

**Minutes of the Meeting
of the Members of
MassHousing
held on
June 11, 2019**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing was held on June 11, 2019 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

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

Members
Not Present None

Staff

Carol McIver	Paul Hagerty
Colin McNiece	Mike Fitzmaurice
Chrystal Kornegay	Stephen Vickery
Laurie Bennett	Nick Pepe
Maureen Burke	Chris Burns
Deb Morse	Amy Dominici
Antonio Torres	Sergio Ferreira
Jennifer Foley	Chuck Karimbakas
Joe Hughes	Mounzer Aylouche
Ricky Ochilo	Mark Teden
Zan Bross	Henry Mukasa
Belmira Fallon	Paul Scola
Deepak Karamcheti	Andrea Laing
Kathy Connolly	Lisa Silva Levine
Amanda Melick	Lisa Fiandaca
Susan Lynch	Stephen Payson
Dan Gover	Anna Reppucci
Gary Brown	Francis Goyes
David Keene	Nancy McDonald
Hana Migliorato	Nancy Slaney

Joseph Petty
Michelle Shinnick
Paul Mulligan
Thomas Norton
Mary Magliozzi
Bethany Wood
Myra Carmona
Peter Cooper
Hengrui Xie
Phil Giordano

Matt Deych
Mildred Mukasa
Kathy Ryan
Erica Carroll
Gail Bishop
William Corvene
Beth DeFranzo
Nick Pittman
Maureen McAllister

Guests:

Charles Carey, Mintz
Paul Haley, Barclays
Jamie Oppedisano, J. P. Morgan
Brandon Wolanski, Barclays
Matt Engler, Wells Fargo
Jeff Sula, RBC CM
Paul Ladd, Bank of America Merrill Lynch
Pearse O'Baoill, Winn Companies
Maria Marsano, Ramirez & Co.
Peter Milewski, Independent Consultant
Lena Altomare, U.S. Bank

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

VOTED: That the minutes of the meeting held on May 14, 2019 are hereby approved and placed on record.

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

Executive Director's Report

Ms. Kornegay began by giving an update on the PCBA extension. Most recently, HUD had offered MassHousing an extension of 18 months. However, after listening to feedback and gathering input from other HFAs, HUD has issued a 90-day extension. Ms. Kornegay continued by saying we will continue to provide updates on the PBCA status. Ms. Kornegay also noted that Fannie Mae is working on new guidelines for HFA products.

Ms. Kornegay was recently honored at the 31st Annual Meeting of the Lawyers Clearinghouse where she was awarded the Stephen Nolan Leadership Award for her commitment and support of affordable housing. A video of Governor Charlie Baker was shown congratulating Ms. Kornegay

on this award. Governor Baker thanked Chrystal for her work in the trenches and for her willingness to take on the Executive Director role at MassHousing.

As part of her “People Behind the Mission” program, Ms. Kornegay introduced Dan Gover, Senior Manager of Homeownership Systems and Technology. Dan joined MassHousing in 1984. Dan handles the IT development of all the back end technology for Homeownership lending and servicing issues. Mr. Kornegay thanked Mr. Gover for his years of service to MassHousing.

Ms. Kornegay gave a presentation on REACH (Racial Equity Advisory Council for Homeownership.) REACH began meeting in December 2018 to develop a goal for the state’s homeownership policies and programs to close the racial homeownership gap. REACH’s goal is to make homeownership accessible to those with 100-120% of AMI and to increase the rate of non-white homeownership by 5% by 2030. Ms. Kornegay stated that five cities in Massachusetts accounted for 46% of total home purchase loans to black borrowers in 2017 and that in 65 towns in Massachusetts, not one signed homeownership loan was made to a black or Hispanic family.

Mr. Kornegay went on to say that black and Latino borrowers are more than three times more likely to receive FHA insured loans than white borrowers and the median income for white households is 51% higher than households of color. Ms. Kornegay stated only 2.4% of non-FHA home purchase loans were to black borrowers and 5.2% were to Latino borrowers. Carolina Avellaneda asked if that 2.4% of non-FHA home purchase loans to black borrowers was across the country or just in Massachusetts. Ms. Kornegay replied it was just in Massachusetts.

Ms. Kornegay explained strategies being considered include marketing of My Mass Housing mortgages and state mortgage products to communities with high rates of minorities, FHA borrowers and non-native English speakers. Also being considered is a rental to homeownership pilot program working with households in public housing and subsidized multifamily housing. Down payment assistance programs and interest rate buy down programs are also strategies being considered as well as relief for student loan debt borrowers.

