fund				
Investment Earnings	$ 524	$ 1,754	$ (1,230)	-70.1%
Grant Income	-	2,000	(2,000)	100.0%
Other Income	66	-	66	-
Grant Expenditures	(20,700)	(25,200)	4,500	-17.9%
Total Opportunity Fund	$ (20,110)	$ (21,446)	$ 1,336	-6.2%
NET INCOME	$ 14,250	$ (6,036)	$ 20,286	336.1%

Exhibit 5

Glossary of Terms used in MassHousing's Fiscal Plan for FY 2022

This material provides a brief explanation of the various revenue and expense categories that are used throughout this Fiscal Plan. This guide does not present textbook definitions of these terms, but describes how certain types of transactions are recognized.

Operating Revenues

Production and New Lending Income

This income is earned and recognized at the time of the loan funding. This includes the following:

- Premiums earned on loans that are securitized and sold to the secondary market and the Single Family Housing Revenue Bond Program (SFHRB).
- Transaction/underwriting fees include application and financing fees charged for Rental Lending loan commitments and closings. In HomeOwnership, these include borrower processing fees and FNMA recourse fees. Fees also include premiums and renewals earned by the Mortgage Insurance Fund (MIF).
- Warehousing, which represent the interest earned on loans that are initially funded through the Working Capital Fund (WCF). The WCF serves as a temporary funding source for Home Ownership lending activity, pending subsequent sale of the loans, or loans wrapped by MBS, either to outside investors or to one or more of MassHousing's bond programs. The warehousing interest earned is offset by the interest expense of the line of credit, which is used to fund the purchase of these loans.
- Construction Loans/Notes, which represents the interest earned on construction loans offset by the interest expense of the construction loan notes used to fund the financing of these loans.
- Other Income, which represents revenue not included elsewhere (eg., AHTF fee income).

Servicing Income, Spread, and Investment Earnings

- Servicing income includes loan servicing fees, including GNMA/FFB service fees, contract administration fees from HUD, as well as fees charged to participants of the Tenants' Assistance Program (TAP).
- HO and Rental Spread, which represents the interest earned in the bond resolutions on its loans and investment earnings offset by the interest expense of the bonds used to fund the financing of these loans and financing costs.

- In addition, there are fees which are unique to certain resolutions such as remarketing and liquidity fees applicable in the case of variable rate bonds. Lastly, certain resolutions have financed Section 8 developments subsidized with a so-called Financing Adjustment Factor (FAF). The bonds financing these developments were refunded in prior years with the resulting interest rate savings being shared equally with HUD and booked as Financing Costs.

- Risk Share Fee Income, which represents the fees earned for bearing a risk loss for loans funded under the Risk Sharing Program for Insured Affordable Multi Family Project Loans (Risk-Sharing Program), which is administered by HUD.

- Loan Prepayment Fees, which is a fee received to recapture the interest lost when a loan is paid off before its scheduled maturity date.

- WCF Interest on Loans, which represents a limited number of loans (i.e. mortgage increases, Priority Development Loans, Home Ownership construction loans, etc.) that have been funded out of WCF in lieu of issuing bonds, or on an interim basis pending the issuance of bonds. In addition, loans funded through an advance of funds from the Federal Home Loan Bank of Boston are booked to WCF.

- Grant Income, which are grants received to further the Agency's mission. This includes grants received from the Commonwealth, the Federal Home Loan Bank ("FHLB"), and the Capital Magnet Fund.

- Earnings from investments held by MassHousing in WCF and the Opportunity Fund, excluding Construction Loan Notes, and MIF.

<u>**Direct Expenses**</u>

- **Administrative Expenses**
  Administrative expenses booked to WCF refer to the cost of doing business, including such costs as all personnel and operating expenses, professional service contracts, and leasehold obligations (net of sublease income). Administrative expenses also include the continuing support of community services such as TAP (Tenants' Assistance Program) and Youth RAP (Residents' Activities Program). This line item also funds the provision of technical assistance and other resources targeting minority-owned and woman-owned business enterprises (MBEs & WBEs) in industries related to housing construction and management. Costs associated with crime prevention, youth development and community engagement that are provided to certain MassHousing developments are also included in this item.

  Administrative expenses booked to the bond resolutions refer to fees paid to the trustees of our bond resolutions (e.g., US Bank, Wells Fargo, Bank of New York Mellon).

- **Asset Protection**
  Asset protection refers to expenses incurred to stabilize properties in the portfolio which are considered to be "at-risk". Such expenses might include an emergency repair of a physically distressed building in the portfolio which does not have the necessary resources to pay for the repair on its own.

- **Grant Expenditures**
  Grants expended to further the Agency's mission, which include grants for the Center for Community Recovery Innovations (CCRI) and the Opportunity Fund.

- **Insurance Claims**
  Insurance claims refer to claims paid by MIF on loans insured by the Fund, or partial claims paid with various risk-share partners.

<u>Investment in Future Income</u>

- **Servicing Rights Purchases**
  The cost to acquire the rights to service, and earn a servicing fee, over the life of the loans.

- **Cost of Issuance**
  Financing costs include the costs to issue and refund bonds such as those fees paid to the bond underwriting team and selling group, bond counsel, rating agencies, as well as any ancillary expenses.

C. **Using Agency Assets to Move the Mission**

The Fiscal Plan allocates substantial resources to several initiatives that advance the Agency's mission of expanding affordable housing resources and services in the Commonwealth. The Fiscal Plan commits:

- $1.9 million to cover the Commonwealth's Section 13A shortfall.
- $615K to cover the payroll and payroll added costs of five Department of Housing and Community Development ("DHCD") employees.
- $120K to the Mel King Institute.
- $50K to New Lease (homelessness initiative); and
- The continued funding of $2.0 million for other Community Services' programs, including
  - $1.2 million for crime prevention, youth development and community engagement.
  - $773K to continue the Tenancy Preservation Program ("TPP"), which has won awards from both the National Council of State Housing Agencies ("NCSHA") and The Ford Foundation.

- The Fiscal Plan also includes certain expenditures highlighted below. Please note that the Center for Community Recovery Innovations ("CCRI") is being funded from the Federal Home Loan Bank ("FHLB") grant, the Tenants' Assistance Program ("TAP") is paid for from fees collected from the participating developments, and Youth RAP ("Residents' Activities Program") is covered by Financing Adjusting Factor ("FAF") savings that are shared by the Agency and HUD.
  - $700K for developing and preserving sober housing and related services through the CCRI
  - $570K for the TAP – supported by fees collected from project owners
  - $685K for various youth programs, including Youth RAP

The Agency also serves as the Administrator for the Affordable Housing Trust Fund ("AHTF") and the 40B program on behalf of the Commonwealth, which has costs not covered by fee income relative to those activities of $269K for AHTF and $548K for 40B.

Staff recommends that the Members adopt the Fiscal Plan for FY22 as described herein and in the accompanying material and the following vote is recommended:

VOTED: To adopt the Proposed Fiscal Plan for Fiscal Year 2022 substantially in the form attached hereto, provided that the Executive Director may authorize the Agency to deviate from such plan during the course of said fiscal year to the extent she deems necessary or appropriate, provided, however, that any material deviations from such plan shall be reported to the Board on a periodic basis.

