

**Minutes of the Meeting  
of the Members of  
MassHousing  
held on  
November 13, 2018**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on November 13, 2018 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

**Members**      Mike Dirrane, Chair  
                    Ping Yin Chai  
                    Carolina Avellaneda  
                    Mark Attia, Designee of Michael Heffernan, ex officio  
                    Andy Silins  
                    Lisa Serafin  
                    Janelle Chan, ex officio

**Members**  
**Not Present**    Patricia McArdle

<b>Staff</b>	Chrystal Kornegay	Deepak Karamcheti
	Laurie Bennett	Ricky Ochilo
	Carol McIver	Hana Migliorato
	Beth Elliott	Kathy Connolly
	Dan Staring	Rachel Carlson
	Deb Morse	Chris Burns
	Meaghan McCarthy	Stephen Vickery
	Anna Reppucci	Joseph Mullen
	Sarah Hall	Craig Merry
	Katherine Miller	Mildred Mukasa
	Tom Perry	Gail Bishop
	David Keene	Paul Mulligan
	Linda Bosse	Jeremy Meneses
	John McCormack	Alyson Haskins
	Kevin Mello	Susan Sheffer
	Bethany Wood	Daniel Barbanell
	Josiah Madar	Myra Carmona
	Maureen McAllister	Jennifer Foley
	Anne Marie MacPherson	Andrew Golden
	Kelly Condon	Paul Hagerty
	Nancy Slaney	Henry Mukasa
	Jill Lavacchia	Chuck Karambakas
	Kaitlyn Mulcahy	Paul Scola
	Mike Carthas	Cynthia Lacasse
	Belmira Fallon	Tom Farmer

Eric Gedstad  
Sergio Ferreira  
Mark Tegen  
Mounzer Aylouche  
Stephen Payson  
Lisa Fiandaca

Nancy McDonald  
Ed Chase  
Tom Wolf  
Paul McMorro

**Guests** Colin McNiece, Mintz Levin  
Charles Carey, Mintz Levin  
John W. Keith, Keith Properties, Inc.  
Shelley Hoon Keith, Keith Properties, Inc.  
Brandon Wolanski, Barclays  
Tim Santucci, Winn Companies  
Pearse O’Baouill, Winn Companies  
Joe Monitto, Bank of America Merrill Lynch  
Paul Ladd, Bank of America Merrill Lynch  
Paul Haley, Barclays  
Dominic Cortz, Emerson College

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

**VOTED:** That the minutes of the meeting held on October 9, 2018 are hereby approved and placed on record.

Chairman Dirrane then called upon Chrystal Kornegay, Mass Housing’s Executive Director, for her monthly report to the Members.

### **Executive Director’s Report**

Ms. Kornegay began her report by discussing the first annual MassHousing Awards ceremony that was recently held.

Ms. Kornegay next discussed the down payment assistance impact on production in the Homeownership Division. A November 2017 report by The Urban Institute notes that saving for a down payment represents one of the biggest barriers for first-time homebuyers. Downpayment assistance helps bridge that gap and also allows homebuyers to maintain their own savings to help maintain the home they purchase. Ms. Kornegay went on to say MassHousing now provides downpayment assistance for up to 3% of the purchase price of the home, or \$12,000, whichever is less. This program targets first-time homebuyers with income not exceeding 100% area medium income. Ms. Kornegay noted that since July, MassHousing has added almost \$154 million in production as a result of the availability of the DPA program and has made 709 loans since the program launched in March 2018. Ms. Kornegay went on to say the loans are dispersed over a wide geographical area and 42% of the loans are in Gateway Cities. Ms. Kornegay noted there

has been a good impact for people of color but increasing housing inventory continues to be a challenge.

Lisa Serafin joined the meeting at 2:06pm.

Ms. Kornegay continued discussing the challenge presented by lack of available inventory and emphasized there is a need for effective financing for construction lending programs that produce housing that is affordable.

As part of her “People Behind the Mission” series, Ms. Kornegay then introduced Anna Reppucci, Executive Assistant, External Affairs. Anna has been with MassHousing since 1984 and Anna’s motto is “Never Say Never.” Anna was a big participant in the Demo-Dispo project. Chairman Dirrane also recognized Anna’s contributions to MassHousing.

### **Multi-Family Bond Delegation Vote**

Paul Scola presented a delegation of authority related to the issuance and sale of bonds and/or notes to finance multi-family transactions in the aggregate amount of up to \$300 million. This delegation vote is necessary for potential financings expected to close either by calendar year end or the first quarter of 2019. Upon a motion duly made and seconded, it was

#### **RESOLVED:**

**A RESOLUTION OF THE MASSACHUSETTS HOUSING FINANCE AGENCY  
ADOPTING SERIES RESOLUTIONS RELATED TO THE ISSUANCE AND SALE  
OF NOT EXCEEDING \$300,000,000 AGGREGATE PRINCIPAL AMOUNT OF  
BONDS AND/OR NOTES AND AUTHORIZING OFFICERS OF MASSHOUSING  
TO APPROVE CHANGES THERETO AND AUTHORIZING THE NEGOTIATION  
AND APPROVAL OF CERTAIN OTHER DOCUMENTS IN CONNECTION  
THEREWITH**