There was then a discussion about rules and regulations that prevent people from accessing affordable housing. Ping Yin Chai commented that we should encourage developers to use 40B. Chairman Dirrane commented on the struggle younger borrowers have with student loan debt.

Retiree COLA Base Increase Vote

Joseph Petty, Executive Secretary of the Massachusetts Housing Finance Agency Employees’ Retirement Board, asked for a vote to increase the COLA Base.

At the April 9, 2019 MHFA Employees’ Retirement Board meeting, it was voted unanimously to increase the maximum base of which its retirees can receive a cost of living allowance (COLA) under M.G.L. c. 32 sec 103(j) from \$13,000 to \$15,000. Now that the retirement board has approved this increase the Board of MassHousing must also vote approval for it to go into effect as of July 1, 2019.

The maximum COLA that can be granted in any year is 3% which means that the maximum COLA for our retirees would increase from \$390.00 a year to \$450.00 a year if the Board of MassHousing approves the new \$15,000 maximum base. At the April 9, 2019 meeting, the Retirement Board voted unanimously to grant a 3% COLA effective July 1, 2019; a MassHousing Board vote is not required for this to be enacted.

The Retirement Board's actuary has estimated that raising the maximum COLA base by \$2,000.00 would increase the actuarial accrued liability of the MHFA Employees' Retirement System by approximately \$1.55 million (0.8%). The annual contribution rate will increase by 3.2% per year for seven years. Upon a motion duly made and seconded, it was

VOTED: That MassHousing accepts the provisions of M.G.L. c. 32 § 103(j), as recommended to it by the Board of the Massachusetts Housing Finance Agency Employees' Retirement System with an effective date of July 1, 2019.

Vote Approving the 2020 Fiscal Year Plan

Charles Karimbakas gave a presentation on the Fiscal Year 2020 Budget. Mr. Karimbakas began by stating we are doing quite well. We have \$1.2 billion in production and are trending toward \$1.5 billion. Our net income is \$14 million ahead of budget. This has been primarily driven by increases in production fee income as well as lower administrative costs and higher interest rates. Budget performance continues to rely on strong lending and PBCA contract fees. The FY20 Plan assumes \$1.3 billion of lending: \$650 million for HomeOwnership and MIF and \$625 million for Rental Lending. The FY20 Plan also assumes a full year of the existing PBCA contract.

Mr. Karimbakas continued by discussing the pension actuarial analysis completed as of January 1, 2019. Mass Housing's unfunded liability increased by approximately \$14 million driving primary by lowering the discount rate to 7.25% as well as a 2-year return of 4.37% versus the required rate of return of 7.5%. The Agency contribution to the pension fund increased to \$10 million from \$6.5 million in the FY20 Budget. Mr. Karimbakas stated MassHousing's retirement system is still in the top quartile of Commonwealth retirement systems.

Mr. Karimbakas went on to discuss income streams from the Mortgage Insurance Fund and the Opportunity Fund. There will be \$43 million available to invest for future income. New lending income is \$25.9 million, up 15.8% from FY19 and servicing income is \$46 million, up 0.8% from FY19. Direct expenses are \$82.5 million, up 3.2% from FY19. Mr. Karimbakas stated payroll and payroll added costs are \$55.5 million, up 6.6% from FY19. Payroll decreased to \$36.2 million (from \$36.7 million.) Payroll headcount is down due to natural attrition, merit increase will be 4% and the continued 457 Deferred Compensation Match is \$400,000. Pension and OPEB costs increased 38% to \$13 million from \$9.4 million. Other payroll added costs increased to \$6.3 million from \$6.0 million or 5.8%, GIC premiums increased 3.3% and the new Paid Family and Medical Leave tax will be \$232,500. Mr. Karimbakas went on to discuss Professional Services of \$9.2 million, down 3.6% from FY19; IT expenses of \$5.6 million, down 15.6% from FY19 and leased office space of \$5.2 million, up 1.9% from FY19. This increase is primarily due to

escalating real estate taxes and building maintenance costs. CHAPA sublease income was \$181,700.

Mr. Karimbakas stated that \$460 million has been budgeted for MassHousing to continue to confront the housing challenges facing the Commonwealth, including the Priority Development Fund (PDF), Section 13A, Affordable Housing Trust and the Opportunity Fund.