Votes Relating to a Capital Magnet Fund ("CMF") Award

Chris Burns, Senior Manager of Technical Services, gave a presentation on the Fiscal Year 2020 Capital Magnet Fund Award.

The Community Development Financial Institutions Fund ("CDFI") was established with a mission to expand economic opportunity for underserved people and communities and to promote economic revitalization and community development. CDFI achieves its purpose through a number of initiatives promoting access to capital, including through its Capital Magnet Fund ("CMF") which offers competitively awarded grants to finance affordable housing for low-income individuals and communities.

In 2020, MassHousing received a FY 2019 CMF award of $2,250,000 for its Homeownership division, with the award being committed to provide subordinate down payment assistance loans under the MassHousing Workforce Advantage 2.0 Program. In the FY 2020 CMF award cycle, MassHousing was granted a $5,800,000 CMF award ("CMF Award"), to be split between MassHousing's Homeownership and Multifamily divisions. Pursuant to the terms of the 2020 Capital Magnet Fund Assistance Agreement entered into on April 26, 2021 between CDFI and the Agency (the "Assistance Agreement"), MassHousing intends to allocate (i) $1,377,500 of the CMF Award to Homeownership to provide subordinate down payment assistance loans under the MassHousing Workforce Advantage 2.0 Program ("FY 2020 Homeownership Award"), (ii) $4,132,500 of the CMF Award to its Multifamily division to provide subordinate loans to multifamily housing developments ("FY 2020 Multifamily Award"), and (iii) $290,000 of the award to be applied to direct administrative expenses, as permitted under the terms of the Assistance Agreement.

Homeownership

As with the FY 2019 CMF Award, MassHousing intends to allocate and commit the FY 2020 Homeownership Award to a fund to provide subordinate down payment assistance loans under the MassHousing Workforce Advantage 2.0 Program. The fund was established solely for the purpose of providing subordinate down payment assistance loans to Eligible-Income (80% of AMI) families residing in Massachusetts. All homeownership properties financed with FY 2020 Homeownership Award funds will fully comply with all CMF requirements (12 C.F.R. Section 1807.402). The votes set forth below evidence the commitment to the fund as required under the Assistance Agreement and 12 C.F.R. Section 1807.501(b) of the Capital Magnet Fund Interim Rule, per the waiver of general applicability as published in the Federal Register on July 19, 2018.

Additionally, the Agency is required to adopt and approve a resale, recoupment and reinvestment strategy applicable to all housing that is financed by or supported by the FY 2020 Homeownership Award. At its November 10, 2020 meeting, the Members of the Agency approved for the FY 2019 CMF Award, a form of Massachusetts Housing Finance Agency Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds ("Recoupment and Reinvestment Plan"). Attached hereto is the Recoupment and Reinvestment Plan in substantially such form as was previously approved, with inclusion of dates and tracking metrics relating to the FY 2020 Homeownership Award. Agency staff recommends approval of the adoption of such Recoupment and Reinvestment Plan.

Multifamily

MassHousing will be utilizing the FY 2020 Multifamily Award to provide subordinate loans to multifamily developments that have a current gap in their financing. The Vice President of Multifamily Programs has established a staff loan review committee (the "CMF Multifamily Staff Review Committee") that is comprised of MassHousing senior staff from multiple departments, including Rental Business, Rental Underwriting, Rental Management, Legal, Finance, Governmental Affairs, Communications & Policy, and Community Services. The CMF Multifamily Staff Review Committee will review and recommend loans for acceptance by the Vice President of Multifamily Programs and ensure that the FY 2020 Multifamily Award is committed and disbursed to developments that comply with the Eligible-Income requirements (20% of units at 80% AMI on an individual development basis; and 55% of units at 50% of AMI on a cumulative CMF portfolio basis). Additionally, the committee will provide oversight to ensure that the FY 2020 Multifamily Award complies with the Assistance Agreement and CMF requirements relating to multifamily loans, including, without limitation, with respect to disbursement of funds to economic distress areas, leverage requirements and eligible project costs. As the individual loans are to be made with grant funds from the FY 2020 Multifamily Award, and such loans are anticipated to be lower sized loans, Agency staff recommends that loan approval authority be delegated to the Executive Director and Vice President of Multifamily Programs, acting singly, as set forth in the votes below.

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

VOTED: To authorize the Agency to accept the $5,800,000 award (the "CMF Award") received by the Agency from the Community Development Financial Institutions Fund ("CDFI") pursuant to the terms of the 2020 Capital Magnet Fund Assistance Agreement entered into on April 26, 2021 between CDFI and the Agency (the "Assistance Agreement"), and

(i) allocate and commit, in accordance with 12 C.F.R. Section 1807.501(b) of the Capital Magnet Fund Interim Rule, per the waiver of general applicability as published in the Federal Register on July 19, 2018, $1,377,500 of the CMF Award to a fund to provide subordinate down payment assistance loans under the Homeownership MassHousing Workforce Advantage 2.0 Program (the "FY 2020 Homeownership Award");

(ii) allocate and deposit $4,132,500 of the CMF Award to the Opportunity Fund, to be utilized in providing subordinate loans to multifamily housing developments (the "FY 2020 Multifamily Award"); and

(iii) allocate and apply the remaining $290,000 of the CMF Award to direct administrative expenses, as permitted under the Assistance Agreement.

FURTHER VOTED: To approve the usage of the Massachusetts Housing Finance Agency Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds, in substantially such form as attached hereto, for the FY 2020 Homeownership Award, and to authorize the Executive Director, in consultation with the Vice President of Homeownership Programs and General Counsel, to modify such plan from time to time, as the Executive Director, in consultation with the Vice President of Homeownership Programs and General Counsel, deems necessary or appropriate for the orderly implementation of the Massachusetts Housing Finance Agency Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds, with notification to the Agency Members of any material modification thereto.

FURTHER VOTED: To authorize the Executive Director or Vice President of Multifamily Programs, acting singly, in consultation with the CMF Multifamily Staff Review Committee, to approve, in writing, any loan to be made with that portion of the CMF Award designated as FY 2020 Multifamily Award (each, a "Multifamily CMF Loan"), and to take or authorize any action with respect to a Multifamily CMF Loan approved pursuant to the votes set forth herein as they may deem necessary or advisable to preserve the rights and interests of the Agency, including but not limited to extensions, modifications and resubordinations of any Multifamily CMF Loan, Level I transfers in accordance with the Transfer of Ownership Policy and releases of collateral, in each case on such terms and conditions as the Executive Director or Vice President of Multifamily Programs shall require, as applicable, along with such agreements or documents as the General Counsel may deem necessary.

FURTHER VOTED: To authorize the Executive Director, Vice President of Multifamily Programs, Vice President of Homeownership, Financial Director or General Counsel, each acting singly, to execute and deliver on behalf of the Agency such agreements or documents necessaryor appropriate to implement the foregoing, the form and substance of which shall be acceptable to the General Counsel.

