

**Minutes of the Regular Meeting
of MassHousing and
a Special Meeting of
Center for Community Recovery Innovations, Inc. (“CCRI”)
held on
February 11, 2020**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – and a special meeting of its affiliate Center for Community Recovery Innovations, Inc. (“CCRI”) was held on February 11, 2020 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

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

**Members
Not Present** Michael Dirrane
 Patricia McArdle
 Andy Silins

Staff

Chrystal Kornegay	Kaitlyn Mulcahy
Colin McNiece	Stephen Vickery
Carol McIver	Chuck Karimbakas
Maureen Burke	Mark Teden
Laurie Bennett	Mounzer Aylouche
Sarah Hall	Rachel Madden
Max Glikman	Paul Scola
Henry Mukasa	Paul McMorrow
Jeremy Meneses	Kelly Condon
Cynthia Fernandes	Gina Micchelli
Kyle Miller	Lisa Fiandaca
Shelby Rosenberg	Stephen Payson
Amelia Cruz McDonough	Kevin Mello
Kathy Connolly	Jen Foley
Beth Robinson	Nancy McDonald
Kathleen Evans	Greg Watson
Carmen Bento	Monique Gibbs
Ricky Ochilo	Jeffrey Bolivar
Amanda Melick	Hana Migliorato
Matt Deych	Nancy Slaney
Zan Bross	Paul Mulligan
Gail Bishop	Linda Bosse
Hanna Schutt	Anne Marie MacPherson

Piia DiMeco
Tom Perry
Susan Sheffer
Thomas Norton
Nick Pepe
Bethany Wood
Myra Carmona
Deepak Karamcheti
Joseph Mullen

Paul Hagerty
Sheila Magnan
Doug O'Brien
Jeff Geller
Beth DeFranzo
Eric Gedstad
Ed Chase

Guests Charles Carey, Mintz
Joe Tait, Raymond James
James Tansey, HPAO Bureau
Mark Migliacci, Chase
Gloria Boyd, J. P. Morgan
Barry Gottfried, Stifel
Paul Haley, Barclays
James Oppedisano, J. P. Morgan
Paul Ladd, BofA Securities
Brandon Wolanski, Barclays
Jeff Sula, RBC
Geoff Proulx, Morgan Stanley
Ryan Carter, Morgan Stanley
John Giammarino, Citi
John Malpiede, Citi

Acting Chairman Chai 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 January 14, 2020 are hereby approved and placed on record.

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

Executive Director's Report

Ms. Kornegay began by discussing the Wells Fargo Inaugural Affordable Housing Summit she attended along with Rachel Madden and Charles Karimbakas. They presented the importance of down payment assistance and a variety of ways to service the workforce. Ms. Kornegay and Ms. Madden also attended Boston's Department of Neighborhood Development's (DND) update to their *Housing a Changing City* plan.

Ms. Kornegay continued by describing MassHousing's enhanced Down Payment Assistance (DPA) program which will be supported by funds from the Commonwealth.

Ms. Kornegay next discussed the Commonwealth Builder Program. MassHousing has received an \$86.2 million commitment from the Commonwealth to expand MassHousing's Workforce Housing Initiatives. Of that \$86.2 million commitment, \$60 million will be used for the creation of the Commonwealth Builder Program to support the production of units for moderate-income, first-time homebuyers. MassHousing is working with the Gateway Cities and Boston to advance the program and informational visits led by the VP of Multifamily Programs have already taken place in Haverhill, Worcester, Lowell and Brockton. Follow-up visits are planned with the developer community. Ms. Kornegay described a prospective pipeline with approximately 15 deals totaling more than \$30 million.

Ms. Kornegay went on to discuss the Workforce Advantage Program, an enhanced down payment assistance revolving loan fund utilizing the \$2.5 million allocation from the 2019 Supplemental Budget. Downpayment assistance will be the lower of 3% of the purchase price or \$15,000 for a 15-year term at an interest rate of 1%. This program will be focused in Gateway Cities and Boston and will be available until the \$2.5 million in DPA funds are expended.

Ms. Kornegay continued with her "People Behind the Mission" program by introducing Kelly Condon, Senior Portfolio Manager. Kelly has been with MassHousing since 1993 and she and her team oversee 342 developments. Ms. Kornegay thanked Kelly for her years of service.

Finance Update

Charles Karimbakas presented an update for Fiscal Year 2020 2nd quarter results. For the first six months of the financial year Financial Net Income is \$27 million before special items. Agency performance is projected to be \$4 million ahead of FY20 budget due to lower operating costs and investments in future revenue. This does not include grants from the Commonwealth of \$86 million for the Workforce Housing Initiative, among other things, and the \$2.5 million for the Workforce Advantage Program for enhanced down payment assistance. Mr. Karimbakas went on to say Agency performance is projected to be \$12 million lower than FY19 actuals of \$52 million. This is due to lower ongoing and current year revenue as well as higher operating costs and investments in future income. Acting Chairman Chai asked if this included security gains and Mr. Karimbakas replied it does not as those are only paper gains.

