Minutes of the Regular Meeting of MassHousing
and a Special Meeting of the
Center for Community Recovery Innovations, Inc. (CCRI)
held on
November 10, 2020

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – and a special meeting of the Center for Community Recovery Innovations, Inc. (CCRI) were held on November 10, 2020. In accordance with the Order Suspending Certain Provisions of the Open Meeting Law, GL.c.30A Section 20 issued by Governor Baker on March 12, 2020, no Members were physically present and the 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
Carolina Avellaneda
Lisa Serafin
Ping Yin Chai
Andris Silins
Patricia McArdle
Jerald Feldman
Jennifer Maddox, ex officio

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 requested that Andris Silins run the meeting. Acting Chairman Silins 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, by roll call vote of all the present Members:

VOTED: That the minutes of the meeting held on October 13, 2020 are hereby approved and placed on record.

Acting Chairman Silins then called for a motion to recess the MassHousing meeting in order to convene a special meeting of The Center for Community Recovery Innovations, Inc. (CCRI.) Upon a motion duly made and seconded, by roll call vote, it was

VOTED To recess the MassHousing meeting.

Acting Chairman Silins then called the Special Meeting of The Center for Community Recovery Innovations Inc. (CCRI) to order

Votes Committing CCRI Funds

Edward Chase first thanked the 15 staff members who reviewed all the CCRI applications for their great work. Mr. Chase then presented eight applications that the Community Services Advisory Committee has endorsed for consideration by the CCRI Board of Directors.

South Middlesex Non-Profit Housing Corporation, Framingham
Requests funding to rehab and preserve eleven SRO units of affordable sober housing for young men in recovery in Framingham. Scope of work includes full ADA accessibility compliance.
Recommendation: $51,675. Commitment expires December 31, 2021.

Victory Programs, Inc., Boston
Requests funding to make internal and external improvements, including painting and energy saving insulation to New Victories, housing twenty-five men in recovery in Dorchester.
Recommendation: $14,569. Commitment expires December 31, 2021.

EMH Recovery, Brockton
Requests funding to help convert an onsite unused utility building (garage) into a fitness center to support the sixty young women in recovery in three EMH houses in Brockton.
Recommendation: $20,000. Commitment expires December 31, 2021.

Mental Health Association, Westfield/Springfield
Requests funding to help renovate and preserve fifteen units of SRO housing in two houses for men and women with co-occurring illness. Scope of work includes painting and flooring, piping replacement, and energy efficient ductless AC installation.
Recommendation: $57,420. Commitment expires December 31, 2021.

Self Esteem Boston Educational Institute, Boston/Lynn/Leeds
Requests funding to deliver support services and skills to manage life obstacles for women veterans in Leeds, and women and children in Lynn and Boston, resulting in future successful tenancies.
Recommendation: $22,500. Commitment expires December 31, 2021.

GAAMHA, Inc., Gardner

Requests funding to acquire and renovate a large house and farm property, creating sixteen housing units for men with co-occurring illness at the Carl E. Dahl House in Gardner. Financing partner is Enterprise Bank.
Recommendation: $75,000. Commitment expires December 31, 2021.

Page Break
Elizabeth Stone House, Boston
Requests funding to help cover costs due to Covid construction delays for thirty-two new apartments at the Elizabeth Stone House in Roxbury. Project includes multiple financing partners.
Recommendation: $75,000. Commitment expires December 31, 2021.

Jeremiah's Inn, Worcester
Requests funding to acquire and rehab a multi-family house creating twenty new units of affordable sober housing for men at the Jeremiah's House Recovery Residence in Worcester. Financing partners include Savers Cooperative Bank and multiple foundations.
Recommendation: $75,000. Commitment expires December 31, 2021.

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

VOTED: That the Center for Community Recovery Innovations, Inc. ("CCRI"), an affiliate of the Massachusetts Housing Finance Agency (the "Agency"), approve a grant in the amount of $51,675 to South Middlesex Non-Profit Housing Corporation, Framingham, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER VOTED: That CCRI approve a grant in the amount of $14,569 to Victory Programs, Inc., Boston, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER VOTED: That CCRI approve a grant in the amount of $20,000 to EMH Recovery, Brockton, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER VOTED: That CCRI approve a grant in the amount of $57,420 to Mental Health Association, Westfield/Springfield, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER VOTED: That CCRI approve a grant in the amount of $22,500 to Self Esteem Boston Educational Institute, Boston/Lynn/Leeds, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER
VOTED: That CCRI approve a grant in the amount of $75,000 to GAAMHA, Inc., Gardner, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER
VOTED: That CCRI approve a grant in the amount of $75,000 to Elizabeth Stone House, Boston, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER
VOTED: That CCRI approve a grant in the amount of $75,000 to Jeremiah's Inn, Worcester, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

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

With no other CCRI business, Acting Chairman Silins asked if there was a motion to adjourn.

Upon a motion duly made and seconded, it was, <u>by roll call vote</u>, voted to adjourn the CCRI meeting and resume the MassHousing Meeting

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

Executive Director's Report

Ms. Kornegay began by discussing The Neighborhood Hub, a new initiative to support local housing markets in Massachusetts Gateway Cities. The Neighborhood Hub will work with other housing agencies to support cities with high rates of vacant and abandoned homes. The Neighborhood Hub will provide 2-year technical assistance grants of up to $100,000 for five communities. To date The Neighborhood Hub has had 15 meetings and have received 12 letters of intent.

Ms. Kornegay next discussed the annual NCSHA Awards which were given virtually this year. MassHousing won an award for the CommonWealth Builder program as well as for the REACH (Addressing the Racial Homeownership Gap) Program.

Ms. Kornegay continued by announcing that HUD exercised its options in PBCA contract to extend the contract to January 31, 2022. This is very good news for us.

Chairman Dirrane thanked Ms. Kornegay for her report and congratulated MassHousing for winning two NCSHA awards. Chairman Dirrane continued by mentioning that the work MassHousing is doing with the Mortgage Insurance Fund is stellar and the performance of that portfolio is exceptional.

Ms. Kornegay thanked Chairman Dirrane for his comments on behalf of the team.

Finance Update

Charles Karimbakas began his presentation by discussing the most recent Covid numbers. Homeownership delinquencies are at 1,639 (30 days delinquent) which is 8.67% of the portfolio and a total of $331 million in outstanding principal balance. There are 1,254 loans in forbearance (as of October 25, 2020) for a total outstanding principal balance of $266 million. There has also been $3.6 million in outstanding advances for tax and insurance payments. MIPlus claims have shown a significant trending down. There is currently $129 million in the Mortgage Insurance Fund. Call volume has lowered since June, but it is still significant. Our homeownership portfolio is shrinking primarily due to refinancing. There has been a significant amount of new business, but it is not keeping up with the prepayments.