ATTACHMENT

Massachusetts Housing Finance Agency
Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds

(Adopted by the Members on November 10, 2020, amended on June 8, 2021)

I. **Policy** | This policy outlines MassHousing's Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds, in accordance with the terms of each of (i) the 2019 Capital Magnet Fund Assistance Agreement entered into on or about April 27, 2020 between Community Development Financial Institutions Fund ("CDFI") and MassHousing (the "FY 2019 Assistance Agreement"), (ii) the 2020 Capital Magnet Fund Assistance Agreement entered into on or about April 26, 2021 between CDFI and MassHousing (the "FY 2020 Assistance Agreement", and together with the FY 2019 Assistance Agreement, each an "Assistance Agreement" and collectively, the "Assistance Agreements") and (iii) the requirements of 12 C.F.R. § 1807.402(a)(5). Under the terms of the FY 2019 Assistance Agreement, MassHousing received a $2,250,000 award from the CDFI (the "FY 2019 Homeownership Award") and under the terms of the FY 2020 Assistance Agreement, MassHousing received a $5,800,000 award from the CDFI, of which $1,377,500 has been allocated and committed to Homeownership (the "FY 2020 Homeownership Award", and together with the FY 2019 Homeownership Award, the "CMF Funds" or "CMF Award"), in each case to be applied to providing subordinate down payment assistance loans under the MassHousing Workforce Advantage 2.0 Program. The Assistance Agreements governing such CMF Funds require MassHousing to adopt and approve a strategy for reinvesting any payments received by recipients of the subordinate down payment assistance loans funded by the CMF Funds, as well as a resale and recoupment strategy for any housing that was supported by or financed by CMF Funds and is subsequently resold prior to the end of a 10-year affordability period. Terms used but not defined herein shall have the meanings set forth in the applicable Assistance Agreement.

1. Reinvestment Strategy.

As noted above, MassHousing will use the CMF Funds to provide subordinate down payment assistance loans under its Workforce Advantage 2.0 Program. Each Assistance Agreement requires that Program Income in the form of principal and equity repayments of the CMF Award earned during the five (5) year Investment Period must be reinvested by MassHousing as part of its continued performance under the CMF Award. Program Income generated from earned interest on the CMF Award must be used by MassHousing solely to further the objectives of its mission. Program Income received after the Investment Period and during the remaining Performance Period must be used by MassHousing to further its mission. The Investment Period under the FY 2019 Assistance Agreement began on April 27, 2020 and continues until April 27, 2025 or such other period as may be established by CDFI in writing, and the Performance Period continues until the end of the Affordability Period (as defined below) of the last project funded by MassHousing under the FY 2019 Assistance Agreement, when all conditions in Section 9.11 of the FY 2019 Assistance Agreement are met, or such other time established by CDFI in writing. The Investment Period under the FY 2020 Assistance Agreement began on April 26, 2021 and continues until April 26, 2026 or such other period as may be established by CDFI in writing, and the Performance Period continues until the end of the Affordability Period (as defined below) of the last project funded by MassHousing under the FY 2020 Assistance Agreement, when all conditions in Section 9.11 of the FY 2020 Assistance Agreement are met, or such other time established by CDFI in writing.

MassHousing will track returned Program Income by monitoring repayments through its internal loan servicing system, utilizing specialized coding for subordinate down payment assistance loans funded with CMF Funds. Any Program Income received from principal and equity repayments of the CMF Award during the Investment Period will be used to make additional subordinate down payment assistance loans under the Workforce Advantage 2.0 Program (or similar program then in place), provided that in all cases such funds will go towards homeowners who are at or below 80% of AMI by household size and otherwise in compliance with the terms of the applicable Assistance Agreement. Additionally, any Program Income received from the sale of a house during an applicable Affordability Period (as discussed in further detail in Section 2 below) will be used to make additional subordinate down payment assistance loans as required pursuant to this Resale, Recoupment and Reinvestment Plan.

It is anticipated that the subordinate down payment assistance loans will be made at 0% interest, and as such it is not anticipated that the CMF Funds will generate Program Income through interest repayments. However, any Program Income generated from interest payments, Program Income generated from earned interest on the CMF Award, or Program Income (whether principal, equity or interest) received after the Investment Period and during the remaining Performance Period shall be used to fund either first mortgage loans or subordinate down payment assistance loans through MassHousing's Homeownership department, which is a critical piece of its mission.

2. Resale and Recoupment Strategy.

MassHousing is required to ensure that all homes supported by or financed by CMF Funds meet the affordability requirements of the Assistance Agreements (i.e., 80% of AMI for 100% of homes supported by or funded by CMF Funds) for the entire Affordability Period. The "Affordability Period" for each home is the period beginning on the date of transfer of equitable title to the homeowner and consisting of the full ten (10) consecutive years thereafter. Additionally, after the end of the five (5) year Investment Period (as defined above), MassHousing must ensure that 100% of the housing supported by or funded by the CMF Funds have met the affordability requirements.

In order to ensure these requirements have been met, and in order to comply with Section 5.3(g) of each Assistance Agreement, MassHousing will utilize the following measures for its resale and recoupment strategy:

(i) As discussed further in the Procedure section below, MassHousing will utilize the reporting requirements of its loan servicing system to track and monitor a homeowner and their unit throughout the term of the subordinate down payment assistance loan, and when a subordinate down payment assistance loan has been repaid, MassHousing will receive notification of such repayment from the tracking and monitoring report it receives from its loan servicing system. At the time of such repayment, MassHousing staff will return the repaid CMF Funds to a WFA 2.0 Reinvestment Account, and staff will determine whether the house was sold prior to the end of the 10-year Affordability Period applicable to such house. In the event the house is still within its Affordability Period, MassHousing staff will follow the recoupment and redeployment strategy set forth in paragraph (ii) below.

(ii) Upon MassHousing staff's determination that a house that was supported by or financed with CMF Funds has being sold and is still within its Affordability Period, staff shall direct the full repaid amount of CMF Funds on deposit in the WFA 2.0 Reinvestment Account to be reinvested pursuant to the reinvestment strategy set forth above. Such reinvestment shall require that the repaid CMF Funds be redeployed to provide a new subordinate down payment assistance loan to an Eligible-Income Family. That new Eligible-Income Family will be a substitute household that will serve out the remaining Affordability Period of the original household (for example, if the original household receiving a subordinate down payment assistance loan funded by CMF Funds repays their loan in year seven (7) of its Affordability Period, MassHousing staff shall ensure that a substitute Eligible-Income Family receives a new subordinate down payment assistance loan and that such unit remains with such Eligible-Income Family for the remaining three (3) years of the original Affordability Period).

As required under the Assistance Agreements, MassHousing will ensure that the full amount of the repaid CMF Funds will be relent to Eligible-Income Families for the remaining Affordability Period. For the avoidance of doubt, MassHousing is not required to lend the exact matching funds of the original subordinate down payment assistance loan to the substitute family, but in the event the new loan is a lesser amount, MassHousing must loan the additional recouped amounts to an additional Eligible-Income Family and track both households. MassHousing staff will track these loan amounts and the Affordability Periods through its internal systems, as well as the CMF AMIS system.

MassHousing may, at its discretion, use an initial source of funding of such subordinate down payment assistance that is not the specific funds recouped from the sale of the original house, in order to ensure that there is no gap in the Affordability Period. Alternatively, MassHousing will track any gap between the sale of the original house and the redeployment of funds to a substitute Eligible-Income Family and ensure that any additional gap time is tacked onto the end of the Affordability Period. MassHousing staff will track the Affordability Period for such new Eligible-Income Family(ies) by ensuring that the house remains with such Eligible-Income Family for the remainder of the Affordability Period of the original household (i.e., the remaining portion of the 10-year Affordability Period of the original household). At this time, MassHousing will not require deed restrictions for a resale strategy and will rely on the recoupment and redeployment strategy set forth herein.