Mr. Karimbakas continued by discussing FY20 projected income. The mortgage insurance fund was projected to generate \$6.7 million and the Opportunity Fund, \$3 million. Ongoing income was projected to be \$100.9 million from servicing and annuities. Fees are projected at \$20.1 million and Operating Administrative Costs \$75.1 million. Accordingly, available income is projected to be approximately \$46 million with \$15.1 is to be spent to invest in future income and 11.7 available for transfer to the Opportunity Fund.

Mr. Karimbakas continued by stating Ongoing Income is on budget. Fees are down approximately \$2 million due to lower Homeownership income. Operating Administrative Costs are approximately \$3 million ahead of budget. Available Income, therefore, is projected as running \$1.7 million greater than budget and approximately \$2 million would be available to invest in future income.

Mr. Karimbakas then went on to discuss FY19 Actual v. FY20 Q2. .

Acting Chairman Chai asked about the HUD contract. Mr. Karimbakas answered the HUD contract goes through January 2021.

Vote Accepting and Expending Commonwealth Funds

Ms. Kornegay presented a vote for accepting and expending certain Commonwealth Funds, the application which is described below.

In July 2019, Governor Baker announced that the Commonwealth would be providing \$86.2 million to the Agency in new funding to expand the state's workforce housing supply (the "Workforce Production Funds"). In December 2019, the Agency was also allocated \$2,500,000 in the Fiscal Year 2020 Supplemental Budget for its down payment assistance program (the "DPA Funds").

Workforce Production Funds

A portion of the Workforce Production Funds in an amount not less than \$60 million is intended to fund new construction or adaptive re-use projects, which the administration has projected will produce an estimated 500 new workforce homeownership units for first-time homebuyers. In furtherance of that intent, the Agency has developed the Commonwealth Builder program to deploy that portion of the Workforce Production Funds. Agency staff presented an overview of this new program to Agency Members at the Members' regular meeting on October 8, 2019, which included a summary of the program guidelines. Updated program guidelines are attached and presented today.



Rev 2/6/2020

Commonwealth Builder Program Guidelines (Workforce Homeownership Production)

October 8, 2019 (as Adopted and Revised by MassHousing on February 11, 2020)

Massachusetts is experiencing rapid economic growth and a surging population, and many of its moderate-income households are expressing a demand for high-quality homes to purchase. However, in neighborhoods across the Commonwealth, the market is not producing an adequate supply to meet that demand; this is particularly true in communities of color – including Gateway Cities – where moderate-income households looking to purchase their first home well outnumber the appropriate stock.

Recent research data ¹ reflects that the nationwide rate of homeownership among white households outpaces rates among households of color by over 25 percent. The gap has increased over the past 20 years, erasing the gains made in the second-half of the 20th century and then some. In Massachusetts, the homeownership rate for people of color is approximately half what it is for white residents – a statewide disparity that is the sixth greatest in the nation.

The lack of moderately-priced inventory in many communities is yet another obstacle that prevents minority homebuyers from investing in a home of their own and may widen the racial homeownership gap further still. Yet absent a market incentive, demand will likely continue to outpace supply in communities of color and for moderate-income households across Massachusetts.

MassHousing seeks to contribute to the solution through the creation of its Commonwealth Builder Program. The program, based on the Agency's successful Workforce Rental Housing Program, dedicates \$60 million to create new affordable homeownership opportunities for households earning between 70% and 120% of the area median income (AMI). This program will help increase the homeownership opportunities for households of moderate means, and will support vibrant communities, a strong economy and a stable workforce in the Commonwealth.

MassHousing has established the program guidelines set forth below to ensure that program funds are utilized to add to the supply of new workforce homeownership housing units and the long-term availability of those units to eligible moderate-income households. Although not intended to set forth all the terms and conditions of MassHousing's funding, these guidelines define program eligibility and certain requirements associated with the financing of these units, including compliance with MassHousing's enabling act, Chapter 708 of the Acts of 1966, as amended. Individual projects that are consistent with the program goals may require deviation from these guidelines; these will be reviewed by MassHousing staff on a case-by-case basis and will be subject to approval by the Executive Director or Vice President of Multifamily Programs, in consultation with the Selection Committee (described below).

¹ See, e.g., 2018 American Community Survey data, U.S. Census Bureau

A. Program Requirements

Commonwealth Builder funds will be made available for eligible homeownership projects in the Commonwealth located within (1) the City of Boston, (2) Gateway Cities, and (3) Qualified Census Tracts (QCTs). Commonwealth Builder funding may not exceed \$150,000 per restricted workforce unit, with a per project maximum of \$5 million.

Project funding will generally be provided as a grant to the single-purpose, sole-asset entity undertaking the project (the “Developer”), with proceeds disbursed in installments upon the sale of the of the homeownership units that are subject to the program restrictions and requirements (the “Restricted Workforce Units”) to eligible first-time homebuyers. In certain instances, MassHousing may allow earlier program funding for projects where MassHousing and the local municipality have agreed to coordinate on construction funding and administration; the structure and terms of such funding will be as established by the Executive Director or the Vice President of Multifamily Programs, in consultation with the Selection Committee.