Lisa Serafin asked how we track the impact of OPEB. Mr. Karimbakas replied the OPEB is an irrevocable trust and actuaries project the cost of healthcare for retirees now and in the future. Mr. Karimbakas also stated that MassHousing is ahead of most municipal entities. He went on to state MassHousing's pension fund 60% funded and that we are in great shape. We look at the cost of healthcare every two years and escalation as not been as high as it was before the Affordable Care Act (ACA)

Ping Yan Chai and Mr. Karimbakas next had a discussion on the FY19 actual budget to the FY20 budget. Mr. Karimbakas stated that in the fall he will compare budget to actual. In June the comparison has been budget to budget.

Chairman Dirrane asked if the conduit bond transactions are included in the budget and what percentage of the transactions they constitute. Mr. Karimbakas replied that there are conduit deals anticipated in the budget but was not certain of the percentage.

Upon a motion duly made and seconded, it was

VOTED: To adopt the Proposed Fiscal Plan for Fiscal Year 2020 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.

Lisa Serafin commented on the homeownership population MassHousing is targeting and asked if we are talking about multi-family homes or single-family homes and questioned if we need more specific language.

Chrystal Kornegay answered that single-family homeownership is generally considered to be 1 to 4 family unit homes.

Carolina Avellaneda commented that she would like to see the board endorse some of the goals presented by REACH (Racial Equity Advisory Council for Homeownership) and would like to see this goal of diversity in homeownership be made a part of the Agency's strategy.

LOAN COMMITTEE

Fort Hill Gardens/Esperanza Trust, Boston

Antonio Torres presented a proposal for a Commitment of Tax-Exempt and Taxable Construction/Permanent Loan for Fort Hill Gardens/Esperanza Trust Apartments, an 82-unit development located on two sites in the Roxbury neighborhood of Boston. An affiliate of Vitus, Inc. is seeking financing for this low-income development. The proposal presents a transaction that includes 4% LIHTC and a MassHousing construction/permanent loan insured under the HUD/HFA Risk-Sharing Program upon completion. All units at the Development are covered by a project-based Section 8 HAP contract, administered by MassHousing. This Development will be a new addition to MassHousing's mortgage portfolio and it is Vitus' first transaction with the Agency. An allocation of up to \$19,000,000 in tax-exempt volume capacity is expected to be required for this transaction.

Fort Hill Gardens consists of a 40-unit community comprised of 10 three-story townhouse buildings located on a 2.70-acre lot at 58 Cedar Street, Roxbury. The buildings were originally constructed between 1965 to 1966 and are made up of 40 three-bedroom units.

Esperanza Trust consists of a 42-unit apartment community comprised of 3 semi-attached 4-story buildings located on a 0.26-acre lot at 80 Walnut Avenue, Roxbury. The buildings were originally constructed in 1896 and are made up of 5 efficiency units, 16 one-bedroom units, and 21 two-bedroom units.

The Borrower plans to consolidate them into a single 82-unit property as part of this transaction. Both properties are currently in the MassHousing Section 8 contract administration portfolio. The Developer will extend the two (2) Section 8 HAP contracts for a term of 20 years prior to closing. The 40-units at Fort Hill are covered under one HAP contract, while the 42 units at Esperanza are covered under another HAP contract.

These properties require significant improvements. The scope of work will include repointing and recoating of the exterior masonry, roof replacement, exterior door and window replacement, residing, improvements to unit interiors and community spaces, fire safety systems and the conversion of five units to be accessibility compliant. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment C hereto and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to \$24,500,000, with the permanent loan to be insured under the HUD HFA Risk Sharing Program to be made to Roxbury Housing Partners, Limited Partnership or another single-purpose entity controlled by Vitus, Inc. (the "Borrower") as owner of the multifamily residential development known as "Fort Hill Gardens/Esperanza Trust Apartments" (the "Development") and located in Boston, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

FURTHER

VOTED: That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing, to be used in connection with the Development will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

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

FURTHER

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

FURTHER

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

ATTACHMENT C
STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

(1) The affordability of rents for 20% of the units:

At least 20% of the units in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

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

In-house data for larger market and mixed-income complexes (approximately 811 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.7%, and range between 94.5% and 100%. A review of similar mixed income/subsidized portfolio properties (576 units) demonstrated a weighted average vacancy rate of approximately 1.32%.