(iii) In the event that MassHousing has received notification that a household that was substituted pursuant to the recoupment and redeployment procedure set forth in paragraph (ii) above has itself been sold, MassHousing staff shall follow the procedures set forth in paragraphs (i) and (ii) above to determine if the Affordability Period is continuing in effect, and if so, will again apply the required recoupment and redeployment procedures.

(iv) In the event that MassHousing has received notification that a household that was supported by or financed with CMF Funds has been a party to proceedings for foreclosure, transfer-in-lieu of foreclosure, or assignment of an FHA-insured mortgage to HUD ("Termination Proceedings"), the Affordability Period for such household will terminate and MassHousing will no longer be required to track the Affordability Period for such household. MassHousing will not be required to substitute a household to serve any remaining Affordability Period due to early termination for any Termination Proceedings. MassHousing will track any amount of CMF Funds recouped in such Termination Proceedings, and such recouped CMF Funds will be treated as principal Program Income and subject to reinvestment as set forth in Section 1 above.

(v) MassHousing will provide notification to CDFI of the utilization of this resale and recoupment strategy through its annual CMF Performance Report on the AMIS system for the same performance year in which the resale and recoupment strategy was utilized.

II. **Applicability** | This policy applies to homeownership transactions where MassHousing is providing subordinate down payment assistance loans funded by CMF Funds. This policy shall continue in force for the entire "Performance Period" under each Assistance Agreement, which period shall continue until the end of the Affordability Period of the last project funded by MassHousing under each Assistance Agreement, when all conditions in Section 9.11 of each Assistance Agreement are met, or such other time established by CDFI in writing. If there is a question as to whether this policy is currently in force and/or applicable to such homeownership transaction, contact the Vice President of Homeownership Programs, the Director of Homeownership Lending or General Counsel for further information.

III. **Procedure Sections** | MassHousing staff has developed a Compliance Income Certification procedure to determine whether a household meets both the income requirements of the MassHousing Workforce Advantage 2.0 Program and the applicable Assistance Agreement. The income compliance review will initially be performed by MassHousing's mortgage lender partners, with information on the required procedure, income limits and forms posted on MassHousing's website at www.emasshousing.com. While the mortgage lender is responsible for collecting and analyzing the income documentation and WFA 2.0 Income Certification Worksheet, after making an initial WFA 2.0 income eligibility determination, the lender will submit such information to MassHousing for the final compliance review. If accepted and certified, MassHousing will issue a Certification of Income Eligibility to the lender for the household. After the subordinate down payment assistance loan closes, MassHousing will maintain specified data in its loan servicing program, which will track specific loan level data including the amount of the down payment assistance loan, the household income, and the affordability start-date. The household and loan will be monitored through MassHousing's loan servicing system throughout the life of the loan to ensure owner occupancy. MassHousing will utilize both internal systems and the CMF AMIS system to track the applicable Affordability Period for each loan. MassHousing staff will receive notification through its loan servicing system if a down payment assistance loan funded by CMF Funds has been paid off or been the subject of Termination Proceedings, and in either such case, MassHousing staff will utilize the procedures outlined in this plan as required to recoup and reinvest such funds.

Additionally, MassHousing must submit a CMF Performance Report to CDFI annually through its AMIS system. This is a progress report on MassHousing's use of the CMF Award towards meeting its performance goals under each Assistance Agreement, and will include reporting on the Investment Period for the CMF Award, CMF Funds expended and recouped or reinvested by MassHousing, as well as a breakdown of the remaining Affordability Period for each household. As part of the process of inputting data into the AMIS system and preparing and reviewing the CMF Performance Report, MassHousing staff will reconcile the data and ensure its accuracy and effectively monitor the on-going requirements of this Resale, Recoupment and Reinvestment Plan.

IV. **Roles and Responsibilities** | The Director of Homeownership Lending is responsible for managing the process outlined in this policy and coordinating approval with the Executive Director, Vice President of Homeownership Programs or General Counsel, as applicable. Any waiver or exception to this policy must be approved by the Executive Director, in consultation with the Vice President of Homeownership Programs and General Counsel.

Votes Relating to Delegations of Authority

Colin McNiece presented two votes pertaining to certain authorities with respect to the Federal Home Loan Bank of Boston's (FHLBB) program, "Helping to Housing New England", and various programs with the Federal Home Loan Mortgage Corporation (Freddie Mac).

Since 2016, MassHousing has participated in the Helping to House New England program. The program offers zero-percent interest rate advances with loan terms of one to 10 years to be used to finance affordable housing. MassHousing is required to post collateral in order to access these advances and pledges multi-family loans or Single Family MBS's to meet the requirements under the program. In their November 8, 2016 vote, the Members authorized the Executive Director and Financial Director to execute certain agreements and to do all things necessary in connection with such agreements in an aggregate amount not exceeding $50 million. FHLBB has requested that the Agency confirm the authorized parties using their form of resolution as attached.

Similarly, the Agency engages with the Federal Home Loan Mortgage Corporation (Freddie Mac) in various programs and Freddie Mac has requested confirmation of certain authorities using their form of resolution.

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

VOTED: To adopt the resolutions as modified and set forth in the Federal Home Loan Bank of Boston (FHLBank Boston) Secretary/Clerk's Certificate, attached hereto, with the understanding that references in such Resolutions to "Company" and "Board of Directors" shall mean "MassHousing" and "the Members of MassHousing," as appropriate.

FURTHER VOTED: To adopt the resolutions set forth in the attached "Form of Resolution: Exhibit A," an attachment to Federal Home Loan Mortgage Corporation's Form 988SF-HFA, Certificate of Incumbency for Housing Finance Authority.

MEMORANDUM

TO: Agency Members

FROM: Colin M. McNiece

DATE: June 8, 2021

SUBJECT: Votes Pertaining to certain authorities in FHLBB and Freddie Mac programs

Since 2016, MassHousing has participated in the Federal Home Loan Bank of Boston ("FHLBB") program, "Helping to House New England." The program offers zero-percent interest rate advances with loan terms of one to 10 years to be used to finance affordable housing. MassHousing is required to post collateral in order to access these advances and pledges multi-family loans or Single Family MBS's to meet the requirements under the program.

In their November 8, 2016 vote, the Members authorized the Executive Director and Financial Director to execute certain agreements and to do all things necessary in connection with such agreements in an aggregate amount not exceeding $50 million. FHLBB has requested that the Agency confirm the authorized parties using their form of resolution as attached.

Similarly, the Agency engages with the Federal Home Loan Mortgage Corporation (Freddie Mac) in various programs and Freddie Mac has requested confirmation of certain authorities using their form of resolution.

I have reviewed both these forms and, with the modifications shown in the attached, recommend the following votes for your approval.

VOTED: To adopt the resolutions as modified and set forth in the Federal Home Loan Bank of Boston (FHLBank Boston) Secretary/Clerk's Certificate, attached hereto, with the understanding that references in such Resolutions to "Company" and "Board of Directors" shall mean "MassHousing" and "the Members of MassHousing," as appropriate.