1. **Project Type.** New construction and/or adaptive re-use. In addition to the Restricted Workforce Units, eligible projects may include market homeownership units, restricted and/or market rental units, and/or ancillary commercial units.
2. **Unit Type.** Single-family homes or condominiums with professional management.
3. **Single Site.** The entire project must be on a single site.
4. **Minimum Number of Units/Number of Subsidized Units per Project.** Eligible projects must include at least **twenty (20)** total project units, of which the greater of (i) **25%** of the total homeownership units or (ii) **ten (10)** homeownership units must be Restricted Workforce Units.
5. **Age Restriction.** None allowed for Restricted Workforce Units.
6. **Targeted Affordability.** The Commonwealth Builder subsidy will be available for homeownership units restricted for sale to first-time homebuyer households with a household income that does not exceed the specified affordability tier within the range of 70% to 120% of AMI. A project may establish multiple affordability tiers for the Restricted Workforce Units.
7. **Affordability Restriction.** For projects in the City of Boston, following the Department of Neighborhood Development’s (DND) Long-Term Affordability Policy, affordability terms must be 30 years with a 20-year extension at the City’s option.² The affordability restriction for projects in the rest of the Commonwealth must be at least 15 years.
8. **Sales Price Differential Between Market and Workforce/Subsidized Units.** In general, the program’s intent is to fund projects where the differential is 1.25 to 1, but projects that do not meet this qualification will be considered on a case-by-case basis.
9. **Maximum Sales Prices for Workforce Units.** Sales prices will be set at levels affordable to first-time homebuyers within the targeted affordability requirements.
10. **Maximum Amount of Developer Overhead/Profit per Project.** For projects in the City of Boston: 5%/5% and for projects in the rest of the Commonwealth: 10%/10%.
11. **Affordability Restriction and Other Program Documents.** The Developer’s obligations will be set forth in project documents as required by MassHousing. Projects in the City of Boston will be subject to a restrictive covenant modelled on DND’s Affordable Housing Covenant granted by

² Found in 21. Long-Term Affordability Policy (revised July 2018):
<https://drive.google.com/file/d/13lRbWKVL00y9VsVmTZ3rD4uUvZOLregv/view>

the Developer. For projects in the rest of the Commonwealth, the restriction obligations will be set forth in the Fannie Mae deed rider signed by the homebuyer. Homebuyers will also be required to execute a non-monetary mortgage securing the restriction obligations and other documents.

12. **Local Subsidy; Limit on State Resources.** Commitment of a local subsidy and/or other development support in some form from the applicable municipality is required. MassHousing does not anticipate that projects will rely on any other state subsidies or resources, such as subordinate financing under the Affordable Housing Trust or other DHCD loan programs.
13. **Project Team.** For projects in the City of Boston, the project team will need approval from DND³ and all members must be in good standing with MassHousing and its quasi and public affiliates. For projects located in the rest of the Commonwealth, the project team must (i) have a history with at least one development of a similar scale, (ii) be in good standing with MassHousing and its quasi and public affiliates, and (iii) demonstrate financial capacity including meeting MassHousing's equity and working capital requirements.
14. **Design.** Design will be reviewed and approved by MassHousing and schematic design level drawings and preliminary specifications will be required at application.
15. **Preferences.** Preferences for program funding will be given to (i) mixed-income projects; (ii) projects that include workforce homeownership units restricted at 70% AMI; (iii) projects that request less than \$150,000 per restricted workforce homeownership unit; and (iv) projects with a design that incorporates creative energy efficiency and sustainability measures.
16. **Marketing and Sale Diligence.** The project's affirmative fair housing marketing plan, marketing program, and lottery and waitlist program will be subject to MassHousing's review and approval.
17. **Cost Savings.** If the actual costs of the project construction and/or rehabilitation set forth in the cost certification approved by MassHousing are less than the estimated costs in the development budget submitted to MassHousing, MassHousing shall reduce (or the Developer shall repay) program funding for the project in an amount mutually agreeable to MassHousing and the Developer.
18. **Inclusionary Units.** Units required for inclusionary zoning purposes are not eligible for this subsidy.
19. **Application Fee.** \$7,500
20. **Approval of Condominium Documents.** For condominium projects, the condominium documents will be subject to MassHousing's approval.

B. Homebuyer Requirements

Eligible homebuyers must satisfy the applicable affordability requirements and qualify as first-time homebuyers.

In the City of Boston

For Restricted Workforce Units in the City of Boston, first-time homebuyer requirements will be as established by DND.

³ Found in 15. Development Team Selection Policy (revised July 2018):
<https://drive.google.com/file/d/1eSdnub229tKAoR5whV-ih6pRIFwMC4Ca/view>

In the Rest of the Commonwealth

For Restricted Workforce Units in the rest of the Commonwealth, first-time homebuyer requirements will be as provided in the Fannie Mae deed rider:

1. *First-time homebuyer* means an individual or household, of which no household member has had an ownership interest in a principal residence at any time during the three (3)-year period prior to the date of qualification as an Eligible Purchaser, except that (i) any individual who is a displaced homemaker (as may be defined by DHCD) and (ii) any individual age 55 or over (applying for age 55 or over housing) shall not be excluded from consideration as a First-Time Homebuyer under this definition on the basis that the individual owned a home or had an ownership interest in a principal residence at any time during the three (3)-year period.