Mr. Karimbakas went on to discuss the multi-family portfolio. There were two developments that were delinquent, one has since cured. The portfolio remains stable and construction is ongoing. Carolina Avellaneda asked for the loans in forbearance and the trends against the industry. Mr. Karimbakas said he would get that information to her.

Vote to Enter Into a Line of Credit with Bank of America, N.A.

Mr. Karimbakas next presented a delegation of authority to enter into an uncommitted revolving loan agreement with Bank of America, N.A. for up to $75 million to temporarily fund MAP loans at closing and prior to settling Ginnie Mae securities.

MassHousing has a robust pipeline of upcoming MAP transactions, some of which have large loan amounts, or multiple loans that could close simultaneously. This Loan Agreement is a line of credit which will allow MassHousing to temporarily fund these loans (for up to 15 days) without depleting the Working Capital Fund. We only anticipate using this facility 2-4 times within the next year.

A discussion followed regarding the terms of the line of credit. Carolina Avellaneda asked for a recommendation that the term of the authority be limited. After discussion it was agreed that this resolution will take effect, but that the authorization granted would expire in one year if it is not exercised.

Upon a motion duly made and seconded, it was, by roll call vote of all the present Members (with Chairman Dirrane abstaining):

Warehousing Line of Credit

VOTED: That the Chairman, Vice Chairman, Treasurer, Secretary, Executive Director, Vice President of Home Ownership Programs, Financial Director, General Counsel, Comptroller, Director of Finance and Bond Compliance, or any person serving in any of the foregoing positions in an "Interim" or "Acting" capacity at the direction of the Members of MassHousing or any Member of MassHousing (each, an "Authorized Officer"), are authorized to negotiate, execute and deliver an uncommitted line of credit in an aggregate amount not exceeding $75 million with Bank of America, N.A., with interest at a fixed rate or a floating rate, calculated on the basis of such index or other method as the Authorized Officer shall determine to be in the best interest of MassHousing, and otherwise on such terms and conditions as such officers shall approve, for the purpose of warehousing the purchase of mortgage loans to be held for the credit of the Working Capital Fund pending the sale of such mortgage loans to the Government National Mortgage Association or other purchaser approved by an Authorized Officer.

FURTHER VOTED: **The authority granted under this resolution shall expire if not exercised within one year from the date hereof.** This resolution shall take effect immediately.

Vote Delegating Authority to Enter Into or Amend Existing Interest Rate Swap Agreements

Mr. Karimbakas next presented a proposal to delegate authority to enter into new or amend and/or terminate existing interest rate swap agreements in the Agency's portfolio. The delegation votes along with a memorandum from Swap Financial Group, LLC ("SFG"), MassHousing's swap advisor, satisfy the requirements of the State Finance and Governance Board with respect to derivative contracts associated with MassHousing financings. The SFG memo provides an explanation of potential transactions that the Agency may enter into, all of which are consistent with the Agency's debt and derivative policies. This would also allow opportunity to transition out of LIBOR based agreements over the next year. Mr. Karimbakas explained regulators in the United Kingdom and the United States have been warning global market participants that the LIBOR index will sunset at the end of 2021 and all parties should prepare for a transition to a new variable rate indices.

Mr. Karimbakas went on to state the New York Federal Reserve and the Alternative Reference Rates Committee are supporting a broad-based transition from USD-LIBOR exposures into a new index called the Secured Overnight Financing Rate ("SOFR").

Mr. Karimbakas continued by explaining while the International Swaps and Derivatives Association (ISDA) is expected to pave the path for a LIBOR to SOFR transition within derivative agreements, it might be beneficial for MassHousing to take an alternative approach on all, or a portion of, its portfolio. Mr. Karimbakas went on to say MassHousing should have the ability to (i) take proactive measures to restructure its debt/swap portfolio out of LIBOR exposures into alternative indices (including SOFR, Fed Funds, SIFMA) if an attractive opportunity presents itself, or (ii) adhere to the market standard LIBOR fall back protocol.

A discussion then ensued as to what options are still on the table.

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

VOTED: MassHousing hereby confirms receipt of the written analysis and recommendation of Swap Financial Group LLC, as independent swap advisor to MassHousing, with respect to (i) the termination or amendment of certain Swaps and proposal to replace certain such swaps with new interest rate swap agreements or interest rate cap agreements (collectively, the "Derivative Financial Products") or carry the related variable rate debt unhedged and (ii) the replacement of the LIBOR index at or prior to the LIBOR's discontinuation (the "Advisor's Recommendation"). MassHousing further confirms that such transactions are consistent in all ways with the debt and derivative policies of MassHousing and the benefits of the Derivative Financial Products outweigh the risks of using the Derivative Financial Products.

VOTED: MassHousing may enter into or amend one or more interest rate swap agreements, interest rate cap agreements, or other hedge agreements (collectively, "Hedges") with respect to the Bonds and the loans made with respect thereto, consistent with the Advisor's Recommendation. The form of any such agreements shall be approved by an Authorized Officer of MassHousing, and the same is authorized to executed and deliver such agreements. Any such Hedge shall be secured by and payable from any and all Revenues in accordance with, as applicable, the Housing Bond Resolution, Rental Housing Mortgage Revenue Bond Resolution or Single Family Housing Revenue Bond Resolution (collectively, the "General Resolutions"). MassHousing's obligations under any such Hedge may also be secured as a general obligation of MassHousing. The pricing and fixed rate under any such Hedge shall not exceed the yield on (i) 30-year Municipal Market Data index (MMD) by more than 300 basis points, in the case of a Hedge related to tax-exempt Bonds, or (ii) 10-year U.S. Treasury securities by more than 400 basis points, in the case of a Hedge related to taxable Bonds.

VOTED: That MassHousing authorizes an Authorized Officer to submit the proposed terms of the transactions described above to the State Finance and Governance Board for its review in accordance with Section 98 of Chapter 6 of the General Laws, as amended by Section 1 of Chapter 10 of the Acts of 2009, as amended, and the regulations promulgated thereunder.

VOTED: As used herein, the term Authorized Officer shall mean MassHousing's Chair, Executive Director, General Counsel, Financial Director, Comptroller, Director of Finance and Bond Compliance and any officer or employee of MassHousing acting in such capacity or any other Authorized Officer of MassHousing as defined in the General Resolutions.

VOTED MassHousing authorizes an Authorized Officer to update the State Finance and Governance Board of the final terms of the transactions referenced in this vote as they occur.