FURTHER VOTED: To adopt the resolutions set forth in the attached "Form of Resolution: Exhibit A," an attachment to Federal Home Loan Mortgage Corporation's Form 988SF-HFA, Certificate of Incumbency for Housing Finance Authority.

FHLBank Boston

SECRETARY/CLERK'S CERTIFICATE

Massachusetts Housing Finance Agency

[NAME OF COMPANY]

I, Colin M. McNiece hereby certify that I am the duly elected, qualified and acting secretary
[Name of the undersigned secretary]
or clerk of Massachusetts Housing Finance Agency (the "Company").
[Name of the applicant/member]

I further certify that the following resolutions were duly adopted by the Board of Directors of the Company on the 8 day of June, 20 21, and that such resolutions remain in full force and effect as of the date hereof:

RESOLVED: That:[1]

Executive Director

Financial Director

Comptroller

(each an "Authorized Officer"), ~~and such other officers or employees as may be designated in writing by an Authorized Officer from time to time (their "designees"),~~ be and they hereby are, and each of them acting singly hereby is, authorized, on behalf of the Company and in its name, to take any and all actions, and to make, execute and deliver or cause to be made, executed and delivered any and all agreements, instruments and documents and to incur and pay any and all amounts and expenses and to do any and all such acts and things whatsoever, in each case, as the Authorized Officer ~~or designee~~ so acting may deem necessary or appropriate, in order to carry out and effectuate the intent and purposes of the following resolutions.

RESOLVED: That the Authorized Officers ~~and their designees~~ be, and they hereby are, and each of them acting singly hereby is, authorized, on behalf of the Company and in its name, to apply to the Federal Home Loan Bank of Boston for advances, letters of credit and any other extensions of credit offered by the Federal Home Loan Bank of Boston, to furnish and assign and substitute such collateral as may be required from time to time by the Federal Home Loan Bank of Boston as security for the payment and performance of any and all obligations due by the Company to the Federal Home Loan Bank of Boston, to extend, renew, or consolidate any advances obtained by the Company from the Federal Home Loan Bank of Boston when convenience may require and the Federal Home Loan Bank of Boston will permit, and to do any and all things the Authorized Officer ~~or designee so acting~~ may deem necessary or appropriate in connection with said matters, provided only that the advances obtained from the Federal Home Loan Bank of Boston and all other obligations due the Federal Home Loan Bank of Boston shall at no time exceed, in the aggregate, the maximum permitted by the Federal Home Loan Bank Act, or any other law or regulation applicable to the Company, or any written policy of the Federal Home Loan Bank of Boston, or aggregate amount not exceeding $50 million.

RESOLVED: That the Authorized Officers ~~and their designees~~ be, and they hereby are, and each of them acting singly hereby is, authorized, on behalf of the Company and in its name, to execute, acknowledge and deliver one or more agreements, instruments and documents for the purpose of effecting the transactions

[1] Insert the titles of officers vested with such authority (e.g., President, Vice-President, Secretary, etc.) or, alternatively, you may designate specific officers by name.

contemplated by these resolutions, including, without limitation, the following agreements substantially in the form proposed by the Federal Home Loan Bank of Boston: (a) the Agreement for Advances, Collateral Pledge, and Security Agreement, (b) the Correspondent Services Agreement, (c) the Irrevocable Letter of Credit Reimbursement Agreement, (d) any interest rate swap agreement, (e) any funding agreement, (f) any tri-party custodial agreement (collectively, the "FHLBB Documents"), and (g) any other agreement, instrument, or document as the Authorized Officer ~~or designee so acting~~ may deem necessary or appropriate in connection with the execution and delivery of any FHLBB Document, provided the aggregate amount of Company obligations thereunder does not exceed $50 million.

RESOLVED: That the Authorized Officers ~~and their designees~~ be, and they hereby are, and each of them acting singly hereby is, authorized, on behalf of the Company and in its name, to take any and all such other actions and give oral and written instructions (including by electronic or facsimile means) pertaining to the FHLBB Documents and any other agreements, instruments, or documents authorized by these resolutions as the Authorized Officer or designee so acting may deem necessary or appropriate.

RESOLVED: That all actions heretofore taken by any Authorized Officer ~~or any of their designees~~ in connection with the transactions authorized by the foregoing resolutions and consistent with the intent and purposes of the foregoing resolutions are hereby ratified, confirmed and approved in all respects.

All previous certificates submitted to the Bank on behalf of the Company evidencing the Authorized Officers of the Company are hereby rescinded.

IN WITNESS WHEREOF, the undersigned has hereunto affixed his/her signature and the seal of Company on ____ day of June ____________, 2021 __.

By: ____________________
Name: Colin M. McNiece
Title: Secretary

Form of Resolution: Exhibit A

Resolution of the Members (Board of Directors/name of governing body) of Massachusetts Housing Finance Agency (HFA'S legal name)

Date: 6/8/2021

WHEREAS, the Members [Board of Directors/insert name of governing body] of Massachusetts Housing Finance Agency [HFA'S legal name] is adopting the following resolution to delegate authority to certain of its employees by title (or by name and title) to provide instructions, and modifications to previously provided instructions, to the Federal Home Loan Mortgage Corporation ("Freddie Mac") to transfer funds (cash or securities) in connection with the sales of mortgages to and/or servicing of mortgages for Freddie Mac by wire transfer, ACH, or other funds transfer system expressly approved and designated by Freddie Mac (such instructions and modifications, "Wire Instructions").

NOW, THEREFORE, BE IT RESOLVED, that the employees with the titles or names and titles set forth below (each such person, an "Authorized Employee") are duly authorized and empowered to provide, individually and singularly, Freddie Mac with Wire Instructions in connection with the sale of mortgages to and/or the servicing of mortgages for Freddie Mac.

Authorized Employees (by title or name and title): including any person serving in any of the below positions in an "Interim" or "Acting" capacity at the direction of an Authorized Employee or the Members of Massachusetts Housing Finance Agency.

Name:	Title: Executive Director
Name:	Title: Financial Director
Name:	Title: Comptroller
Name:	Title:
Name:	Title:
Name:	Title:

BE IT FURTHER RESOLVED, that each Authorized Employee is duly authorized individually and singularly to: (a) execute any and all paper Records and Electronic Records required by Freddie Mac to effectuate the authority set forth in this Resolution by: (i) affixing their original written signature to paper Records, (ii) attaching their Electronic Signature to Electronic Records, or (iii) associating their Electronic Signature with Electronic Records that contain or communicate Wire Instructions, and (b) deliver any and all executed paper Records and Electronic Records to Freddie Mac as required.

BE IT FURTHER RESOLVED, that the Authorized Employees are duly authorized and empowered to singularly and individually engage in and conduct Electronic Transactions with Freddie Mac and use electronic means, electronic systems, Electronic Records, and Electronic Signatures on behalf of Massachusetts Housing Finance Agency [HFA'S legal name] to effectuate the authority set forth in this Resolution.

Any such actions set forth above heretofore taken by any Authorized Employee on behalf of Massachusetts Housing Finance Agency [HFA's legal name] are hereby ratified, approved, and confirmed.