(NOTE: As the Program prohibits age restrictions, clause (ii) will not be applicable.)

2. Homebuyers must (1) qualify for a conforming loan at industry-standard interest rates, (2) provide a minimum 3% down payment or qualify for an approved Down Payment Assistance program, (3) pay closing costs, (4) complete homeownership counseling by the time of purchase, and (5) have other assets, excluding qualified retirement plans, of less than \$100,000.

C. Application Process

Applications for program resources will be reviewed and funds made available to projects on a rolling basis until such time as the Commonwealth Builder funds are committed.

Applications must include the following sections from the OneStop:

- Project Description
- Development Team Summary
- Sources and Use of Funds
- Operating Pro-Forma
- Signature Page

In addition to the OneStop, applications must also include the following:

- Site Information
- Environmental Information
- Evidence of Zoning Approval
- Evidence of Site Control
- An Affirmative Fair Housing Marketing Plan (AFHMP)
- A description of the process to identify and qualify potential homebuyers.
- Evidence of municipal support
- Market study
- Construction Lender Term Sheet
- Information on the sponsor and Developer's background and prior experience with similar projects
- Evidence of sponsor and Developer financial capacity
- Schematic Design level drawings and preliminary specifications

D. Selection Committee

A Selection Committee established by MassHousing, which will include MassHousing staff and other qualified persons with demonstrated experience in affordable housing policy and/or advocacy, will review applications and the underwriting analysis and funding recommendations of Agency staff and select the applications that will receive program funding. The Selection Committee will also provide advice and guidance regarding the program.

E. Unit Re-Sale and Compliance Monitoring

The re-sale of any Restricted Workforce Unit during the affordability term must be in compliance with the terms of the applicable affordability restriction on and otherwise affecting such unit.

Another portion of the Workforce Production Funds in the amount of \$14,500,000 is intended to facilitate redevelopment of the proposed mixed-use rental residential and commercial development at 31 Elm Street in Springfield, Massachusetts, which is a priority Gateway City development and a key component of Springfield's Court Square Urban Renewal Plan. The estimated total redevelopment costs of the Elm Street project are approximately \$52 million. MassHousing would act as an administrator on behalf of multiple funding parties, and with respect to the \$14.5 million, under a Cooperative Agreement (the "Cooperative Agreement") expected to be executed among the funding parties. A summary of the current form of the Cooperative Agreement is attached.

Summary of Cooperative Agreement
31 Elm Street Project (Springfield)

Project: Court Square Redevelopment - 31 Elm Street, Springfield, MA

The project will be a mixed-use residential and commercial project, including:

- 74 apartment units, of which 15 will be new affordable housing units available to tenants earning not more than 80% of the Area Median Income (AMI);
- approximately 12,000 s.f. of commercially active space on the ground floor, including but not limited to retail, personal and business services, conferencing facilities, and arts and cultural resources or other commercial uses as allowed by the governing zoning; and
- a gym and community space.

Developers: 31 Elm LLC

Parties:

<u>Funding Party</u>	<u>Contribution Date</u>	<u>Contribution Amount</u>
City and/or SRA	Prior to property conveyance	\$4,000,000*
MassHousing	at property conveyance	14,500,000
MGM	1 st Tranche: at property conveyance	4,000,000
	2 nd Tranche: Not later than 1/8/21	12,000,000
MassMutual	Not later than 1/8/21	<u>5,000,000</u>
Total		\$39,500,000*

*Contributions by the City and/or SRA will be made through the environmental remediation of the Property, which remediation shall be complete prior to conveyance of the Property to the Developer, and is estimated to be approximately \$4,000,000.

The Parties will enter into a Cooperative Agreement that will provide for the following:

- Creation of a separate interest bearing account to be held by MassHousing on behalf of the Funding Parties for the benefit of the Project (the "Development Fund"). Moneys in the Development Fund are expected to be loaned to the Developer at 0% for a term of forty (40) years to be due upon the earlier of maturity, sale, refinancing, or foreclosure with participations issued to the Funding Parties as applicable. A disposition agreement in MassHousing's standard form will be recorded ahead of any mortgages requiring at least 20% of the units to be rented to tenants earning not more than 80% AMI.
- Day-to-day administration of the Development Fund shall be conducted by MassHousing.
- MassHousing will report on the status of the Development Fund quarterly during construction and annually thereafter.
- Standard MassHousing documentation will set forth procedures for the disbursement and expenditure of Funds.
- MassHousing shall monitor the Developer's compliance with the Project Documents.

The Agency would apply the balance of the Workforce Production Funds, in the amount of \$11,700,000, to provide either additional funding for the Commonwealth Builder program and/or for workforce rental developments.