**WHEREAS**, the Massachusetts Housing Finance Agency (“MassHousing”) has previously adopted various general bond and note resolutions (the “General Resolutions”) authorizing the issuance of bonds and/or notes for the purposes of financing or refinancing Rental Development Mortgage Loans and Construction Loans, refunding other obligations of MassHousing and establishing reserves therefor;

**WHEREAS**, in order to finance or refinance certain Rental Development Mortgage Loans and Construction Loans approved by MassHousing (the “Loans”) to be designated by an Authorized Officer, MassHousing desires to provide for the adoption of one or more series resolutions pursuant to the General Resolutions authorizing the issuance of one or more series of bonds and/or notes;

**WHEREAS**, in furtherance of the provision of mixed income residential facilities and other housing available to low and moderate income persons and families in the Commonwealth,

MassHousing desires to provide for the adoption of one or more series resolutions pursuant to the General Resolutions, authorizing the issuance of one or more series of bonds and/or notes;

**WHEREAS**, MassHousing desires to adopt such resolutions and agreements as may be necessary to effectuate the foregoing purposes and to provide for the modification of such resolutions to the extent necessary; now, therefore, be it

**RESOLVED**, by the Members of MassHousing as follows:

**Section 1.** MassHousing hereby adopts one or more Series Resolutions (the “Series Resolutions”), authorizing the issuance of Bonds and/or Notes under one or more of MassHousing’s existing rental development programs with an aggregate principal amount not to exceed \$300,000,000 (the “Obligations”). The Series Resolutions shall be in substantially the form previously used by MassHousing, with such changes as shall be deemed necessary in accordance with Section 4 of this Resolution. The Obligations may be issued in one or more series.

**Section 2.** The Series Resolutions shall provide that the Obligations to be issued thereunder and any related interest rate swap agreements or other hedge agreements, as authorized below, shall be secured by and payable from any and all Revenues in accordance with the General Resolutions. MassHousing’s obligations under the Obligations, any such swap or hedge agreements or any Related Agreement deemed necessary in accordance with Section 5 of this Resolution may also be secured by MassHousing’s general obligation.

**Section 3.** The Obligations shall be sold to one or more members of MassHousing’s approved underwriting team in accordance with the terms of one or more bond purchase agreements in substantially the forms previously used by MassHousing with respect to its rental development bond programs, with such changes, interest rates, redemption provisions and maturity schedules as shall be approved by an Authorized Officer, and the same are authorized to execute and deliver the bond purchase agreements. The Obligations may (i) be sold on a tax-exempt basis under federal tax law, provided they do not bear interest at such rates and are not sold at such prices such that the yield on the Obligations exceeds 7%; (ii) be sold on a taxable basis under federal tax law, provided they do not bear interest at such rates and are not sold at such prices such that the yield on the Obligations exceeds 10%; or (iii) bear interest at a variable rate to be determined in accordance with the provisions of a Series Resolution. The Obligations may be sold at a purchase price which reflects an aggregate underwriting fee or discount of not more than 2% of the principal amount of the Obligations issued.

**Section 4.** The Executive Director, Chairman, or Financial Director are each hereby authorized, acting singly, to approve and execute such changes, additions and revisions to the Series Resolutions, including Series Resolutions with respect to Bonds previously issued under the applicable General Resolution, and the documents and agreements referred to herein and therein as are necessary to effectuate the purposes thereof.

**Section 5.** In connection with the issuance of any Obligations, MassHousing may enter into one or more remarketing agreements, standby bond purchase agreements, credit enhancement agreement or other liquidity agreements with respect to the Obligations (“Related Agreements”).

The form of such Related Agreements shall be approved by an Authorized Officer, and the same are authorized to execute and deliver such agreements.

**Section 6.** In connection with the issuance of any variable rate Obligations, MassHousing may enter into one or more interest rate swap agreements to fix the effective rate on the Obligations. The pricing and fixed rate under such swap agreements shall not exceed a nominal yield of 7%, if the related Obligations are tax-exempt, and a nominal yield of 10%, if the related Obligations are taxable. The form of such interest rate swap agreements and the terms thereof shall be approved by an Authorized Officer, and the same are authorized to execute and deliver such agreements.

**Section 7.** MassHousing authorizes any Authorized Officer, to submit the proposed terms of any transaction authorized above to the State Finance and Governance Board as may be necessary for their review in accordance with Section 98 of Chapter 6 of the General Laws, as amended, and the regulations promulgated thereunder.

**Section 8.** As used in this Resolution, the term Authorized Officer shall mean MassHousing's Chair, Executive Director, General Counsel, Financial Director, Comptroller, Manager 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.