Exhibit A

Identification	Notional	Pay Leg	Receive Leg	Final Maturity	Avg. Life	Optionality?	Swap Dealer
Rental - Series 2002D	4,445,000	3.6450	100% 1m LIBOR + 25 bp	1/1/2045	12.3 yrs	MassHousing CxL; Starts 1/1/2021 ***	Citibank NA
Rental - Series 2003A	17,520,000	6.7290	100% 1m LIBOR + 25 bp	7/1/2043	14.3 yrs	None	JP Morgan
HB - Series 2008A	50,930,000	n/a	1m LIBOR > 6.00%	4/1/2024	3.4 yrs	None	SMBC
HB - Series 2008A Lebanese	2,516,885	5.1780	100% 1m LIBOR + 65 bp	5/1/2048	18.3 yrs	MassHousing CxL; Starts 11/1/2024	Bank of America
HB - Series 2009B	11,108,000	2.5610	100% 1m LIBOR + 25 bp	1/1/2044	15.0 yrs	MassHousing CxL; Starts 1/1/2021 ***	Wells Fargo
HB - Series 2016I	25,000,000	3.6550	70% 3m LIBOR + 120 bp	12/1/2041	21.2 yrs	MassHousing CxL; Starts 12/1/2025	Barclays
HB - Series 2018B	25,000,000	3.8445	70% 1m LIBOR + 105 bp	6/1/2053	31.0 yrs	MassHousing CxL; Starts 6/1/2027	Barclays
SF - Series 196	11,250,000	2.5730	70% 1m LIBOR	12/1/2048	20.1 yrs	MassHousing CxL; Starts 6/1/2027	Citibank NA
SF - Series 200	11,250,000	2.7320	70% 1m LIBOR	12/1/2048	22.4 yrs	MassHousing CxL; Starts 12/1/2028	RBC
SF - Series 208	11,250,000	2.3500	SIFMA till 12/1/2028, then 70% 1mL	6/1/2049	23.2 yrs	MassHousing CxL; Starts 12/1/2028	RBC

*** Indicates swaps with upcoming optionality that can be monetized.

November 10, 2020

Chuck Karimbakas
Chief Financial Officer
MassHousing
One Beacon Street
Boston, MA 02108

Update of Interest Rate Swap Portfolio

Over the last couple of years, Swap Financial Group ("SFG") has been reviewing MassHousing's interest rate hedge portfolio with particular focus on the embedded optionality. The optionality is comprised of cancellation options that allow MassHousing to terminate some of the transactions (either immediately or at some point in the future) without any termination payment. As interest rates have decreased since the swaps were originally entered into, these options have considerable value to MassHousing. Based on the review and ensuing recommendations, MassHousing monetized a portion of the cancellation options by utilizing two different strategies:

1) Exercise options, enter into new swap transactions at a significantly lower fixed rate with amended optionality terms
2) Exercise options and increase unhedged variable rate debt

The purpose of this memo is to revisit the portfolio as additional option monetization strategies can be utilized on further swap transactions. Additionally, this memo broaches the topic of impending LIBOR overhaul with a recommendation to MassHousing to be in position to either (i) pro-actively restructure LIBOR swap exposures if/when opportunities present themselves , or (ii) adhere to the market standard ISDA LIBOR fallback protocol, between now and the potential LIBOR cessation date at the end of calendar year 2021.

The table below summarizes MassHousing's outstanding interest rate hedge portfolio as of October 30, 2020 (Exhibit A). Again, the portfolio provides MassHousing with opportunities to either monetize existing value or manage future risks. Our recommended strategy is consistent with past memos: for swaps with upcoming optionality, MassHousing should either plan to (i) amend existing optionality and decrease the fixed rate or (ii) exercise the cancellation option to achieve unhedged floating.

Exhibit A – Current Outstanding Interest Rate Hedging Agreements

Identification	Notional	Pay Leg	Receive Leg	Final Maturity	Avg. Life	Optionality?	Swap Dealer
Rental - Series 2002D	4,445,000	2.9800	100% 1m LIBOR + 25 bp	1/1/2045	12.3 yrs	MassHousing CxL; Starts 1/1/2021 ***	Citibank NA
Rental - Series 2003A	17,520,000	6.7290	100% 1m LIBOR + 25 bp	7/1/2043	14.2 yrs	None	JP Morgan
HB - Series 2008A	50,930,000	n/a	1m LIBOR > 6.00%	4/1/2024	3.3 yrs	None	SMBC
HB - Series 2008A Lebanese	2,516,885	5.1780	100% 1m LIBOR + 65 bp	5/1/2048	18.3 yrs	MassHousing CxL; Starts 11/1/2024	Bank of America
HB - Series 2009B	11,108,000	2.5610	100% 1m LIBOR + 25 bp	1/1/2044	14.9 yrs	MassHousing CxL; Starts 1/1/2021 ***	Wells Fargo
HB - Series 2016I	25,000,000	3.6550	70% 3m LIBOR + 120 bp	12/1/2041	21.1 yrs	MassHousing CxL; Starts 12/1/2025	Barclays
HB - Series 2018B	25,000,000	3.8445	70% 1m LIBOR + 105 bp	6/1/2053	30.9 yrs	MassHousing CxL; Starts 6/1/2027	Barclays
SF - Series 196	11,250,000	2.5730	70% 1m LIBOR	12/1/2048	20.0 yrs	MassHousing CxL; Starts 6/1/2027	Citibank NA
SF - Series 200	11,250,000	2.7320	70% 1m LIBOR	12/1/2048	22.3 yrs	MassHousing CxL; Starts 12/1/2028	RBC
SF - Series 208	11,250,000	2.3500	SIFMA till 12/1/2028, then 70% 1mL	6/1/2049	23.2 yrs	MassHousing CxL; Starts 12/1/2028	RBC

*** Indicates swaps with upcoming optionality that can be monetized.

Note: Information as of October 30, 2020.

Recommended Strategy for Swaps With Upcoming Optionality:

Exercise Options, either (i) Enter Into Restructured/New Swap with Amended Optionality or (ii) Achieve Unhedged Floating Rate Debt

SFG's recommendation on the two swaps with upcoming optionality (asterisked swaps under Exhibit A) is to exercise the cancellation options as they become eligible and either (i) enter into restructured/new swaps with amended optionality details and decreased fixed rates (providing substantial savings to MassHousing in the future)[1], or (ii) do not enter into another swap and achieve unhedged floating rate debt. Restructured swaps would be with the same counterparty. It is anticipated that the new swaps would be with one or more of MassHousing's existing counterparties to be awarded following a competitive bidding process.