DPA Funds

The DPA Funds would be applied under MassHousing's Workforce Advantage program. MassHousing Workforce Advantage is a Down Payment Assistance (DPA) loan program available to income eligible, first-time homebuyers looking to purchase a single-family dwelling or a condominium located in a Gateway City or in the City of Boston.

The DPA Funds will be made available in conjunction with a first mortgage loan funded by MassHousing; the amount of the DPA is the lesser of 3% of the sales price of the property or \$15,000. The DPA loan is a subordinate mortgage lien at 1% interest, fully amortizing over 15 years. Additional information on the program is included in the attached program term sheet.

Ms. Avellenda asked if the vote could stipulate that material changes are required to be noticed and amended and voted again. Mr. McNiece stated that change would be made

Upon a motion duly made and seconded, it was

VOTED: To approve the Massachusetts Housing Finance Agency Commonwealth Builder Program Guidelines substantially in the form attached hereto, and to authorize the Executive Director, in consultation with the Vice President of Multifamily Programs and General Counsel, to modify such Guidelines from time to time, as the Executive Director, in consultation with the Vice President of Multifamily Programs and General Counsel, deems necessary or appropriate for the orderly implementation of the Massachusetts Housing Finance Agency Commonwealth Builder program, with any material modification thereto subject to the approval of the Agency Members.

FURTHER

VOTED: To authorize the Massachusetts Housing Finance Agency (the "Agency") to accept a direct payment from the Massachusetts Development Finance Agency in the anticipated amount of \$86,200,000 (the "Program Funds"), which Program Funds shall be deposited in the Opportunity Fund to be applied as follows:

- (i) at least \$60,000,000 shall be utilized by the Agency for the financing of developments under the Commonwealth Builder program, on such terms as are determined to be appropriate by the Executive Director or Vice President of Multifamily Programs, each acting singly, in a manner consistent with the Commonwealth Builder Program Guidelines;
- (ii) \$14,500,000 shall be utilized as a funding source for the proposed mixed-use rental residential and commercial development at 31 Elm Street in Springfield, Massachusetts (the "Elm Street Development") consistent with

the Cooperative Agreement expected to be executed among the Agency, the City of Springfield, the Springfield Redevelopment Authority, Blue Tarp reDevelopment, LLC, 31 Elm LLC, as the developer and another funding party, consistent with the Summary of Cooperative Agreement attached hereto, on such terms and conditions as may be approved by the Executive Director or Vice President of Multifamily Programs and in a form acceptable to the General Counsel; and

- (iii) the remaining balance of approximately \$11,700,000 shall be unrestricted and may be utilized to provide additional funds for the Commonwealth Builder program and/or for any workforce rental project permitted under the enabling statute of the Agency, as approved by the Executive Director.

The foregoing allocation of funds shall be subject to any modification that the Executive Director, in consultation with the Vice President of Multifamily Programs and General Counsel, may from time to time deem necessary or appropriate, with notification to the Agency Members of any material modification.

**FURTHER
VOTED:**

To approve the Massachusetts Housing Finance Agency Workforce Advantage program consistent with the terms attached, and to authorize the Executive Director, in consultation with the Vice President of Homeownership Programs and General Counsel, to modify such terms 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 Workforce Advantage program, with notification to the Agency Members of any material modification thereto.

**FURTHER
VOTED:**

To authorize the Agency to accept an appropriation of funds in the amount of \$2,500,000 under House No. 4246 (Line 7004-1010) (the "DPA Funds"), which DPA Funds are to be deposited in the Opportunity Fund and applied to making subordinate down payment assistance loans under the MassHousing Workforce Advantage program.

**FURTHER
VOTED:**

To authorize the Executive Director, Financial Director, General Counsel, Vice President of Multifamily Programs (with respect to the Program Funds), and Vice President of Homeownership Programs (with respect to the DPA Funds), each acting singly, to execute and deliver on behalf of the Agency such agreement(s) and other document(s) deemed necessary or appropriate to implement the foregoing, as evidenced by the execution thereof by one or more of the foregoing, the form and substance of which such agreement(s) and other document(s) shall be acceptable to the General Counsel, and to further authorize the Executive Director to designate certain other specified individuals to execute documents in connection with the foregoing.

Sublease of MassHousing's 3rd Floor Premises

Ms. Kornegay presented a proposal for the sublease of MassHousing's 3rd Floor Premises. MassHousing currently rents approximately 10,687 square feet on the 3rd floor. Due to some recent reorganizing of our personnel and space we have unused space on the 3rd floor, which equates to approximately 3,847 rentable square feet. The 3rd floor premises have been marketed to prospective subtenants by the Agency's brokerage team (Ron Perry, Matt Perry of Avison Young), beginning in earnest last summer and continuing in the fall and winter months.