**Section 9.** This resolution shall take effect immediately.

### **CCRI Funding Recommendations**

Chairman Dirrane 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, it was

**VOTED:** To recess the MassHousing Meeting.

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

Ed Chase presented a series of recommendations committing CCRI funds to eleven proposals that were endorsed by the Community Services Advisory Committee. These awards, totaling \$696,995 would provide funds to renovate and preserve twelve apartment units of affordable sober housing for women and children at Brookview House, Boston; rehabilitate and upgrade Familias Unidad, two houses containing fifteen SRO units and two family units at Casa Esperanza, Boston; create two new units and provide structural improvements at the Dismas Family Farm, preserving twelve existing housing units for former prisoners in recovery at a working farm in Oakham; provide half the cost of a full roof replacement, preserving twenty-two units of permanent supportive housing for men and women with co-occurring illness at the Stone Residence, Fall River; construct a building on land donated by Envision Bank creating ten new affordable sober efficiency apartments with first preference for homeless veterans; down payment funding to acquire Casa

Colon, creating eleven units of affordable, sober SRO housing for men; provide funding to convert a garage, creating two new units for young men in recovery at Lowell House, Lowell; renovate and preserve eight units of sober SRO housing for men and women with co-occurring illness at Avon Place, Springfield; construct a new building creating eight new affordable, sober efficiency apartments with first preference for homeless veterans in Marshfield; deliver weekly recovery support services to women and children in Lynn and women veterans in Leeds; and create fourteen new SRO units of affordable sober housing for men in recovery in Fitchburg. Upon a motion duly made and seconded, 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 \$125,000 to Brookview House, Boston, for the purposes described in the application endorsed by the Agency’s Community Services Advisory Committee (the “Advisory Committee”), subject to the contingencies and requirements set forth in the Advisory Committee’s recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$35,970 to Casa Esperanza, Boston, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee’s recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$75,000 to Dismas House, Oakham, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee’s recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$23,725 to the Fall River Community Housing Resource Board, Fall River, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee’s recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$75,000 to Father Bill’s & Mainspring, Randolph, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee’s recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$75,000 to the Latin American Health Alliance, Worcester, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee’s recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$75,000 to Lowell House, Lowell, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$44,300 to the Mental Health Association, Springfield, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$75,000 to NeighborWorks Southern MA, Marshfield, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$18,000 to Self Esteem Boston Educational Institute, Lynn and Leeds, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

**FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$75,000 to the South Middlesex Nonprofit Housing Corp, Fitchburg, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's 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 three foregoing votes.

With no other CCRI business, Chariman Dirrane asked if there was a motion to adjourn. Upon a motion duly made and seconded, it was voted to adjourn the CCRI meeting and resume the MassHousing Meeting.

**Loan Committee**

**Millers River, Cambridge**

Deborah Morse presented a proposal for Millers River, a 19-story high-rise building with 297 existing units of low-income, project-based Section 8 housing in East Cambridge.

Millers River was originally placed in service in the 1970s and has since operated as a federal public housing development. The building has endured decades of deferred maintenance as a result of insufficient capital. The age and poor condition of many of the building's infrastructure systems require replacement. The proposed scope of work will address all of the failing building systems, including roof replacement and significant improvements to the building envelope. The scope includes a complete renovation of unit interiors, including the abatement of asbestos which is found in every unit.

The current owner will place the entire Millers River property into a condominium regime pursuant to the Massachusetts Condominium Act, MGL c. 183A. The existing tower building will be divided into three condominium units, two of which will together contain 285 residential units (one with 129 units and one with 156 units) and will constitute the financed Development, and one of which will contain 15 residential units that will be retained by the current ownership entity. The current ownership will retain the 15-unit condominium because CHA hopes to re-purpose those units in the near future to allow for an addition of up to 112 units at Millers River, and as such, the current ownership entity will retain phasing rights allowing it to construct additional condominium units on the Millers River land. CHA has indicated that the 15-unit condominium will remain affordable, restricted to households at 80% AMI through a Use Agreement with HUD.

The tax-exempt proceeds from MassHousing will be used to finance the acquisition and rehabilitation of two of the condominium units at the Development, which will be comprised of 282 existing units at the Development, as well as three new residential units to be converted from former management office space at the Development, for a total of 285 units. Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize the issuance of multifamily tax-exempt obligations in an estimated principal amount of \$82,000,000, in one or more series pursuant to one or more indentures and/or financing agreements with such terms, interest rates, redemption provisions and maturity schedules as shall be approved by any of the Executive Director, General Counsel, Finance Director, Comptroller, Manager of Finance and Bond Compliance, acting singly, and any officer or employee of MassHousing acting in such capacity or otherwise authorized to perform specific acts or duties by resolution of MassHousing (each an "Authorized Officer"), each Authorized Officer, acting singly, being authorized to execute and deliver such agreements and any other documents, instruments, and agreements necessary to effectuate the purposes of the conduit financing described herein, with the proceeds of such issuance to be lent to Millers River LLC or another single-purpose entity controlled by the Cambridge Housing Authority (the "Borrower") as owner of the multifamily residential development known as "Millers River" (the "Development") and located in Cambridge, Massachusetts, and in accordance with the applicable Conduit Loan Closing Standards approved by the Members of MassHousing on September 12, 2017 and delegations of authority previously approved by the Members of MassHousing, and further subject to (1) compliance with all applicable



laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**FURTHER  
VOTED:**

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

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

**FURTHER  
VOTED:**

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

**FURTHER  
VOTED:**

To authorize the Executive Director and her designee, to permit the Borrower to enter into, or assume, mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to MassHousing’s mortgage loans, and (2) such subordinate mortgage loans shall be subject to MassHousing’s requirements pertaining to subordinate mortgages, in a manner acceptable to MassHousing’s General Counsel or her designee.