If MassHousing wishes to keep a hedge outstanding, it would be beneficial for MassHousing to adjust the notional schedule of the transactions to re-match the related variable rate debt, to the extent there may currently be a mismatch. Over time, the current swap amortization schedule and the bond amortization may have shifted to create a slight mismatch. During this process, SFG would recommend to structure the new swaps to realign these differences. The decision on how long to delay the first cancellation option date is a balance between lower rates and decreased flexibility. SFG recommends that cancellation option dates between 3 months from the date of the amendment/transaction and 2 years from the date of the amendment/transaction are utilized in order to preserve the ability in the near future to amend the structure again, if needed.

[1] While economically identical, we also want to describe a second method to achieve the same results which would be to negotiate the amended optionality and fixed rate with MassHousing's existing swap counterparty with the upcoming cancellation right. These amendments would be documented with an amended and restated confirmation with the only changes being (1) extending the first option exercise to some point in the future, and (2) a lower fixed rate that MassHousing pays. The decision to either amend an existing transaction or cancel an old transaction and simultaneously enter into a new transaction will be determined by the expected transaction costs of the participating banks under either strategy. Both are viable and should be considered with our recommendation.

It's important to note that even under extreme financial events and conditions, there would be very limited additional interest rate or other risk to MassHousing from making this change. We specify that these additional risks are "very limited" as the exposure can only increase by the amount of time that the option exercise date is pushed into the future. MassHousing would continue to have the same types of counterparty risks and other swap-related risks it has on the existing transactions. Specifically, if a counterparty defaulted or declared bankruptcy and the swaps were out of the money, MassHousing would be responsible for making a swap termination payment (and seeking another counterparty who would fund such money).

The alternative of leaving the existing swaps in place would maintain MassHousing's current high cost of funds in all events and provides no benefits. MassHousing could consider refunding the Bonds to long-term taxable fixed rate bonds. The rates on those bonds today, however, would likely be greater than the cost of replacement interest rate swaps and would not maintain the uniquely attractive terms of the currently outstanding debt.

If MassHousing elects not to enter into another swap transaction with amended optionality terms, it can simply just exercise the existing cancellation option and achieve unhedged floating rates on the associated bonds. SFG believes this strategy may be particularly beneficial for debt secured by the Housing Bond resolution of which only 2.75% of is currently unhedged floating rate debt as of September 30, 2020.

<u>Recommended Strategy for Managing LIBOR Overhaul Risk:</u>

Transition to SOFR and/or Other Indices and Monitoring for Interim Risk-Mitigation Opportunities

LIBOR is threatened to sunset by the end of 2021, when the agreement between the Financial Conduct Authority ("FCA") and the LIBOR panel banks to continue to participate in the LIBOR-setting process will expire. Legacy LIBOR-based agreements (including many of MassHousing's interest rate swaps) included fallbacks for LIBOR that only contemplated temporary unavailability of the index, not its complete discontinuation. The International Swaps and Derivatives Association ("ISDA") understands the issue and is feverishly working on drafting new fallback language which can be incorporated market-wide and will enable LIBOR contracts to be based on another index in the future. That index, identified by the New York Federal Reserve's Alternative Rates Reference Committee ("ARRC"), will be the Secured Overnight Financing Rate ("SOFR"), a trimmed average of observed collateralized overnight US Treasury Repo transactions. SOFR is materially different than LIBOR in two primary ways: (1) it is an overnight index, representative of daily borrowing, and (2) it is collateralized with US Treasuries so theoretically does not have a credit component. For both of these reasons, SOFR has historically reset lower than 1-month LIBOR, which represents uncollateralized bank-to-bank funding for a 1 month period. ISDA, and the ARRC, will attempt to compensate issuers for receiving a lower variable rate index by incorporating a fixed spread adjustment (i.e. 1-month LIBOR becomes SOFR + X basis points).

There has been much controversy surrounding the proper and fair spread adjustment compensation during the LIBOR transition process. MassHousing, and all other State HFAs, have the risk that the chosen fixed spread adjustment may not provide proper compensation for the switch from LIBOR to SOFR. For this reason, MassHousing and SFG should continue to evaluate pro-active restructuring opportunities that are deemed to be risk-mitigating solutions as opposed to waiting till the end of 2021. Potential indices that MassHousing could pro-actively restructure into include, but are not limited to: SOFR, Effective Federal Funds Rate, and the weekly SIFMA index (for tax-exempt bonds). While SFG is not recommending any immediate strategies in today's current environment, we believe that market volatility could present them on a short-lived basis and MassHousing should be prepared to amend its LIBOR instruments as opportunities arise through 2021. In each case, MassHousing must consider whether the modification might create a reissuance with respect to tax-exempt bonds under federal tax law (though the IRS has released guidelines that should mitigate this risk).

If a market opportunity to pro-actively restructure out of LIBOR exposures does not present itself in the coming months, then MassHousing should be prepared to adopt the standard ISDA LIBOR fallback protocol (the "Protocol") which was released on October 23, 2020. The Protocol establishes an industry standard process that will transition LIBOR-based exposures into SOFR once a pre-determined trigger event occurs. A fixed spread adjustment will be calculated based on the 5-year historical median spread between a relevant LIBOR and compounded SOFR. It is SFG's current opinion that there is no rush for issuers to accept the Protocol and will have the opportunity to accept the market standard terms at any time between now and the end of 2021. SFG will continue to monitor.

Swap Financial Group's Credentials

Swap Financial Group was founded in 1998, and is one of the nation's leading independent swap advisor. Among governmental issuers, SFG advises more of the largest cities and states than any other firm. SFG sits exclusively on the issuer's side of the table to develop and implement strategy, and make sure the issuer gets superior pricing and terms from the swap dealers. SFG maintains no positions in any derivative product and works strictly as agents on behalf of issuers, finding the best way to meet their needs within any given market.

SFG is the most frequently used independent source of swap pricing data in the municipal market. It is the authoritative source for interest rate swap and option pricing by recognized third-party market information sources, including The Bond Buyer, Thomson Financial, and J.J.Kenny. SFG's modeling capability is of the highest quality and its valuations are used by publicly-traded corporations for their SEC-mandated shareholder disclosures and by major accounting firms for compliance with FASB requirements under FAS-133/138/157 and GASB requirements under GASB Statement 53.

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Vote Approving the Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds

Mr. Karimbakas next presented a vote for approving the resale, recoupment and reinvestment plan for homeownership CMF Funds. At the September 8, 2020 meeting of Agency Members, the Agency authorized the acceptance of a $2,250,000 award (the "CMF Funds") received by the Agency from the Community Development Financial Institutions Fund ("CDFI") pursuant to the terms of the 2019 Capital Magnet Fund Assistance Agreement entered into between CDFI and the Agency (the "Assistance Agreement"). At such time, ninety-five percent (95%) of the CMF Funds were allocated to providing subordinate down payment assistance loans under the MassHousing Workforce Advantage 2.0 Program (with the remaining 5% to be applied to administrative fees).