MassHousing's own leasehold responsibilities for the 3rd floor premises last until March 31, 2030. Two parties have made serious inquiries and offered proposals and one was most favorable to MassHousing. In October, Gensler, a current tenant in the building on multiple floors and sharing space with us currently on the 3rd floor and well-known to MassHousing with a long history and stable financial position, expressed interest in subleasing part of the 3rd floor premises. Their current lease at One Beacon Street expires on October 31, 2026. Their space requirements and timing are a good fit with MassHousing's needs and, notably, Gensler has expressed interest in possibly subleasing all 10,687 square feet in the future, which may align with continuing efficiencies being realized through MassHousing's entire leased space. The terms of the proposal are outlined in a draft letter of intent attached hereto which will only be executed with the permission of the Members. The proposed rent schedule, which is higher than MassHousing's rent schedule, will offset any construction costs initially and cover the rent per square foot plus.

Accordingly, it is recommended that the Agency Members authorize us to proceed to negotiate and finalize an agreement with Gensler as a subtenant for the 3rd floor premises and to prepare and execute a sublease agreement consistent with the business terms and conditions outlined in this memorandum and in the attached draft letter of intent.

Upon a motion duly made and seconded it was

VOTED: To authorize the Executive Director, or her designee, (1) to negotiate and execute with Gensler, a letter of intent concerning the subleasing by the Agency to Gensler of MassHousing's leased premises on the 3rd floor of One Beacon Street, Boston, MA 02108 (the "3rd Floor Premises"), the terms of which shall be consistent with the draft letter of intent attached hereto as Attachment A; (2) to negotiate, execute and deliver a sublease agreement for the 3rd Floor Premises on terms consistent with such letter of intent and in a form acceptable to the General Counsel; and (3) to take all other actions, and to execute and deliver any and all other documents or agreements, including but not limited to amendments to MassHousing's lease with OBS REIT, LLC, necessary or appropriate to effectuate the foregoing

Attachment A



January 29, 2020

Ms. Jeanne Nutt
Mr. Doug Gensler
One Beacon Street, 3rd Floor
Boston, MA 02108

Re: Sublease Proposal to Gensler – One Beacon Street

Dear Jeanne & Doug:

On behalf of MassHousing (Sublandlord), we are pleased to present this proposal to Gensler (Subtenant) to sublease office space at One Beacon Street. This proposal is subject to the terms of the master lease and Landlord consent.

<i>Building:</i>	One Beacon Street, Boston, MA
<i>Landlord:</i>	OBS REIT, LLC
<i>Sublandlord:</i>	Massachusetts Housing Financing Agency
<i>Subtenant:</i>	Gensler
<i>Premises:</i>	Approximately 3,847 rentable square feet on the third (3 rd) floor, with such options for expansion as described below.
Sublease Commencement	
<i>Date:</i>	Upon substantial completion of Sublandlord’s demising work, targeted to be July 1, 2020.
<i>Term:</i>	Through October 31, 2026, which is coterminous with Gensler’s lease expiration date.

Base Rent: 7/1/20 – 3/31/21: \$54.00 per SF
4/1/21 – 3/31/23: \$55.00 per SF
4/1/23 – 3/31/25: \$56.00 per SF
4/1/25 – 10/31/26: \$57.00 per SF

Tax and Operating Escalations:

Subtenant will be responsible for paying any increases above Calendar Year 2020 for operating expenses and Fiscal Year 2020 for real estate taxes.

Subtenant Electricity:

Subtenant shall be billed its pro-rata share of the cost of electricity incurred by Sublandlord for the third (3rd) floor premises.

Sublandlord's Work:

Sublandlord shall deliver the space in "as-is" condition, broom clean and ready for occupancy.

Sublandlord shall also demise the space and build a new corridor to provide for a second means of egress for Sublandlord's premises.

Subtenant shall have the option to further renovate the Premises, subject to Sublandlord and Landlord approval, at its sole cost and expense.

Furniture:

Existing furniture can be made available for Subtenant's use throughout the Term.

Expansion Option:

Subtenant shall have a one-time Right of First Offer on the remaining portion of Sublandlord's Premises which is approximately 6,840 SF. Upon receiving notice from Sublandlord, subtenant shall provide a written response within fifteen (15) business days of its intention to sublease the expansion premises. The base rent payable shall be consistent with the same rent schedule as in this original sublease agreement.

Nightly Cleaning and Trash Removal:

Per the master lease.

Building Access:

Subtenant shall have 24 hours per day, 7 days a week, 52 weeks per year access to the Premises and the Building.

Security Deposit:

To be determined upon review of Subtenant's financials.

Brokerage:

In the event of a fully executed sublease including any required Landlord consent, Sublandlord shall be

responsible for payment of a brokerage fee to Avison Young per the terms of a separate written agreement.

Contingency:

This sublease proposal is non-binding and shall be subject to the execution of a sublease agreement and receipt of Landlord's consent.

Sincerely,

Ron Perry, Principal

CC: Rachael Madden, MassHousing
Jen Foley, MassHousing
Evelyn O'Connor, MassHousing
Matt Perry, Avison Young

Agreed to and Accepted by:

Subtenant: Gensler

DATE

Sublandlord: MassHousing

DATE

Acting Chairman Chai called for a motion to recess the MassHousing meeting in order to conduct a special meeting of MassHousing's affiliate: The Center for Community Recovery Innovations, Inc. (CCRI). Upon a motion duly made and seconded it was

VOTED: To recess the MassHousing Meeting at 2:20pm.