REIS, Inc. data (1st Qtr. 2019) for the subject's Boston City submarket has a vacancy rate at 6.1% YTD (5.2% Boston Metro). This rate is projected to increase to 6.4% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in the Boston City submarket have averaged approximately 6.1% over the last five years, while the Boston Metro is slightly lower at 4.8% over the last five years.

REIS, Inc. submarket data for the Class A building type (9,556 units) indicates a 1st Qtr. 2019 vacancy rate of 6.2% and an average asking rent of \$2,995 and, REIS, Inc. submarket data for the subject's Class B/C building type (8,570 units) indicates a 1st Qtr. 2019 vacancy rate of 6.0% at an average asking rent of \$1,920. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type and is reflected in both the vacancy rate and market rent potential. The 1st Qtr. 2019 REIS, Inc. data indicates that the Boston City submarket is offering .83 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston 269,482 year-round housing units, 51,283 (19%) of which are subsidized for low/moderate income households.

According to the Boston Housing Authority's (BHA) 5-year plan (2015-2019, the BHA owns and operates 63 family and elderly/disabled developments with a total of 10,343 units. The BHA also administers 14,481 Housing Choice Vouchers. In addition, the City of Boston's Annual Plan (FY2018) indicated that BHA maintain the following wait lists: There are 1,102 households on the Section 8 tenant-based assistance wait list, including 840 families with children, 256 families with disabilities and 40 elderly families. The BHA also had Single applicants on the waiting list. In addition, there were 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. They also maintain a Public Housing Wait list with 34,949 including 14,720 families with children, 9,524 families with disabilities and 4,154 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open. Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 263,229 households in the City of Boston approximately 70.2% earned less than the HUD published 2019 AMI (\$113,300), approximately 48.0% earned less than 50% of 2019 AMI, approximately 54.8 % earned less than 60% of the 2019 AMI and approximately 61.9% earned less than 80% of the 2019 AMI

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

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

(4) *No Undue Concentration of Low-income Households*

The financing herein proposed will not lead to the undue concentration of low-income households. Although it is a low-income development, the buildings are located adjacent to market-rate developments and are in areas that include a mix of residential and retail uses.

(5) *Elimination or Repair of Unsafe or Unsanitary Dwelling Units*

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	0	1	2	3
Number of Units	5	16	21	40
Net SF/Unit	400	447	942	1,194
Elev./Non-Elev.	Non	Non	Non	Non
Market Rate Rent (10% Rate 20 Yr. Term)	\$4,363	\$4,538	\$5,088	\$5,963
MHFA Below Market Rent (Cost-Based Rent)	\$2,175	\$2,350	\$2,900	\$3,775
MHFA Adjusted Rent	30% of Income			
Underwriting Rents				
Section 8 – Project-Based	\$1,600	\$1,775	\$2,325	\$3,200
Utility Allowance	\$39	\$50	\$70	\$84

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

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

571 Revere Street – Revere

Deb Morse presented a proposal for a Commitment of a Permanent Loan and Commitment of a Subordinate Workforce Housing Opportunity Fund Loan for 571 Revere Street, a proposed 51-unit new construction development located in Revere.

571 Revere Street is a transit-oriented new construction development that will create 51 new rental units for families in Revere. Thirty-two units will be restricted to households earning less than 60% of the AMI. Six of the 32 units will be reserved for households earning less than 30% of the AMI and will serve vulnerable populations through the Community Based Housing (CBH) and

Facilities Consolidation Fund (FCF) program. Five of the 32 units will be for households at or below 50% of the AMI. The remaining 19 units will be Workforce Housing restricted to households earning less than 90% of the AMI.

The vacant site is located within two blocks of Revere Beach and a 10- minute walk to the MBTA Wonderland Station, providing Blue Line subway and bus service to major employment centers and downtown Boston. The site is adjacent to Revere's "Waterfront Square" district, where more than 700 units of market-rate rental housing and a 170-suite hotel have opened since 2014 or are under construction. Both the affordable and workforce housing units at 571 Revere Street will serve to complement Waterfront Square, offering new opportunities for residents of diverse incomes to live in this vibrant and desirable community.

This development will consist of a six-story building (four stories of housing over two stories of garage parking). Property amenities will include a community room, 84 parking spaces and common laundry facilities. The development's architectural details will emphasize energy efficiency and resiliency. For example, the property will locate parking on the first two floors of the building, with mechanical equipment and residential units located above the flood plain.