Instructions: Freddie Mac Model Form of Resolution for Housing Finance Authorities (HFAs)
Consult with legal counsel regarding this Resolution. To use a different form of Resolution or to make changes to comply with laws, regulations, or otherwise, send a copy of the proposal for review to Freddie Mac at counterparty_authorization@freddiemac.com.
Please insert:

1. The name of the HFA's governing body, such as *Board of Directors.*
2. The HFA's legal name (examples: *ABC Housing Finance Agency or XYZ Housing Finance Authority*).
3. The date the Resolution was adopted or passed by the HFA's governing body.
4. The Authorized Employees' titles or names and titles in the blank lines provided.
5. Add "Exhibit A" at the top of the certified copy of the Resolution that you deliver to Freddie Mac.

Loan Committee

J. J. Carroll Redevelopment, Boston (Brighton)

Sarah Hall presented a proposal for Commitment of a Tax-Exempt Permanent Loan, Commitment of a Tax-Exempt Equity Bridge Loan, Commitment of a 13A Preservation Loan and Approval for the Use of 4% Tax Credits for J. J. Carroll Redevelopment in Brighton.

In June 2019, after a request for proposals process, the Boston Housing Authority (the "BHA") selected 2 Life to redevelop J.J. Carroll, a 64-unit federally assisted elderly/disabled public housing development adjacent to 2Life's 763-unit Brighton Campus. 2Life proposes to demolish the existing units and build 142 units with occupancy of the new units targeted for low-income seniors at risk of being displaced from properties with expiring affordability in the City of Boston. The first floor of the newly built structure will include space for a Program for All-Inclusive Care for the Elderly (PACE) Center along with common space and staff offices.

The J.J. Carroll site is 1.86 acres and currently has 64 units of public housing in five two-story structures. 2Life's Brighton campus is adjacent to the site and the property is near public transit and a variety of retail, recreational, and medical uses.

The existing buildings, constructed in 1966, will be demolished and replaced with a single building with 142 units along with a PACE Center, common space, a management office, and a resident services coordinator office. The building will include universal design and adaptability features to ensure that residents are able to remain in their apartments as they age and their medical and home care needs change.

Sixty-three units at 30% of AMI and subsidized by project-based vouchers administered by the BHA will ensure that all existing J.J. Carroll residents may return after the redevelopment. An additional 51 BHA project-based vouchers will subsidize 51 units at 50% AMI with a preference for income-eligible seniors at risk of being displaced from properties with expiring affordability in the City of Boston. Twenty-seven units will be restricted at 60% AMI with no project-based subsidy, but with rent levels set significantly below the maximum-allowable (please see Section 12 – Underwriting). The remaining unit will be a non-revenue employee unit.

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

VOTED: To approve the findings and determinations set forth below and to authorize (a) a permanent first mortgage loan in a principal amount of up to $31,800,000 (the "Permanent Loan"), 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 $10,000,000 (the "Bridge Loan"), in each case to be made to 2Life JJ Carroll LLC or another single-purpose entity controlled by 2Life Development Inc. (the "Borrower") as owner of the multifamily residential development known as "J.J. Carroll Redevelopment" (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 condition:

While MassHousing's general closing standard is that it shall not be obligated to fund the Permanent Loan and the Bridge Loan until the Development reaches a level of stabilized occupancy of at least ninety percent (90%) and a debt service coverage ratio of 1.10 for ninety (90) days, if necessary to ensure that the tax-exempt loans are funded in the same year that the project is placed in service for tax credit purposes, MassHousing may fund the Permanent Loan and the Bridge Loan once the Development has reached stabilized occupancy of at least 90% and a debt service coverage ratio of 1.10 for 30 days if the general closing standard has not been achieved by December 1, 2023.

FURTHER VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $3,600,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for preservation of the Section 13A portfolio and (2) subject to such terms and conditions as approved by the Executive Director or Vice President of Multifamily Programs, or their respective designees, each acting singly, and to any applicable delegations of authority previously approved by the Members of MassHousing.

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 Boston, Massachusetts and known as "J.J. Carroll Redevelopment" (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.

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:

One hundred forty-one units (99.3%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

The market needs data reflects the information available to A&M staff as of the date of collection May 6, 2021 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 1,840 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 94.4%, and range between 90% and 98%. Three out of the five comparables reviewed were offering rental concessions to prospective tenants. These include one to two months of free rent and gift cards.

CoStar data for the subject's Allston/Brighton Submarket (9,085 units) has an overall vacancy rate at 7.9% YTD, which is an increase of 2.07% from one year ago. CoStar data for the Boston market (238,767 units) has an overall vacancy rate of 7.6% YTD, which is an increase of .79% from one year ago. The Allston/Brighton Submarket vacancy rate is projected to decrease to 6.3% over the next five years, while the Boston market is projected to decrease to 7.0%.

CoStar, submarket data for the Allston/Brighton 4-5 Star building type (1,979 units) indicates a 1st Qtr. 2021 vacancy rate of 24.9% and an average asking rent of $2,844, while submarket data for the subject's 3 Star building type (3,527 units) indicates a 1st Qtr. 2021 vacancy rate of 3.8% at an average asking rent of $2,103 and 1-2 Star buildings (3,579 units) indicates a 1st Qtr. 2021 vacancy rate of 2.6.% at an average asking rent of $2,120. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Boston currently has 269,482 year-round housing units, 55,509 (20.6%) of which are subsidized for low/moderate income households.

As of January 2021, The Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 274,674 households in the City of Boston approximately 69% earned less than the HUD published 2021 AMI ($120,500), approximately 47% earned less than 50% of 2021 AMI, approximately 53.2 % earned less than 60% of the 2021 AMI, and approximately 61.4%earned less than 80% of the 2021 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed does not lead to the undue concentration of low-income households.

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	124	18
Net SF/Unit	621	871
Elev./Non-Elev.	E	E
Market Rate Rent	$5,775	$5,917

(insert)		
MHFA Below Market Rent (Cost-Based Rent)	$3,162	$3,305
MHFA Adjusted Rent	30% of 60% of AMI	
Underwriting Rents		
Replacement Public Housing PBVs	$2,225	$2,700
50% AMI PBVs	$2,225	$2,700
60% LIHTC	$1,000	$1,260

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.

Walden Square Apartments, Cambridge

Sarah Hall presented a proposal for Commitment of Taxable Supplemental Loan for Walden Square Apartments in Cambridge. WinnDevelopment (the "Sponsor") has requested a supplemental loan for Walden Square Apartments (the "Development"). The Development most recently refinanced with the Agency, closing on an FFB-insured first mortgage of $22,138,000 in 2018. Since that time, the value of the Development has appreciated due to a mix of increased rents through a Mark-Up-To-Market HAP renewal, a low-rate environment, and sustained strong demand for affordable housing in the market area. Given the Development's strong performance, the Sponsor seeks a subordinate supplemental loan through the Agency's Covid Liquidity Initiative. Proceeds from the transaction will recapitalize an existing accessibility escrow, pay transaction costs, and return equity to the Borrower in an effort to support the Sponsor in furtherance of their affordable housing goals.

Walden Square Apartments sits on just over 7.5 acres in North Cambridge. The site is adjacent to Danehy Park and is otherwise surrounded by residential uses. Walden Square consists of one nine-story building and five three-story buildings with 240 residential units and 3,653 square feet of ground floor commercial space currently leased to a daycare center. The buildings were originally constructed in 1973 and were substantially rehabilitated in 2002.