CCRI Funding Recommendations

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

Ed Chase then presented four applications for CCRI funds that the Community Services Advisory Committee has endorsed for consideration by the CCRI Board of Directors.

Link House, Inc., Newburyport

Requests funding to acquire and renovate a property creating sixteen new units of affordable sober housing for women. Newburyport Bank is the primary financing partner.

Recommendation: \$75,000. Commitment expires March 31, 2021.

NeighborWorks Housing Solutions, Quincy

Requests funding to create eighteen new sober studio apartments for extremely low-income men and women in Quincy. Eastern Bank is the primary financing partner.

Recommendation: \$75,000. Commitment expires March 31, 2021.

St Francis House, Boston

Requests startup funding to provide training and support to homeless men and women for careers in pet care, while assisting these individuals to maintain their sobriety and recovery, and increase their overall stability.

Recommendation: \$25,000. Commitment expires March 31, 2021.

St Mary's Center for Women and Children, Boston

Requests funding to renovate and preserve fifteen units of affordable sober housing for pregnant and parenting teens. Scope of work includes flooring, ceilings, lighting, heating, bathrooms, door and window replacement and painting.

Recommendation: \$74,450. Commitment expires March 31, 2021.

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 \$75,000 to Link House, Inc., Newburyport, 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 \$75,000 to NeighborWorks Housing Solutions, Quincy, 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 \$25,000 to St Francis House, 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 \$74,450 to St Mary's Center for Women and Children, 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 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 Chai 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. The CCRI meeting was adjourned and the MassHousing meeting resumed at 2:25pm.

Loan Committee

Old Colony Phase Three B4, Boston (South Boston)

Antonio Torres presented a proposal for Taxable Construction Loan, Tax-Exempt Equity Bridge Loan, Tax-Exempt Permanent Loan and Approval for the Use of Low-Income Housing Tax Credit for Old Colony Phase Three B4 in South Boston.

Built in 1940, the Old Colony Public Housing site was originally an 845-unit public housing development located on 16 acres in South Boston. In 2009 the project owner, the Boston Housing Authority (BHA), created the Old Colony Master Plan which re-envisioned Old Colony and outlined a long-term strategic vision for the project. Beacon Communities was selected as the BHA's development partner and has been involved with the Master Plan since 2009. Phase Three will demolish 250 units and replace them with 305 units and will be constructed in three subphases – Three A, Three B, and Three C. The Old Colony Phase Three B portion includes the demolition of 94 existing public housing units and new construction of 115 units. The Old Colony Phase Three C portion includes the demolition of 41 existing public housing units and new construction of 55 units located in one building.

The Developer has included in its financing proposal a request for the use of 4% Low-Income Housing Tax Credits (the "4% Credits"). The 4% Credits may be utilized as a result of the funding of the Loan with tax-exempt bonds or notes of MassHousing which are to be issued under Section 142 of the Internal Revenue Code of 1986, as amended (the "Code") and are subject to a volume capacity allocation under Section 146 of the Code.

Use of the 4% Credits must be approved by DHCD as the "housing credit agency" under Section 42 of the Code who must make the determination required under Section 42(m)(1)(D) of the Code that the development and financing proposal meets the requirements of the Commonwealth's Qualified Allocation Plan. In addition, MassHousing, as the issuer of tax-exempt obligations which generate the 4% Credits must determine under Section 42(m)(2)(D) of the Code that the amount of 4% Credits does not exceed the amount necessary for the financial feasibility and long-term viability of the development. Such determination shall be made applying the standards set forth in the proposed Board vote herein, as required by Section 42(m) (2) (B) of the Code.

Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth below and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$19,387,000, such first loan to be insured under the HUD HFA Risk Sharing Program; (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$2,896,000, and (c) a taxable construction loan in a principal amount of up to \$31,817,000, in each case to be made to Old Colony Phase Three B4 Limited Partnership or another single-purpose entity controlled by Beacon Communities Development, LLC (the "Borrower") as owner of the multifamily residential development known as "Old Colony Phase Three B4" (the "Development") and located in Boston,

Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: "None."

**FURTHER
VOTED:**

That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing, to be used in connection with the multifamily development located in Boston, Massachusetts and known as "Old Colony Phase Three B4" (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:

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

Twenty percent (20%) of all 88 units in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 879 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.2%, and range between 94.5% and 100%. My review of similar mixed income/subsidized portfolio properties (919 units) demonstrated a weighted average vacancy rate of approximately 2.82%.

REIS, Inc. data (3rd Qtr. 2019) for the subject's Boston City submarket has a vacancy rate at 5.5% YTD (4.9% Boston Metro). This rate is projected to increase to 6.7% over the next five years, while the Boston Metro is projected to increase to 5.3%. Vacancies in the Boston City submarket have averaged approximately 6.1% over the last five years, while the Boston Metro is slightly lower at 4.8% over the last five years.