Under the terms of the Assistance Agreement, 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 CMF Funds. Attached hereto is the proposed form of Massachusetts Housing Finance Agency Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds.

A discussion ensued as to how these funds can be used. Colin McNiece explained there are very specific requirements as to how these funds can be used. Carolina Avellaneda moved to amend the vote with the word "prior" added before the word "modification." Upon a motion duly made and seconded, <u>by roll call vote</u> of all the Members present, it was:

VOTED: To approve the Massachusetts Housing Finance Agency Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds substantially in the form attached hereto, 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 prior notification to the Agency Members of any material modification thereto.

Massachusetts Housing Finance Agency
Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds
(Adopted by the Members on November 10, 2020)

I. **Policy** | This policy outlines MassHousing's Resale, Recoupment and Reinvestment Plan for Homeownership CMF Funds, in accordance with the terms of the 2019 Capital Magnet Fund Assistance Agreement entered into between Community Development Financial Institutions Fund ("CDFI") and MassHousing (the "Assistance Agreement"), and the requirements of 12 C.F.R. § 1807.402(a)(5). MassHousing received a $2,250,000 award from the CDFI (the "CMF Funds" or "CMF Award") to be applied to providing subordinate down payment assistance loans under the MassHousing Workforce Advantage 2.0 Program. The Assistance Agreement governing such CMF Funds requires 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 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. The 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 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 Assistance Agreement, when all conditions in Section 9.11 of the 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 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 Agreement (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 the 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 Agreement, 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 the Assistance Agreement, which period shall continue until the end of the Affordability Period of the last project funded by MassHousing under the Assistance Agreement, when all conditions in Section 9.11 of the 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 CMF 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 the 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.

Diversity Report

Myra Carmona, Vice President of Talent and Culture, presented a report on the diversity statistics of the staff of MassHousing. As of October 2020, the staff of MassHousing is comprised of 136 males (44%) and 176 females (56%). As far as ethnicity there are 207 white staff members and 105 non-white staff members. Ms. Carmona continued by discussing age levels of staff: 34% are age 50-59; 22% are ages 40-49; 19% are ages 60-69; 17% are ages 30-39; 5% are ages 20-29 and 3% are 70 or over.

Ms. Carmona continued by discussing the dispersion of gender among the staff. Of the general staff 61% are female and 39% male. Management staff is comprised of 45% female and 55% male. Executive staff is 57% male and 43% female. In addition, 30% of the executive staff are people of color. From 2019 to 2020 the demographics have been similar.

Ms. Carmona went on to discuss the demographics of recent hires from 2018 to the present. Of the people hired during that timeframe, 29% were ages 20-29 and 38% were ages 30-39. New hires from 2019 to the present are 58% female and 42% male. The ethnicity of new hires from 2018 to the present is 52% white, 16% Black or African American; 14% Asian; 11% Hispanic or Latino and 7% are two or more races.

Chairman Dirrane remarked that the statistics are impressive and asked how we compare to other organizations in Boston as well as other organizations in Massachusetts. Ms. Carmona responded that the information on other organizations had been difficult to obtain but she will continue to seek further information.

Ms. Kornegay responded that the last time we compared ourselves to the rest of the state, we found we draw most of our staff from eastern Massachusetts and metro Boston.

Chairman Dirrane added he would like to see more done with a minority mentor program as well as more people of color in positions of authority.

Ms. Kornegay noted that the Agency held a town hall meeting for staff on the topic of racial equity and diversity and staff is processing the feedback and expects to report to the board soon.

Ms. Avellaneda asked how the statics compared to internal targets and reiterated support for a mentoring program, noting the examples of several in leadership at the Agency. Staff noted the Agency does not have specified internal targets.

Multifamily Loan Prepayments in Connection with Covid Relief Initiative

Mark Teden presented a request for authority to waive a condition of the Agency's Proactive Preservation and Multifamily Loan Prepayment Guidelines for certain loans listed in the attached schedule. Beginning in May 2020, Agency senior management began meeting with a group of borrowers who represent 30% (114) of the projects in the Agency's portfolio and 34% ($1.5 billion) of our outstanding multi-family loan balances. In the course of such meetings, staff also began soliciting suggestions about how the Agency might help them generate liquidity in their portfolios at the enterprise level, so they could address their potential Covid-related issues in a more global way. This would be in addition to their ability to approach the Agency on a property-by-property basis under the Cares Act. One form of relief sought is certain allowance for early prepayment of a loan. The extraordinary conditions in the capital markets make the HUD MAP platform (solo and JV) an effective execution with current effective rates to Agency borrowers at +/- 2.75% inclusive of MIP. Subject to approval of the right to prepay early, staff have begun the process of building that pipeline of activity.

While the actual loan approvals needed will be based on Agency approval policy (either Board approval or through the recently-approved delegated authority), staff are requesting a vote to approve the early prepayment of the loans for which borrowers have requested a refinance, and which are listed in the vote. FHA lenders (including MassHousing as a MAP solo lender) are appropriately reticent to process a loan request through HUD which by its stated terms cannot be prepaid.

Having solicited feedback from a group of borrowers representing a large cross section of the portfolio, staff believe appropriate measures have been developed to address the needs of most of our borrowers. Over the coming months, staff will be approaching the balance of borrowers who have multiple loans in their MassHousing portfolios to communicate these initiatives and to solicit their requests. It is expected this effort will be concluded by 3/31/21 and will stop adding to the list of Covid-related initiatives at that point.

In addition to allowing for the maintenance of debt service payments, maintaining appropriate levels of capital expenditures, and to address increased operating expenses, these initiatives were also intended to allow our borrowers to fund increasing tenant receivables and allow for more flexible repayment terms of those receivables in order to stabilize occupancies. The group has voluntarily developed a public statement as to their intentions (attached)

Ms. Serafin asked whether the borrowers for all proposed loans included on the schedule had made the pledge and what other effect these transactions might have with respect to affordability. Staff responded yes these borrowers had signed onto the public statement and most, if not all, will result in extended affordability.