As part of the 2018 financing, the Loan and Security Agreement (the "Agreement") included establishment of an accessibility escrow (the "Escrow") outside of the replacement reserve to address needed accessibility upgrades at the Development. In addition to site work and common area upgrades, the required accessibility work included bringing 12 units up to full compliance with all current accessibility requirements. The Sponsor agreed to complete accessibility modifications in at least one unit within one year of closing, and modification of another eleven units within six years of closing (July 2024). The Escrow included a per-unit rehabilitation cost of $50,000 with a 20% contingency. The Escrow is monitored and administered by the Agency's Construction and Design Department ("D&C").

To date, the Borrower has completed all site and common area accessibility work, as well as the modification of three accessible units. D&C reports the actual cost of unit conversion averaged $98,270. The variance between the escrowed amount and the actual cost is attributed to increase in labor and material costs, as well as unforeseen issues in modifying the layout of existing units. As a result, remaining Escrow proceeds appear insufficient to complete the remainder of the accessibility unit modifications.

To ensure sufficient funding to complete the required work, the Borrower has agreed to a recapitalization of the Escrow with proceeds from the Supplemental Loan. In consultation with D&C, it was determined $618,000 would sufficiently fund the Escrow. Post-Closing, the Escrow will be funded in the amount of $1,061,315, with $884,429 for construction ($98,270/unit) and $176,886 for the 20% contingency ($19,654/unit).

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

VOTED: To approve the findings and determinations set forth below and to authorize a permanent subordinate mortgage loan in a principal amount of up to $5,552,000, such loan to be uninsured, to be made to WSQ Limited Partnership (the "Borrower") as owner of the multifamily residential development known as "Walden Square Apartments" (the "Development") and located in Cambridge, 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.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

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

All 240 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

The market needs data reflects the information available to A&M staff as of the date of collection May11, 2021, 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 919 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.08%, and range between 93.4% and 98%. In-house data for larger market and mixed-income complexes. Two out of the five comparables reviewed were offering rental concessions to prospective tenants. These include two months of free rent and $500 Visa gift cards. The property has operated as Section 8 and market property since 2001 and the average vacancy rate for the property for the past five years is 1.25%. My review of similar mixed income/subsidized portfolio properties (1,746 units) demonstrated a weighted average vacancy rate of approximately 1.50%

CoStar data for the subject's Alewife Multi-Family submarket 4,479 units) has an overall vacancy rate at 11.8% YTD, which represents a decrease of 1.09% from one year ago. CoStar data for the Boston market (238,915 units) has an overall vacancy rate of 7.6% YTD, which is a slight increase of .77% from one year ago. The rate is projected to increase to 10.4% over the next five years, while the Boston Market is projected to decrease to 6.9%.

CoStar, submarket data for the 4-5 Star building type (2,724 units) indicates a 2^{ND} Qtr. 2021 vacancy rate of 11.6% and an average asking rent of $2,748, while submarket data for the subject's 3 Star building type (874 units) indicates a 2^{ND} Qtr. 2021 vacancy rate of 9.9% at an average asking rent of $2,507. 1-2 Star buildings (881 units) indicate a 2^{ND} Qtr. 2021 vacancy rate of 13.9% at an average asking rent of $2,383. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Cambridge has 46,690 year-round housing units, 6,898 (14.8%) of which are subsidized for low/moderate income households.

Per a representative of Cambridge Housing Authority (CHA) they manage the following types of public housing; 532 state and federal public housing units, 1,226 Rental Assistance Demonstration

(RAD) housing units, 802 Section 8 Demonstration/ Disposition units, and 110 State assisted units that are new construction. Per the representative of CHA there are 9,200 on the waiting list and they do not currently have separate waiting list for state assisted units.

CHA also administers tenant-based assistance which includes 4,179 Housing Choice vouchers, 554 Non-Moving to Work vouchers, 150 state vouchers and 120 Moderate Rehab vouchers. Per the CHA representative, there are 13, 874 applicants on the waiting list for these vouchers. The CHA representative also stated that the number of unique-applicant households across all lists are 19,332.

U. S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 47,374 households in the City of Cambridge, approximately 57.6% earned less than the HUD published 2021 AMI ($120,800), approximately 29.1% earned less than 50% of 2021 AMI, approximately 34.2% earned less than 60% of the 2021 AMI and approximately 44.6% earned less than 80% of the 2021 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed does not lead to the undue concentration of low-income households.

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	4	5
Number of Units	113	20	41	60	6
Net SF/Unit	504	798	810	1,088	1,302
Elev./Non-Elev.	E	E	E	E	E
Market Rate Rent (insert)	$1,594	$1,768	$2,319	$2,946	$3,899
MHFA Below Market Rent (Cost-Based Rent)	$1,117	$1,292	$1,843	$2,470	$3,243
MHFA Adjusted Rent			30% of Income		
Underwriting Rents					
PB Section 8	$2,174	$2,612	$2,924	$3,592	$4,150
Former 236 (no voucher)	$800	$883	$1,010	$1,152	$1,345
Former 236 (mobile)	$2,005	-	$3,052	$3,241	$2,865
Former 236 (rent burdened)	$750	$806	$931	$1,038	-
Tax Credit	$1,466	$1,752	$2,034	$2,258	-

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.

2147 Washington Street, Boston (Roxbury)

Greg Watson presented a proposal for Commitment of a Taxable Permanent Loan and Commitment of a Workforce Housing Subordinate Loan for 2147 Washington Street in Roxbury.

2147 Washington Street is a proposed new construction development consisting of one building that will contain 74 residential units and over 8,000 square feet of retail space. Upon completion, the building will be broken into three condominium units: (1) a unit with approximately 2,000 square feet of retail space that will be owned and operated by Haley House Bakery Café; (2) a unit consisting of twelve individual residential homeownership units of which eight will be restricted as CommonWealth Builder units; and (3) a unit consisting of 62 residential rental units and approximately 6,200 square feet of commercial space.

2147 Washington is located within the Nubian Square neighborhood of Boston's Roxbury District. The site contains approximately 29,000 square feet of land. The project is a key infill development in Nubian Square, with close proximity to several public transit options reducing car dependency and promoting neighborhood connectivity. Surrounding uses include a mix of retail, office, institutional, and residential uses. The proposed development will contain a total 74 residential units and over 8,000 square feet of retail space. The rental portion of the building consists of 62 rental units and approximately 6,200 square feet of commercial space. Of the 62 rental units, 45 will be affordable to households earning up to 60% of Area Median Income (AMI), and 17 Workforce Housing (WFH) units will be affordable to households earning no more than 80% of AMI.

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

VOTED: To approve the findings and determinations set forth below and to authorize a permanent first mortgage loan in a principal amount of up to $9,500,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to 2147 LIHTC Owner LLC or another single-purpose, sole-asset entity controlled by 2147 Master Developer LLC (the "Borrower") as owner of the multifamily residential development known as "2147 Washington Street" and located in Boston, Massachusetts (the "Development"), and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

FURTHER VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $1,700,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing's Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

Third-Party Subordinate Mortgage Loans

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:

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

62 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.

7. 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 April 29, 2021, 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 1,230 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.4%, and range between 92% and 98%. Four out of the five comparables reviewed were offering rental concessions to prospective tenants. These include one to two months of free rent.