## ATTACHMENT A

### FINDINGS AND DETERMINATIONS

#### **Statutory Findings:**

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

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

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

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

In-house data for larger market and mixed-income complexes (approximately 1,160 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.5%, and range between 92.1% and 100%.

REIS, Inc. data (2<sup>nd</sup> Qtr. 2018) for the subject's Cambridge/Watertown/Waltham submarket has a vacancy rate at 5.9% YTD (5.6% Boston Metro). This rate is projected to increase to 7.2% over the next five years, while the Boston Metro is projected to increase to 6.5%. Vacancies in the Cambridge/Watertown/Waltham submarket have averaged approximately 5.5% over the last five years, while the Boston Metro is slightly better at 4.7% over the last five years.

REIS, Inc. submarket data for the Class A building type (16,686 units) indicates a 2nd Qtr. 2018 vacancy rate of 6.8% and an average asking rent of \$3,751 and, REIS, Inc. submarket data for the subject's Class B/C building type (17,694 units) indicates a 2nd Qtr. 2018 vacancy rate of 6.2% at an average asking rent of \$2,203. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type and is reflected in both the vacancy rate and market rent potential.

One of the comparable reviewed was offering rent concessions of 1-month free rent for a studio apartment and \$1,000 off for a 2 bedroom. The 2nd Qtr. 2018, REIS, Inc. data indicates that the Cambridge/Watertown/Waltham submarket is offering .83 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the City of Cambridge has 46,690 year-round housing units, 6,911 (14.8%) of which are subsidized for low/moderate income households.

Per the City Cambridge Consolidated Plan FY 2016-2020 the city owns/operates 2,447 units of State public housing (1,736 family and 711 elderly/disabled). Cambridge Housing Authority (CHA) public housing portfolio consists of 2,441 federal units and 109 units identified as New Construction. In addition, CHA has one State public housing site that is being prepared for demolition and will be replaced with new construction under a project-based subsidy structure. Per

the CHA Annual Plan 2017, which was approved by HUD on June 2016, there are at total of 18,101 applicants on the CHA wait list. 15,468 applicants are on the public housing waiting list, 2,633 applicants are on the wait list for Putnam Square Apartments, HCV SROs and PH SROs. Included in that number 8,027 applicants that are that may be eligible for multiple programs and therefore are on more than one waitlist.

The Cambridge Housing Authority tenant-based assistance programs (e.g. Housing Choice Vouchers) includes 4,009 vouchers. Per Cambridge Housing Authority, the Section 8 Housing Choice Waiting list was re-opened on October 3, 2016 and remains open.

U. S. Census data from the 2012-2016 American Community Survey (ACS) indicates that of the 43,497 households in the City of Cambridge, approximately 23.4% earned less than 30% of the HUD published 2018 AMI (\$107,800), approximately 34.5% earned less than 50% of the 2018 AMI, and 40.1% earned less than 60% of the 2018 AMI and 48.1% of households earned less than 80% of the 2018 AMI.

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

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

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

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality. Although it is a low-income development, it is located in an area that includes a mix of residential and numerous retail and restaurant uses.

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

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

## Rental Determinations

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

Number of Bedrooms	1 BR	2 BR
Number of Units	282	3
Net SF/Unit	525	600
Elev. (E) / Non-Elev. (N)	E	E
Market Rate Rent		
(10% Rate 20-year term)	\$2,257	\$2,257
MHFA Below Market Rent		
(Cost-based Rent)	\$1,452	\$1,452
MHFA Rent Adjusted	30% of Income	
Underwriting Rents:		
ELI 30% - RA*	\$1,795	\$2,187
LI 60% - RA*	\$1,795	\$2,187

*\*Underwriting rents are net of utility allowance*

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.

### Holyoke Farms, Holyoke

Antonio Torres presented a proposal for Official Action Status, Commitment of Tax-Exempt Permanent Loan and Commitment of Tax-Exempt Syndication Bridge Loan for Holyoke Farms an existing 225-unit affordable housing development located in Holyoke. The units are clustered in 32 townhouse type buildings that are in a garden style complex. As part of the rehabilitation scope, eight units will be demolished, and 12 new units will be built. Post rehabilitation, there will be 229 units at this development consisting of 12 one-, 111 two-, and 106 three-bedroom units.

The Development was originally constructed in 1971 on 16.59 acres financed through HUD's Section 221(d)(3) BMIR program, and in 2000 it underwent a moderate rehabilitation as part of a tax credit syndication.