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

VOTED: The Vice President of Multifamily Programs, with the approval of the Executive Director, in connection with MassHousing's efforts to provide relief during the Covid-19 pandemic, is authorized to (i) waive, only for those loans listed in Schedule I attached hereto (the "Covid Initiative Loans"), the requirement under the MassHousing Proactive Preservation and Multifamily Loan Prepayment Guidelines ,adopted by the Agency on October 14, 2014 (and revised July 14, 2015), that existing senior MassHousing loans have less than seven years remaining before each matures or less than five years remaining before such a loan is eligible to prepay without MassHousing's consent and (ii) permit partial prepayment and defeasance of such Covid Initiative Loans otherwise in accordance with such Guidelines.

Schedule 1

Project Name	**MassHousing Loan #**
Cromwell Court Apartments	71-075-03
Forest Park Apartments	08-114-01
Franklin Square Apartments	73-039-02
Historic South End Apartments	13-004-01
Machado's House @ Parker's Grove	81-027-02
Rock Harbor Village	74-044-02
Summer Hill Glen	73-036-03
The Blackstone Apartments	72-119-02
Wilkens Glen	73-054-03

Mr. Attia left the meeting at 3:00pm.

Loan Committee

Lenox Apartments, Lower Roxbury

Antonio Torres presented a proposal for Official Action; Commitment for Tax-Exempt Permanent Loan; Commitment of Taxable Permanent Loan; Approval for the Use of Low-Income Housing Tax Credits for Lenox Apartments in Roxbury.

Lenox Apartments is an existing 108-unit residential development located in Roxbury. The Development is part of an existing 285-unit historic federal public housing community ("Lenox Street") built in 1939 and owned by the Boston Housing Authority (BHA). Lenox Street has been separated into two transactions given the 3-year construction period needed to complete the scope of renovations and relocation of residents, which will maximize tax credit equity to the transactions. The Development will be rehabilitated first, and Lenox 2 Apartments, which contains 177 units, will begin construction after the completion and re-occupancy of the Development. For many years, the BHA owned and operated Lenox Street in conjunction with an adjacent property, Camden Apartments ("Camden"), which consists of 72 units built under the Commonwealth's public housing program. Lenox Street and Camden will continue to share in the use of the management and community building. In 2016 the BHA selected Beacon Communities to redevelop both properties. Beacon assumed ownership and began construction at Camden in 2018. In 2019 Beacon assumed third-party management of Lenox Street.

The site is located an estimated 10-minute walk from the Massachusetts Avenue and Ruggles stops off the MBTA's orange line. Major bus routes are easily accessible, and the site is also located with easy access to the Mass Pike, which intersects with Interstate 93 and Route 20. Upon a motion duly made and seconded, by roll call vote of the Members present, 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 loan commitment for the multifamily development known as "Lenox 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 tax-exempt debt by the Agency not be in excess of $27,500,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

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

1. Beacon Communities Development LLC (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

Staff has reviewed the proposal for (i) permanent loan financing and (ii) the use of Low-Income Housing Tax Credits and proposes the following votes for approval:

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 $27,550,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to BC Lenox Limited Partnership or another single-purpose entity controlled by

Beacon Communities Development LLC (the "Borrower") as owner of the multifamily residential development known as "Lenox 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:

FURTHER VOTED: That the amount of 4% Credits, asset 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 "Lenox Apartments" (the "Development") will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

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

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

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

FURTHER
VOTED: That MassHousing authorizes the Executive Director or her designee to permit the owner and management agent of Lenox Apartments to use as its tenant selection plan an Admissions and Continued Occupancy Plan, Administrative Plan or other plan prepared or approved by Boston Housing Authority, subject to review and approval by MassHousing's Director of Rental Management and compliance with MassHousing's statutory requirements.

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

2. Shortage of Affordable Housing Units in the Market Area
Note: The market needs data reflects the information available to A&M staff as of the date of collection Oct. 22, 2020 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus' known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 867 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.4%, and range between 95% and 96.9%. Two out of the five comparables reviewed were offering rental concessions to prospective tenants. These include free rent and reduced security deposits. My review of similar mixed income/subsidized portfolio properties (1,898 units) demonstrated a weighted average vacancy rate of approximately 1.54%.
3rd Qtr. 2020 CoStar data for the subject's Back Bay/South End submarket (10,397 units) has an overall vacancy rate at 10.4% YTD, which is an increase of 7.71% from one year ago. CoStar data for the Boston market (231,348 units) has an overall vacancy rate of 7.9% YTD, which is an increase of 3.29% from one year ago. The Back Bay/South End submarket vacancy rate is projected to decrease to 7.2% over the next five years, while the Boston Market is projected to decrease to 6.4%.

CoStar, submarket data for the 4-5 Star building type (4,448 units) indicates a 3rd Qtr. 2020vacancy rate of 16.6% and an average asking rent of $3,409, while submarket data for the

subject's 3 Star building type (3,008 units) indicates a 3rd Qtr. 2020 vacancy rate of 5.9% at an average asking rent of $3,133 and 1-2 Star buildings(2,941 units) indicates a 3rd Qtr. 2020 vacancy rate of 5.5.% at an average asking rent of $2,500. The development more closely reflects the 3 Star building type and is reflected in both the vacancy rate and market rent potential.
According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston 269,482-year-round housing units, 51,283 (19%) of which are subsidized for low/moderate income households.

As of January 2020, 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 68.3% earned less than the HUD published 2020 AMI ($119,000), approximately 45.4% earned less than 50% of 2020 AMI, approximately 51.7 % earned less than 60% of the 2020 AMI, and approximately 59.4% earned less than 80% of the 2020 AMI.

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

4. No Undue Concentration of Low-income Households
The financing herein proposed 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
Number of Units	48	30	30
Net SF/Unit	440	612	800
Elev./Non-Elev.	N	N	N
Market Rate Rent (insert)	$3,553	$3,924	$4,690
MHFA Below Market Rent (Cost-Based Rent)	$2,213	$2,585	$3,350
MHFA Adjusted Rent	30% of 60% of AMI		
Underwriting Rents			
PBV/LIHTC	$2,240	$2,720	$3,390
Moderate Income	$1,589	$1,907	$2,203

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.

Lenox 2, Lower Roxbury

Antonio Torres presented a proposal for Official Action; Commitment for Tax-Exempt Permanent Loan; Commitment of Taxable Permanent Loan; Approval for the Use of Low-Income Housing Tax Credits for Lenox 2 Apartments in Roxbury.