Sachem Revere Limited Partnership acquired 571 Revere Street in February 2017 from 571 Revere Street LLC, the site's previous owner. The purchase price was \$1,950,000. The Life Initiative provided acquisition financing to TND. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment C hereto and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$5,475,000 to be made to Sachem Revere LLC or another single-purpose entity controlled by The Neighborhood Developers (the "Borrower") as owner of the multifamily residential development known as "571 Revere Street" (the "Development") and located in Revere, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

FURTHER

VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$1,900,000 (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 Board on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

FURTHER

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

ATTACHMENT C STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

(1) The affordability of rents for 20% of the units:

32 units (63%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

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

In-house data for larger market and mixed-income complexes (appx. 1,510 units) in the area revealed a strong rental market. Current occupancy rates of the 5 comparable developments reviewed had an average occupancy of approximately 98.6 %, and range between 93.3 and 100%.

REIS, Inc. data (1st Qtr. 2019) for the subject's Mystic River N/Rt. 128 submarket have YTD a vacancy rate at 5.7% while Boston Metro has a 5.2% vacancy rate. This rate is projected to decrease to 5.6% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in Mystic River N/Rt. 128 submarket have averaged approximately 5.6% over the last five years, while the Boston Metro has averaged 4.8%.

None of the comparable reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The 1st Qtr. R2019 REIS, Inc. data indicates that the Mystic River N/Rt. 128 submarket is offering .63 months free rent.

REIS, Inc. submarket data for the Class A building type (16,240) indicates a 1st Qtr. 2019 vacancy rate of 5.8 % and an average asking rent of \$2,270 and, REIS, Inc. submarket data for the subject's Class B/C building type (16,130 units) indicates a 1st Qtr. 2019 vacancy rate of 5.5% at an average asking rent of \$1,752. The development when completed along with the proposed amenities, more closely reflects the Class B/C property 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 (09/14/17), the City of Revere 21,956 year-round housing units, 1,790 (8.1%) of which are subsidized for low/moderate income households.

Revere Housing Authority (RHA) owns and/or operates 149 units of Federal family housing and 45 units of Federal Elderly, Regarding the Federal housing, the representative stated there are e

approximately 743 Federal family 2-bedroom list; 418 on the 3-bedroom list; and 31 on the four-bedroom list. Also, per the representative there are 485 people on the Federal elderly/disabled list;

RHA also own/operates 355 units of State family housing and 245 units State Elderly housing and 106 Section 8 new construction units for elderly. Per the representative from RHA, the State waiting list is now centralized so the representative could not provide a number of applicants on the State waiting lists for the both family and elderly. RHA also is administers 470 Housing Choice Vouchers, of which approximately 450 are leased up. Per the representative from RHA, there are 2,143 applicants on the Section 8 tenant-based assistance wait list, including 822 families with children, 705 families with disabilities and 196 elderly families.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 19,977 households in the City of Revere, approximately 74.9% earned less than the HUD published 2019 AMI (\$113,300), approximately 52.8% earned less than 50% of 2019 AMI, approximately 61.1% earned less than 60% of the 2019 AMI and approximately 67.9% earned less than 80% of the 2019 AMI.

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

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

(4) No Undue Concentration of Low-income Households

The financing herein proposed will not lead to the undue concentration of low-income households. Although it is a low-income development, it will be located adjacent to market-rate developments and is in an area that include a mix of residential and retail uses.

(5) Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	26	21	4
Net SF/Unit	680	875	1,175
Elev./Non-Elev.	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$3,901	\$3,842	\$4,064
MHFA Below Market Rent (Cost-Based Rent)	\$2,594	\$2,535	\$2,756
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
Workforce Housing	\$1,778	\$2,135	
MRVP PBV		\$1,456	
Section 8 PBV	\$1,869	\$2,269	\$2,850
Tax Credit at 60%	\$1,150	\$1,331	\$1,467

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.

Matheson Apartments – Worcester

Deb Morse presented a proposal for a Commitment of Tax-Exempt Construction and Permanent Loan, Commitment of Tax-Exempt Syndication Bridge Loan, Commitment of Taxable Syndication Bridge Loan, and Official Action Status.