The plan is for the Borrower to acquire the property, repay existing debt, substantially rehabilitate the property, capitalize a replacement reserve and secure long-term preservation of the Development. The Development has an existing MassHousing first mortgage of approximately

\$6,100,000, and the loan is pre-payment eligible. The Developer is leveraging tax-exempt financing and Low-Income Housing Tax Credits to complete much-needed repairs, upgrades and renovations thereby ensuring the development will remain livable well into the future. The proposed renovation will take care of critical needs relative to site conditions, site paving, envelope, code updates, bathroom renovations, and system efficiency upgrades. In addition, the Developer is proposing to replace 8 existing townhouse units with 12 fully accessible 1- bedroom units addressing the needs of senior and disabled residents over a first-floor management office and community room. Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$13,900,000, to be insured upon completion under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$7,815,000, in each case to be made to a single-purpose entity controlled by Maloney Properties, Inc. (the "Borrower") as owner of the multifamily residential development known as "Holyoke Farms" (the "Development") and located in Holyoke, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None

**FURTHER**

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

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

**FURTHER**

**VOTED:** To authorize the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, each acting singly, to

set the amount of 4% Credits to be used in connection with the Development applying the standards set forth in the immediately preceding vote.

**FURTHER  
VOTED:**

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

**ATTACHMENT A  
STATUTORY FINDINGS AND DETERMINATIONS**

**Statutory Findings:**

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

*(1) Provision of Low-income Set-aside Units*

191 units (83.4%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

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

In-house data for larger market and mixed-income complexes (approximately 771 units) in the area revealed a strong rental market. Current occupancy rates of the six comparable properties reviewed averaged approximately 99%, and range between 95% and 100%. My review of similar mixed income/subsidized portfolio properties (1,740 units) demonstrated a weighted average vacancy rate of approximately .94%.

There is no submarket data available therefore, Springfield metro data is provided. REIS, Inc. data (2nd Qt. 2018) for the subject's Springfield metro area have projected a vacancy rate at 1.5% YTD (5.2% Boston Metro). This rate is projected to increase to 2.0% over the next five years, while the Boston Metro is projected to increase to 6.1%. Vacancies in the Springfield metro area have averaged approximately 2.0% over the last five years, while the Boston Metro vacancy rate has averaged 4.7%.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/17/17), the City of Holyoke has 16,320 year-round housing units, 3,253 (19.9%) of which are subsidized for low/moderate income households.

Further, the Holyoke Housing Authority (HHA) owns and /or operates 4 Federally funded Public Housing developments for families which have a total of 557 rental units and 3 Federally funded Public Housing developments for elderly/ disabled which have a total of 247 rental units. Per the representative of HHA, the Federal Waiting list (family and elderly combined) is as follows; 1BR-265, 2BR-179, 3BR-169, 4BR-25, and 6BR-1.

Regarding State funded public housing, they also own and/or operate 12 state funded family scattered site housing units located in South Holyoke, 3 state funded public housing units for elderly/disabled which have a total of 128 rental units. Per the representative of HHA, the State Waiting list (family and elderly combined) is as follows; 1BR-364, 2BR-275, and 3BR-326. Finally, they own/manage and one state funded development of congregate housing for elderly with 20 studio units.

HHA also administers 1,380 Section 8 Housing Vouchers, per the representative of HHA, there are 194,590 applicants are on the centralized waiting list and of those applicants there are 5,030 local applicants.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that of the 15,005 households in the City of Holyoke, approximately 58.0% earned less than the HUD published 2018 AMI (\$73,900), approximately 51.1% earned less than 50% of 2018 AMI, approximately 57.1% earned less than 60% of the 2018 AMI and approximately 67.1% earned less than 80% of the 2018 AMI.

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

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

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

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

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

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

**Rental Determinations:**

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

<b>Rent Schedule</b>			
Number of Bedrooms	1	2	3
Number of Units	12	111	106
Net SF/Unit	614	928	1214
Elev./Non-Elev.	E	N	N
<b>Market Rate Rent</b> (10% Rate 20 Yr. Term)	\$1,172	\$1,317	\$1,550
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$879	\$1,024	\$1,257
<b>MHFA Adjusted Rent</b>	30% of Income		
<b>Underwriting Rents</b>			
Market Rate	\$0	\$1,051	\$1,306
Section 8 PBV HAP (HHA)	\$0	\$1,026	\$1,285
Section 8 PBV HAP (DHCD)	\$0	\$1,198	\$1,420
LIHTC 60% AMI	\$879	\$1,008	\$1,222
Mobile Voucher	\$0	\$1,008	\$1,261
Utility Allowance	\$29	\$31	\$37

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.



## Island Creek Village East – Duxbury

David Keene presented a proposal for Island Creek Village East, a 58-unit elderly and family Section 8 apartment community in Duxbury. Island Creek Village East Limited Partnership (“Borrower”) has presented a proposal to recapitalize the property with the use of taxable debt through the FFB Risk Sharing program. The property is one of four MassHousing rental portfolio developments in the Town of Duxbury and is an important piece of the Town’s affordable housing inventory. The development is subject to a ground lease through November 5, 2107 and is served by a privately-owned wastewater treatment facility, as well as a clubhouse and swimming pool facility, that are all shared with three adjacent developments.