Lenox 2 Apartments (the "Development") is an existing 177-unit residential development located in Roxbury. The Development is part of an existing 285-unit historic federal public housing community ("Lenox Street") built in 1939 and owned by the Boston Housing Authority (BHA). Lenox Street has been separated into two transactions given the 3-year construction period needed to complete the scope of renovations and relocation of residents, which will maximize tax credit equity to the transactions. Lenox Apartments, which contains 108 units, will be rehabilitated first, and Lenox 2 Apartments will begin construction after the completion and re-occupancy of Lenox

Apartments. For many years, the BHA owned and operated Lenox Street in conjunction with an adjacent property, Camden Apartments ("Camden"), which consists of 72 units built under the Commonwealth's public housing program. Lenox Street and Camden will continue to share in the use of the management and community building. In 2016 the BHA selected Beacon Communities to redevelop both properties. Beacon assumed ownership and began construction at Camden in 2018. In 2019 Beacon assumed third-party management of Lenox Street.

The site is an estimated 10-minute walk from the Massachusetts Avenue and Ruggles stops off the MBTA's orange line. Major bus routes are easily accessible, and the site is also located with easy access to the Mass Pike, which intersects with Interstate 93 and Route 20.

Upon a motion duly made and seconded, by roll call vote of the Members present, 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 loan commitment for the multifamily development known as "Lenox 2 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 tax-exempt debt by the Agency not be in excess of $47,500,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

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

1. Beacon Communities Development LLC (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.

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 $39,243,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to BC Lenox 2 Limited Partnership or another single-purpose entity controlled by Beacon Communities Development LLC (the "Borrower") as owner of the multifamily residential development known as "Lenox 2 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:

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 "Lenox 2 Apartments" (the "Development") will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

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

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

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

to MassHousing's first mortgage loan, and other MassHousing debt as determined by the Executive Director or the Vice President of Multifamily Programs, and (2) such subordinate mortgage loans shall be subject to MassHousing's requirements pertaining to subordinate mortgages, in a manner acceptable to MassHousing's General Counsel or his designee.

FURTHER VOTED: That MassHousing authorizes the Executive Director or her designee to permit the owner and management agent of Lenox 2 Apartments to use as its tenant selection plan an Admissions and Continued Occupancy Plan, Administrative Plan or other plan prepared or approved by Boston Housing Authority, subject to review and approval by MassHousing's Director of Rental Management and compliance with MassHousing's statutory requirements.

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

2. Shortage of Affordable Housing Units in the Market Area
Note: The market needs data reflects the information available to A&M staff as of the date of collection Oct. 22, 2020 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the 'novel coronavirus' known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 867 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.4% and range between 95% and 96.9%. Two out of the five comparables reviewed were offering rental concessions to prospective tenants. These include free rent and reduced security deposits. My review of similar mixed income/subsidized portfolio properties (1,898 units) demonstrated a weighted average vacancy rate of approximately 1.54%.
3rd Qtr. 2020 CoStar data for the subject's Back Bay/South End submarket (10,397 units) has an overall vacancy rate at 10.4% YTD, which is an increase of 7.71% from one year ago. CoStar data for the Boston market (231,348 units) has an overall vacancy rate of 7.9% YTD, which is an increase of 3.29% from one year ago. The Back Bay/South End submarket vacancy rate is

projected to decrease to 7.2% over the next five years, while the Boston Market is projected to decrease to 6.4%.

CoStar, submarket data for the 4-5 Star building type (4,448 units) indicates a 3rd Qtr. 2020 vacancy rate of 16.6% and an average asking rent of $3,409, while submarket data for the subject's 3 Star building type (3,008 units) indicates a 3rd Qtr. 2020 vacancy rate of 5.9% at an average asking rent of $3,133 and 1-2 Star buildings(2,941 units) indicates a 3rd Qtr. 2020 vacancy rate of 5.5.% at an average asking rent of $2,500. The development more closely reflects the 3 Star building type and is reflected in both the vacancy rate and market rent potential.

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

As of January 2020, 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 68.3% earned less than the HUD published 2020 AMI ($119,000), approximately 45.4% earned less than 50% of 2020 AMI, approximately 51.7 % earned less than 60% of the 2020 AMI, and approximately 59.4% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herin 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
Number of Units	75	90	12
Net SF/Unit	440	612	800
Elev./Non-Elev.	N	N	N
Market Rate Rent (insert)	$4,422	$4,928	$5,607
MHFA Below Market Rent (Cost-Based Rent)	$2,763	$3,269	$3,948
MHFA Adjusted Rent	30% of 60% of AMI		
Underwriting Rents			
PBV/LIHTC	$2,240	$2,720	$3,390
Moderate Income	$1,589	$1,907	$2,203

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.

Golda Meir Expansion, Newton

Max Glikman presented a proposal for Commitment for Tax-Exempt Construction/Permanent Loan, Commitment for Tax-Exempt Equity Bridge Loan, Commitment for Taxable Equity Bridge Loan and Approval for Use of Low-Income Tax Credits.

Golda Meir Expansion is a proposed new 68-unit development for seniors. The borrower is requesting tax-exempt and taxable financing from MassHousing, and the project will benefit from additional funding from HUD, DHCD, the City of Newton, the Sponsor, the Farnsworth Trust, and Utility Rebates.

Golda Meir Expansion is making use of the newly revived HUD Section 202 program, which helps finance supportive housing for very-low-income seniors. Funding from the 202 program includes a Capital Advance and rental subsidy in the form of a Project Rental Assistance Contract ("PRAC"). Capital Advance funds bear no interest and repayment is not required when the housing remains available for occupancy by very-low-income seniors for at least 40 years. PRACs are used to cover the difference between the tenants' contributions toward rent and the HUD-approved cost to operate the project. Golda Meir Expansion is the first project in Massachusetts to be awarded Section 202 funding under the revived program.

The development's 68 new units will be constructed as part of two additions to the existing Golda Meir House in Newton, to be connected on every floor. Golda Meir House has 199 units (with 174 restricted) and will have the same number of units upon completion of the Expansion construction. One of the existing two parking areas will be expanded to add 29 new spaces, for a total of 109 spaces.

The Golda Meir Campus (including the existing Golda Meir House and the proposed Expansion) sits on approximately 4.25 acres in Newton's Auburndale village. The site benefits from direct proximity to neighborhood amenities such as a hospital and medical facilities, houses of worship, and the MBTA station at Woodland.

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

VOTED: To approve the findings and determinations set forth below and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to $8,100,000, such first loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan (or loans) in the (aggregate) principal amount of up to $14,000,000, in each case to be made to 2Life Golda Expansion Limited Partnership or another single-purpose entity controlled by 2Life Golda Expansion Limited Partnership (the "Borrower") as owner of the multifamily residential development to be known as Unit B of the Golda Meir House Condominium (the "Development") and located in Newton, 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:

1. The Agency's financing of the Development as set forth above is subject to confirmation of approval by 2Life Golda Limited Partnership (the "GMH Borrower"), its equity investor, and HUD, in form and substance acceptable to the Agency for:

   (i) the creation of a two-unit condominium, to be known as the Golda Meir House Condominium (the "Condominium"), consisting of the existing Golda Meir House development (the "GMH Development") as Unit A and the Development as Unit B;

   (ii) the release of collateral by GMH Borrower in connection with the creation of the Condominium;

   (iii) the temporary reduction in the residential units at the GMH Development; and

   (iv) any other matter(s) in connection with the Condominium and/or other modifications to the GMH Development, including, without limitation, its financing and subsidy, for which the Agency determines such consent is required or appropriate.