CoStar data for the subject's Roxbury/Dorchester Submarket (7,546 units) has an overall vacancy rate at 12.2% YTD, which is a decrease of 1.44% from one year ago. CoStar data for the Boston market (238,844 units) has an overall vacancy rate of 7.7% YTD, which is an increase of 0.98% from one year ago. The Roxbury/Dorchester Submarket vacancy rate is projected to increase to 13.3% over the next five years, while the Boston market is projected to decrease to 6.9%.

CoStar submarket data for the 4-5 Star building type (2,249 units) indicates a 1st Qtr. 2021 vacancy rate of 25.2% and an average asking rent of $2,344, while submarket data for the subject's 3 Star building type (2,832 units) indicates a 1st Qtr. 2021 vacancy rate of 8.3% at an average asking rent of $2,197 and 1-2 Star buildings (2,465 units) indicates a 1st Qtr. 2021 vacancy rate of

4.8.% at an average asking rent of $1,515. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Boston has 269,482 year-round housing units, 55,509 (20.6%) of which are subsidized for low/moderate income households.

As of January 2021, the Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following waitlists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 274,674 households in the City of Boston, approximately 69% earned less than the HUD published 2021 AMI ($120,500), approximately 47% earned less than 50% of 2021 AMI, approximately 53.2 % earned less than 60% of the 2021 AMI, and approximately 61.4%earned less than 80% of the 2021 AMI.

8. Inability of Private Enterprise Alone to Supply Affordable Housing

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

9. No Undue Concentration of Low-income Households

The financing herein proposed will not lead to the undue concentration of low-income households. Although there are low-income units at the development, the development will also include middle-income units. It will also be located adjacent to market-rate developments, and in an area that includes a mix of residential and commercial uses.

10. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	0	1	2	3
Number of Units	7	30	21	4
Net SF/Unit	449	615	834	1141
Elev./Non-Elev.	Y	Y	Y	Y
Market Rate Rent (10% Rate 20 Year Term)	$4,223	$4,317	$4,656	$5,013
MHFA Below Market Rent (Cost-Based Rent)	$2,414	$2,509	$2,848	$3,204
MHFA Adjusted Rent	30% of Income			
Underwriting Rents				
Project Based Section 8	$1,742	$1,924	$2,336	$2,906
PB-MRVP	$1,410	$1,510	$1,812	$2,094
LIHTC 50%	$1,116	$1,195	$1,435	$1,658
LIHTC 60%	$1,340	$1,435	$1,721	$1,989
WFH 80%	$1,680	$1,800	$2,159	$2,496

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.

Orient Heights Phase Three, East Boston

Greg Watson presented a proposal for a Commitment of a Tax-Exempt Conduit Loan for Orient Heights Phase Three, East Boston. This project is the third phase of a comprehensive master-planned redevelopment for the Boston Housing Authority's ("BHA") Orient Heights state public housing development. Upon completion, the collective three-phase effort will yield 331 units of one-for-one fully replaced or rehabilitated rental housing. Phase Three includes the demolition of six existing buildings on site and the new construction of 81 units in a combination of townhouse and midrise style buildings. In addition to the new construction, Phase Three will include the rehabilitation of 42 existing units in seven row-house-style buildings at the southernmost portion of the site. In total, Phase Three will include 123 new or renovated public housing units, of which 25% will be converted to project-based section 8 units.

The site is comprised of 6.05 acres of land in East Boston and includes several existing public housing units that will be renovated and the remaining undeveloped portion of Orient Heights, where the new units will be constructed. The site is located on multiple MBTA bus lines, within .6 miles of the Suffolk Downs MBTA Blue line, within .8 miles of the Orient Heights Station, and within walking distance of restaurants and other neighborhood retail.

This Development includes the demolition of six existing buildings containing 111 units which will be replaced by three eight-unit townhouse buildings and a 57-unit mid-rise building, and the modernization of seven existing buildings containing 42 units. In aggregate the complete Phase Three project will develop 123 replacement public housing units. The 81 new construction and 42 modernized units are a part of the one-for-one replacement of the existing 331 units at Orient Heights. Phases One and Two are already complete and contain 208 units of replacement public housing.

Phase Three includes 21 one-, 63 two-, 32 three-, and 7 four-bedroom units restricted to households with incomes no higher than 60% of AMI; this includes 30 units covered by a new project-based Section 8 contract. The proposed transaction will further restrict 13% of the total number of units for households with incomes less than 30% of AMI and satisfies DHCD's 10% requirement for Extremely Low Income units under the QAP.

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

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 $40,500,000, 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 Trinity Orient Heights Phase Three Limited Partnership or another single-purpose entity controlled by Trinity Financial, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Orient Heights Phase Three” (the “Development”) and located in Boston, 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 Boston, Massachusetts and known as “Orient Heights Phase Three” (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 and the Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the owner and management agent of Orient Heights Phase Three to use as its tenant selection plan and affirmative fair housing marketing plan an Admissions and Continued Occupancy Policy 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:

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

2. Shortage of Affordable Housing Units in the Market Area

The market needs data reflects the information available to A&M staff as of the date of collection, May 18, 2021 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 2, 036 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 93.4%, and range between 85% and 98%. Three out of the five comparables reviewed were offering rental concessions to prospective tenants, these include ½ month to two and half months of free rent.

CoStar data for the subject's East Boston /Chelsea Submarket (4,865 units) has an overall vacancy rate at 8.6% YTD, which is an increase of .99% from one year ago. CoStar data for the Boston market (239,527 units) has an overall vacancy rate of 7.4% YTD, which is an increase of .47% from one year ago. The East Boston /Chelsea Submarket vacancy rate is projected to decrease to 8.8% over the next five years, while the Boston market is projected to decrease to 6.6%.

CoStar submarket data for the East Boston /Chelsea 4-5 Star building type (2,809 units) indicates a 2nd Qtr. 2021 vacancy rate of 10.2 % and an average asking rent of $2,572, while submarket data for the subject's 3 Star building type (690 units) indicates a 2nd Qtr. 2021 vacancy rate of 8.1% at an average asking rent of $2,214, and 1 - 2 Star buildings (1,186 units) indicate a 2nd Qtr. 2021 vacancy rate of 5.1.% at an average asking rent of $1,536. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Boston has 269,482 year-round housing units, 55,509 (20.6%) of which are subsidized for low/moderate income households.

As of January 2021, The Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab units. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 269,522 households in the City of Boston approximately 69.7% earned less than the HUD published 2021 AMI, approximately 48% earned less than 50% of 2021 AMI, approximately 54.3 % earned less than 60% of 2021 AMI, and approximately 62.4% earned less than 80% of 2021 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed will 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 is in an area that includes 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	2	3	4
Number of Units	21	63	32	7
Net SF/Unit	625	937	1,200	1,400
Elev./Non-Elev.	Elev.	Elev.	Elev.	Elev.
Market Rate Rent				
MHFA Below Market Rent (Cost-Based Rent)	$1,051	$1,044	$2,333	$2,371
MHFA Adjusted Rent	30% of 80% of AMI			
Underwriting Rents				
Project-Based Section 8	$2,090	$2,542	$3,168	$3,444
State Public Housing	$942	$942	$942	$942

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, it was

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

A true record.

Attest.

____

Colin M. McNiece
Secretary