The Borrower plans to repay existing debt, make repairs/improvements of \$1,289,946, and capitalize \$365,690 for an initial deposit to the replacement reserves. The Development has an existing MassHousing first mortgage of approximately \$4,300,000 that is prepayable under the Agency’s October 14, 2014 Prepayment Guidelines. The repairs/capital improvements will include site work, entry doors, windows, kitchen and bathroom renovations, and accessibility upgrades. The Development also has a replacement reserve balance of approximately \$300,000. The Borrower has commitments for 58 long-term Project Based Section 8 HAP contracts. Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize a permanent first mortgage loan in a principal amount of up to \$10,640,000 to be insured under the HUD FFB Risk Sharing Program to be made to Island Creek Village East Limited Partnership (the “Borrower”) as owner of the multifamily residential development known as “Island Creek Village East” (the “Development”) and located in Duxbury, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, and further subject to compliance with all applicable laws and all regulations and requirements of applicable financing programs.

### ATTACHMENT A STATUTORY FINDINGS AND DETERMINATIONS

#### Statutory Findings:

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

#### *(1) Provision of Low-income Set-aside Units*

A total of 100% of the units (58 of 58 rental units) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below, pursuant to the Section 8 contract for the property, and subsequently as restricted by the tax credit program requirements.

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

In-house data for larger market and mixed-income complexes (764 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over that past three years. Current occupancy rates of the six developments reviewed averaged approximately 97.6%, and range between 93% and 100%. The subject property has operated as a Section 8 property since 1983 and has an average vacancy rate of 1.75% over the past 6 years.

*REIS, Inc.* data (2<sup>nd</sup> Qtr. 2018) for the subject's South/SE Suburban submarket have projected a vacancy rate at 4.4% YTD (5.6% Boston Metro). This rate is projected to increase to 5.1% over the next five years, while the Boston Metro is projected to increase to 6.5%. Vacancies in South/SE Suburban submarket have averaged approximately 4.5% over the last five years, while the Boston Metro has averaged 4.7%.

REIS, Inc. submarket data for the Class A building type (4,657 units) indicates a 2<sup>nd</sup> Qtr. 2018 vacancy rate of 7.1% and an average asking rent of \$1,780 and, *REIS, Inc.* submarket data for the subject's Class B/C building type (12,023 units) indicates a 2<sup>nd</sup> Qtr. 2018 vacancy rate of 3.7% at an average asking rent of \$1,476. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type and is reflected in both the vacancy rate and market rent potential. None of the comparables reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The 2<sup>nd</sup> Qtr. 2018 REIS, Inc. data indicates the South/SE Suburban is offering 0.47 months free rent.

Duxbury Housing Authority (DHA) public housing units and Section 8 Housing Choices Vouchers(HCV) are administered by Plymouth Housing Authority(PHA). Per the representative of the PHA, Duxbury owns and/or operates one property that is State Chapter 667 Housing for Elderly/Disabled with a total of 52 one-bedroom units. They also own one State Chapter 689 Disabled Group Home with 12 units and 7 State Chapter 705-1 three-bedroom Single Family Homes. Per the representative of PHA, there are 427 applicants on the Elderly/Disabled and 305 applicants on the two-bedroom list, and 228 on the wait list for family units. PHA administers 12

Section 8 Housing Choice Vouchers (HCV) and uses the Section 8 Housing Choice Voucher Centralized Waiting list, which has approximately 200,000 applicants.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/17/2017), the town of Duxbury has 5,532 year-round housing units, of which 410 (7.4%) are subsidized for low/moderate income households.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that, of the 5,355 households in the Town of Duxbury, approximately 48% earned less than the HUD-published 2018 AMI (\$107,800); approximately 20.7% earned less than 50% of 2018 AMI; approximately 25.2% earned less than 60% of the 2018 AMI; and approximately 32.9% earned less than 80% of the 2018 AMI.

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

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

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

All units in the development will be affordable under the HUD Section 8 rental subsidy program.

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

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. 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	<u>1</u>	<u>2</u>	<u>3</u>
Number of Units	40	13	5
Net SF/Unit	495	758	1,560
Elev. (E) / Non-Elev. (N)	N/E	N/E	N/E
Market Rate Rent (10% Rate 20-year term)	\$2,530	\$2,836	\$3,498
MHFA Below Market Rent (Cost-based Rent)	\$1,724	\$2,030	\$2,692
MHFA Rent Adjusted	30% of income		
Underwriting Rents Sect. 8	\$1,724	\$2,030	\$2,692

### **West Stoughton Village, Stoughton**

David Keene presented a proposal for West Stoughton Village, an existing 112-unit affordable housing development located in Stoughton. The units are clustered in 27 townhouse type buildings that are in a garden style complex.

The Development was originally constructed in 1974 on 6.96 acres financed through MassHousing's Section 13A program, and in 1995 it underwent a moderate rehabilitation as part of a tax credit syndication. The 13A subsidized loan matured in March 2017. The remaining unsubsidized mortgage has a balance of approximately \$610,684 and is prepayable prior to its June 2024 maturity under the Agency's Prepayment Guidelines.