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 to be known as Unit B of the Golda Meir House Condominium (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 Operations, 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.

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:
50 units (73.5%) 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 October 15, 2020, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (appx. 1,035 units) in the area revealed a strong rental market. Current occupancy rates of the comparable developments reviewed had an average occupancy of approximately 94.8%, and range between 92% and 94.5%.

Two of the comparable developments reviewed were offering a rental concession of one month's free rent for new move-ins.

3rd Qtr. 2020 CoStar data for the subject's Brookline/Newton/Watertown submarket (9,136 units) has an overall vacancy rate at 6.9% YTD, which is an increase of 3.65% from one year ago. CoStar data for the Boston market (231,079 units) has an overall vacancy rate of 7. 9% YTD, which is an increase of 3.2% from one year ago. The Brookline/Newton/Watertown submarket vacancy rate is projected to decrease to 6.7% over the next five years, and the Boston Market is projected to decrease to 6.7%. CoStar, submarket data for the 4-5 Star building type (1,986 units) indicates a 3rd Qtr. 2020 vacancy rate of 13.1% and an average asking rent of $2,919, while submarket data for the subject's 3 Star building type (4,133 units) indicates a 3rd Qtr. 2020 vacancy rate of 5.2% at an average asking rent of $2,683 and 1-2 Star buildings (3,017 units) indicates a 3rd Qtr. 2020 vacancy rate of 5.1% at an average asking rent of $2,375. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

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

Per the Newton Housing Authority (NHA) and the City of Newton 5 year Consolidated Plan (July 1, 2015-June 30, 2020) the authority owns 90 units of State-funded family public housing comprised of 2, 3 and 4 bedrooms units, with a total of 926 applicants on the waiting list. These units are scattered throughout Newton. NHA also owns 2 State funded elderly/disabled public housing units with 32 one-bedroom units with a total of 238 applicants on the waiting list. They also administer 30 Massachusetts Rental Vouchers (MRVP) and there are two applicants on the waiting list.

Regarding Federal funded public housing, NHA owns 6 Federal funded elderly/disabled public housing developments with a total of 298 one-bedroom with a total of 130 applicants of the waiting list. NHA also administers 441 Section 8 Housing Choice Vouchers, NHA participates in the Massachusetts Section 8 Centralized Waiting List and there are currently 157,554 applicants on this list. NHA also administers the following other Federal funded programs; Section 8 YMCA Project-based Single Room Occupancy Program for Single Homeless Men. There are 25 units in this facility that are subsidized by Section 8 project-based vouchers and there are 8 applicants on the waiting list. The Section 8 Victims of Domestic Violence Program has 15 units dedicated to victims of domestic violence and there are 54 applicants on the waiting list. The Newton Housing Authority is the owner of two properties funded by the Commonwealth of Massachusetts Department of Housing and Community Development. These properties are leased to vendors who operate residential programs for special needs clients.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 30,849 households in the City of Newton approximately 53.1% earned less than the HUD published 2020 AMI ($119,000), approximately 23.6% earned less than 50% of 2020 AMI, approximately 28.6% earned less than 60% of the 2020 AMI and approximately 33.9% earned less than 80% of the 2020 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 does not lead to the undue concentration of low-income households.

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	1	2
Number of Units	57	11
Net SF / Unit	650	800
Elevator Y/N	Y	Y
Market Rate Rent (10% Rate 20 Year Term)	$4,001	$4,675
MHFA Below Market Rent (Cost-Based Rent)	$2,338	$3,012
MHFA Adjusted Rent	30% of Income	
Underwriting Rents		
Project Based Section 8	$2,116	$2,570
PRAC – 202	$754	-
LIHTC 60% AMI	$1,300	$1,500

Moderate Income 100% AMI	$2,100	$2,500
Graduate Student	$2,250	$2,750
Unrestricted Market	-	$1,000

Mill Falls Apartments, Methuen

Joseph Hughes presented a proposal for Approval of a Level 1 Transfer of Ownership for Mill Falls Apartments in Methuen.

Methuen Mills Limited Partnership, a special purpose entity controlled by Silver Street Development Corporation/Roger Gendron, is seeking MassHousing's approval to allow for the arm's length sale of property to Standard Mill Falls Owner LLC, a newly formed special purpose entity controlled by Standard Property Company Inc. The proposed buyer will assume the MassHousing mortgage loan and other loan documents and plans to maintain the development as affordable housing once the development is transferred.

Mill Falls Apartments is a 97-unit mixed-income apartment community in Methuen. The property consists of two former mill buildings originally built in the 1800s and converted to their current use with MassHousing financing in 2001. The site is well maintained and has had improvements in recent years, including HVAC chiller replacement and lighting improvements. In 2017, the replacement reserves were recapitalized as part of a MassHousing refinancing. There are no known outstanding physical condition issues at this time.

In 2017, MassHousing refinanced the development with a first mortgage loan to the Borrower in the original principal amount of $7,570,000 under the HUD/Treasury FFB Program. The property is also subject to a subordinate DHCD Housing Stabilization Fund Rehabilitation Loan (HSFL) which will be assumed by the proposed buyer, subject to DHCD approval.

Staff has reviewed the application for a transfer of ownership submitted by Methuen Mills Limited Partnership and determined that it will not adversely affect MassHousing's loan security or the residents of Mill Falls Apartments and that the proposed terms are appropriate. Therefore, staff recommends the below vote for approval.

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

VOTED: That MassHousing approve the Level One Transfer of Ownership of Mill Falls Apartments in Methuen, Massachusetts from Methuen Mills Limited Partnership to Standard Mill Falls Owner LLC, or other single-purpose entity controlled by Standard Property Company, Inc., subject to the requirements of the Transfer of Ownership Policy approved by the Board on August 14, 2007 and further subject to any additional conditions required by the Director of Rental Management or General Counsel, and that the Executive Director, Vice President of Multi-Family Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith.

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

Acting Chairman Silins asked for a motion to adjourn the meeting at 3:16 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 3:16 p.m.

A true record.

Attest.

____

Colin M. McNiece
Secretary