Matheson Apartments contains 70 units in six historic buildings in downtown Worcester. HRI Matheson Apartments LLC acquired the property in December 2017 and will sell the buildings to HRI Matheson Apartments II LLC and lease the land for a 99-year term. Sixty-five of the units are covered by a project-based Section 8 HAP contract, which will be renewed for a 20-year term. Four units are underwritten at the Section 8 mobile voucher rent consistent with the MassHousing Policy regarding the treatment of mobile voucher income. The remaining unit is occupied by a

tenant with an income exceeding 60% of AMI. This unit has been underwritten at the current rent, which is lower than the LIHTC rent.

At approximately \$143,000 per unit, the scope of work will include exterior masonry repairs, roof repair/replacement, replacement of exterior doors and windows, upgrades to unit interiors, repairs and upgrades to the HVAC systems and elevators, upgrades to the electrical system, site landscaping and paving. The scope of work will also include bringing the buildings to compliance with accessibility regulations.

The acquisition value is based on the projected appraised value of the building improvements less the land value. This structure leverages federal tax credit equity while preserving scarce volume cap. The acquisition value is balanced by an equivalent Seller Note. HRI (or, the sole member of the "Seller LLC") will enter into a 99-year ground lease with the Borrower (the "Buyer LLC"). Ground rent will be paid from allowable cash flow. This rent will be sized using the AFR (%) x land value determined by a third-party appraisal. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a permanent loan commitment for the multifamily development known as "Matheson Apartments" (the "Development") at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of debt by the Agency not be in excess of \$9,870,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

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

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

Mortgage Loans and Low-Income Housing Tax Credits

FURTHER

VOTED: To approve the findings and determinations contained in Attachment C hereto and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to \$6,000,000, with the permanent loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate bridge mortgage loan in a principal amount of up to \$3,870,000, and (c) a subordinate bridge loan in a principal amount of up to \$2,200,000 in each case to be made to HRI Matheson Apartments II LLC or another single-purpose entity controlled by Homeowner's Rehab, Inc. (the "Borrower") as owner of the multifamily residential development known as "Matheson Apartments" (the "Development") and located in Worcester, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

FURTHER

VOTED: That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing, to be used in connection with the Development will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

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

FURTHER

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

FURTHER

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

**ATTACHMENT C
STATUTORY FINDINGS AND DETERMINATIONS**

Statutory Findings:

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

(3) The affordability of rents for 20% of the units:

69 units (98%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below

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

In-house data for larger market and mixed-income complexes (1,429 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over that past three years. Current occupancy rates of the six developments reviewed averaged approximately 97.6%, and range between 96.9% and 100%.

The is no submarket data for Worcester, therefore, we used the Worcester metro area. REIS, Inc. data (1st Qtr. 2019) for the Worcester metro area has a 1st quarter vacancy rate of 4.8% and 4.8% for the YTD. This rate is projected to increase to 5.4% over the next five years.

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

Approximately 10,650 applicants are on the waiting list for the Section 8 housing vouchers. WHA participates in the – Section 8 Centralized Waiting List, which remains open indefinitely.

According to the Department of Housing and Community Development’s (DHCD) Chapter 40B Subsidized Housing Inventory (9/17/2017), the City of Worcester has 74,383 year-round housing units, 9,977 (13.4%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 70,792 households in the City of Worcester, approximately 74.9% earned less than the HUD published 2019 AMI (\$97,700), approximately 50.5% earned less than 50% of 2019 AMI, approximately 57.2% earned less than 60% of the 2019 AMI and approximately 69.0% earned less than 80% of the 2019 AMI.

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

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

(4) No Undue Concentration of Low-income Households

The financing herein proposed will not lead to the undue concentration of low-income households. Although it is a low-income development, it is located adjacent to market-rate developments and are in areas that include a mix of residential and retail uses.

(5) Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2	3	4	5
Number of Units	18	33	8	6	5
Net SF/Unit	603	791	1074	1311	1643
Elev./Non-Elev.	E	E	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$1,805	\$2,038	\$2,409	\$2,909	\$3,559
MHFA Below Market Rent (Cost-Based Rent)	\$1,345	\$1,578	\$1,950	\$2,450	\$2,3100
MHFA Adjusted Rent	30% of Income				
Underwriting Rents					
Section 8	\$1,400	\$1,625	\$1,950	\$2,450	\$3,100
Mobile Voucher	\$948	\$1,127			
Over-Income	\$814				

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

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

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 3:08p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 3:08 p.m.

A true record.

Attest.

Colin McNiece
Secretary