The Borrower plans to acquire the property, repay existing debt, make repairs/capital improvements and capitalize a replacement reserve. The Development has an existing MassHousing first mortgage of approximately \$610,684. The proposed renovation will take care of critical needs relative to roofing, site conditions, entry doors, fire code updates, bathroom renovations, and accessibility and HVAC system upgrades.

As a result of prior Low-Income Housing Tax Credits for the property in 1998, there is a Use Restriction that requires 101 units be rent- and income-restricted to tenants earning less than 60% of area median income, which will remain in place through 2098. Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize a permanent first mortgage loan in a principal amount of up to \$6,191,000 to be insured under the HUD FFB Risk Sharing Program to be made to West Stoughton Village, LLC , or another single-purpose entity controlled by Keith Properties, Inc. (the "Borrower") as owner of the multifamily residential development known as "West Stoughton Village" (the "Development") and located in Stoughton, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**ATTACHMENT A**  
**STATUTORY FINDINGS AND DETERMINATIONS**

**Statutory Findings:**

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

*(1) Provision of Low-income Set-aside Units*

A total of 90% of the units (101 of 112 rental units) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below, as restricted by a pre-existing tax credit program use restriction.

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

In-house data for larger market and mixed-income complexes (905 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over that past three years. Current occupancy rates of the six developments reviewed averaged approximately 97%, and range between 93% and 100%. A review of similar mixed income/subsidized portfolio properties (1,178 units) demonstrated a weighted average vacancy rate of approximately 0.92%. The property has an average vacancy rate for the past six years of only 1.1%.

REIS, Inc. data (2<sup>nd</sup> Qtr. 2018) for the subject's South/SE Suburban submarket have projected a vacancy rate at 4.4% YTD (5.6% Boston Metro). This rate is projected to increase to 5.1% over the next five years, while the Boston Metro is projected to increase to 6.5%. Vacancies in the South/SE Suburban submarket have averaged approximately 4.5% over the last five years, while the Boston Metro has averaged 4.7%.

REIS, Inc. submarket data for the Class A building type (4,657 units) indicates a 2<sup>nd</sup> Qtr. 2018 vacancy rate of 7.1% and an average asking rent of \$1,780 and, REIS, Inc. submarket data for the subject's Class B/C building type (12,023 units) indicates a 2<sup>nd</sup> Qtr. 2018 vacancy rate of 3.7% at an average asking rent of \$,1476. The development when improved with the proposed amenities, more closely reflects the Class B/C property type and is reflected in both the vacancy rate and market rent potential. None of the comparables reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The 2<sup>nd</sup> Qtr.2018, REIS, Inc. data indicates the South/SE Suburban is offering 0.47 months free rent.

None of the comparables reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The 2<sup>nd</sup> Qtr.2018 REIS, Inc. data indicates that the South/SE Suburban submarket is offering 0.47and the Boston City submarket 0.56 months free rent.

Stoughton Housing Authority (SHA) public housing units and Section 8 Housing Choices Vouchers(HCV) are administered by Taunton Housing Authority(THA). Stoughton manages and/or operates three properties of State Chapter 667 Housing for Elderly/Disabled and for Non-Elderly Disabled with 166 one-bedroom units. There are 543 elderly applicants and 367 non-

elderly disabled applicants on the one-bedroom waiting list. They also manage one state-funded Congregate property with 19 studio units and there are 37 applicants on the waiting list for these

units. They also have three properties of State Chapter 200-1, Veteran/Family and 2 State Chapter 705 Housing for Families that consists of one-bedroom units, 15 two-bedroom units, 22 three-bedroom units, and four-bedroom units. (The unit counts of the one-bedroom and four-bedroom units were not provided by the representative). Per the representative there are 12 applicants on the one-bedroom list, 103 applicants on the two-bedroom list, 62 applicants on the three-bedroom list and 7 applicants on the four-bedroom list. SHA also owns one Federal Elderly and Non-Elderly Disabled property consisting of 35 one-bedroom units and 5 two-bedroom units. Per the representative, there are 347 applicants on the one bedroom waiting list and 12 applicants on the two-bedroom waiting list. Lastly, they administer 28 Massachusetts Rental Voucher Program(MRVP) at West Stoughton Village, for which there are 323 applicants for one-bedroom units and 13 for two-bedroom units.

THA administers 48 Section 8 Housing Choice Vouchers (HCV) and uses the Section 8 Housing Choice Voucher Centralized Waiting list, which has 195,875 applicants.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/17/2017), the Town of Stoughton has 10,742 year-round housing units, 1,240 (11.52%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that, of the 10,578 households in the Town of Stoughton, approximately 63.1% earned less than the HUD published 2018 AMI (\$107,800); approximately 36.8% earned less than 50% of 2018 AMI; approximately 43.5% earned less than 60% of the 2018 AMI; and approximately 52.4% earned less than 80% of the 2018 AMI.

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

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

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

Although 101 units of the total 112 total units in the development will be affordable, the units will house people with a tiered range of incomes up to 60% of median. For the Development, the proposed 101 units at 60% tax credit rents will include 28 MRVP units for households under 30% AMI.

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

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. 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	<u>1</u>	<u>2</u>
Number of Units	90	22
Net SF/Unit		
Elev. (E) / Non-Elev. (N)	N/E	N/E
Market Rate Rent (10% Rate 20-year term)	\$1,232	\$1,399
MHFA Below Market Rent (Cost-based Rent)	\$978	\$1,145
MHFA Rent Adjusted	30% of Income	
Underwriting Rents	\$978	\$1,145

## Blue Mountain Apartments, Boston

Antonio Torres presented a proposal for Blue Mountain Apartments, a community of 19 buildings with 217 units were built in the early 1900s and substantially rehabilitated in the 1980s. All 19 buildings are located around Elm Hill Avenue in Roxbury. Due to the age and current condition of the buildings, these properties may be classified under 2018 Qualified Allocation Plan Preservation Matrix Tier 2 Category: Significant code and safety issues that present a risk to tenants and/or threaten the long-term viability of the property. Also, all units have Section 8 project-based subsidies.

The Developer is currently seeking OAS to protect its ability to reimburse any appropriate project expenditures with the proceeds of a future tax-exempt financing and to maximize flexibility in the use of funds. The tax-exempt bond proceeds from MassHousing will be used as project financing for the rehabilitation of Blue Mountain Apartments. The NHPF plans to renew the Section 8 contract for all 217 units for the maximum allowable term. They plan to invest \$100,000 per unit to rehabilitate the property and meet the state sanitary code and improve the life safety of the residents. In addition to using 4% LIHTCs with the tax-exempt financing, the Borrower plans to apply for federal and state historic tax credits to bring additional equity for this transaction. This property is in MassHousing's Section 8 contract administration portfolio and would represent a new loan to the Agency. Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a permanent loan commitment for the multifamily development known as “Blue Mountain Apartments” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of debt by the Agency not be in excess of \$43,600,000 in principal amount for the Development; (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 Code or Treasury Regulations promulgated thereunder

### Official Action Status Findings

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

1. NHPF (“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.

### **Pac 10 Lofts, Lawrence**

Dan Staring presented a proposal for Pac 10 Lofts in Lawrence. Pac 10 is an adaptive reuse of a historic mill building which will provide 170 new affordable units and ten (10) market units in downtown Lawrence. On February 14, 2017, MassHousing approved a commitment of tax-exempt permanent and bridge financing for the transaction for a total volume cap allocation of \$22,804,946. On November 28, 2017, MassHousing approved, through a staff delegation, an increase of \$1,000,000 in the permanent loan amount, funded with taxable proceeds. Construction closing occurred on March 16, 2018, and the building has been under construction since then. Due to increases in soft costs, Reed Realty Advisors LLC (the Sponsor) has requested a \$1,330,000 increase to the short-term bridge loan, from the previously committed amount of \$8,804,946 to \$10,134,946. This increase will be funded with taxable proceeds, therefore the volume cap allocation remains the same as originally committed. Upon a motion duly made and seconded, it was

**VOTED:** To approve the authorization of an increase to the bridge loan in a principal amount of up to \$1,330,000 in taxable funds, to be made to Taom Pacific I LLC or another single-purpose entity controlled by Reed Realty Advisors LLC (the "Borrower") as owner of the multifamily residential development known as "Pac 10 Lofts" (the "Development") and located in Lawrence, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

1. The increased bridge loan amount is subject to receipt of an additional award of state historic tax credit equity in the amount of \$300,000, anticipated to be received in December 2018. If the Borrower does not receive such award prior to permanent loan closing, the increased bridge loan amount will be decreased accordingly.
2. The previously executed Permanent Loan Agreement between the Borrower, construction lender and MassHousing shall be amended to reflect the increased bridge loan amount, subject to the requirements contained therein and any conditions related to the increased bridge loan amount required by the Vice President of Multifamily Programs or the General Counsel.

### BF Faulkner Tower, Somerville

Henry Mukasa presented a proposal for a Level One Transfer of Ownership for BF Faulkner Tower in Somerville. BF Faulkner Tower is a 130-unit elderly restricted apartment complex located in Somerville. It was built in 1978. The development is subject to a recently renewed HAP contract administered by MassHousing which covers 129 of the units. The MassHousing loan on the property is insured under the HUD Risk Sharing Program at the 50/50 risk share tier.

The proposed Level One Transfer of ownership is intended to accommodate the intergenerational transfer of ownership and control from the two current general partners to their heirs. Upon a motion duly made and seconded, it was


**VOTED:** That MassHousing approves the Level One Transfer of the general partnership interests in Walnut Hill Tower Associates, owner of the BF Faulkner Tower development, from Burton F. Faulkner, Jr. and Peter A. Dupuis to Faulkner GP LLC and Dupuis GP LLC, 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 the General Counsel.

Acting Chairman Dirrane asked for a motion to adjourn the meeting at 2:39 p.m. Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the MassHousing meeting at 2:39 p.m.

A true record.

Attest.



Carol G. McIver  
Assistant Secretary