REIS, Inc. submarket data for the Class A building type (10,438 units) indicates a 3rd Qtr. 2019 vacancy rate of 7.7% and an average asking rent of \$3,021 and, REIS, Inc. submarket data for the subject's Class B/C building type (8,570 units) indicates a 3rd Qtr. 2019 vacancy rate of 6.5% at an average asking rent of \$1,920. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type and is reflected in both the vacancy rate and market rent potential. The 3rd Qtr. 2019 REIS, Inc. data indicates that the Boston City submarket is offering .80 months free rent.

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

According to the Boston Housing Authority's (BHA) 5-year plan (2015-2019), the BHA owns and operates 63 family and elderly/disabled developments with a total of 10,343 units. The BHA also administers 14,481 Housing Choice Vouchers. In addition, the City of Boston's Annual Plan (FY2018) indicated that BHA maintain the following wait lists: There are 1,102 households on the Section 8 tenant-based assistance wait list, including 840 families with children, 256 families with disabilities and 40 elderly families. The BHA also had Single applicants on the waiting list.

In addition, there were instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. They also maintain a Public Housing Wait list with 34,949 including 14,720 families with children, 9,524 families with disabilities and 4,154 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open. Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units.

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

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

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

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2	3	4
Number of Units	27	47	12	2
Net SF/Unit	596	877	1,115	1,391
Elev./Non-Elev.	Y	Y	Y	Y
Market Rate Rent (10% Rate 20 Year Term)	\$3,028	\$3,418	\$3,966	\$4,106
MHFA Below Market Rent (Cost-Based Rent)	\$1,841	\$2,231	\$2,779	\$3,009
MHFA Adjusted Rent	30% of Income			
Underwriting Rents LIHTC 60% AMI S.8.PBV	\$1,841	\$2,231	\$2,779	\$3,009

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.

Old Colony Phase Three B9, South Boston

Antonio Torres presented a proposal for Taxable Construction and Permanent Loan and Taxable Construction Loan for Old Colony Phase Three B9 in South Boston.

Built in 1940, the Old Colony Public Housing site was originally an 845-unit public housing development located on 16 acres in South Boston. In 2009 the project owner, the Boston Housing Authority (BHA), created the Old Colony Master Plan which re-envisioned Old Colony and outlined a long-term strategic vision for the project. Beacon Communities was selected as the BHA's development partner and has been involved with the Master Plan since 2009. Phase Three will demolish 250 units and replace them with 305 units and will be constructed in three subphases – Three A, Three B, and Three C. The Old Colony Phase Three B portion includes the demolition of 94 existing public housing units and new construction of 115 units. The Old Colony Phase Three C portion includes the demolition of 41 existing public housing units and new construction of 55 units located in one building.

Upon a motion duly made and seconded, 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 \$5,759,000, such first loan to be insured under the HUD

HFA Risk Sharing Program; and (b) a subordinate taxable construction loan in a principal amount of up to \$4,217,000, in each case to be made to Old Colony Phase Three B9 Limited Partnership or another single-purpose entity controlled by Beacon Communities Development, LLC (the “Borrower”) as owner of the multifamily residential development known as “Old Colony Phase Three B9” (the “Development”) and located in Boston, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None

**FURTHER
VOTED:**

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:

Twenty percent (20%) of the 27 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.

7. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 879 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.2%, and range between 94.5% and 100%. My review of similar mixed income/subsidized portfolio properties (919 units) demonstrated a weighted average vacancy rate of approximately 2.82%.

REIS, Inc. data (3rd Qtr. 2019) for the subject’s Boston City submarket has a vacancy rate at 5.5% YTD (4.9% Boston Metro). This rate is projected to increase to 6.7% over the next five years, while the Boston Metro is projected to increase to 5.3%. Vacancies in the Boston City submarket

have averaged approximately 6.1% over the last five years, while the Boston Metro is slightly lower at 4.8% over the last five years.

REIS, Inc. submarket data for the Class A building type (10,438 units) indicates a 3rd Qtr. 2019 vacancy rate of 7.7% and an average asking rent of \$3,021 and, REIS, Inc. submarket data for the subject's Class B/C building type (8,570 units) indicates a 3rd Qtr. 2019 vacancy rate of 6.5% at an average asking rent of \$1,920. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type and is reflected in both the vacancy rate and market rent potential. The 3rd Qtr. 2019 REIS, Inc. data indicates that the Boston City submarket is offering .80 months free rent.

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

According to the Boston Housing Authority's (BHA) 5-year plan (2015-2019), the BHA owns and operates 63 family and elderly/disabled developments with a total of 10,343 units. The BHA also administers 14,481 Housing Choice Vouchers. In addition, the City of Boston's Annual Plan (FY2018) indicated that BHA maintain the following wait lists: There are 1,102 households on the Section 8 tenant-based assistance wait list, including 840 families with children, 256 families with disabilities and 40 elderly families. The BHA also had Single applicants on the waiting list. In addition, there were instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. They also maintain a Public Housing Wait list with 34,949 including 14,720 families with children, 9,524 families with disabilities and 4,154 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open.

Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units.

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

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	3
Number of Units	8	15	4
Net SF/Unit	596	877	1,115
Elev./Non-Elev.	Elev.	Elev.	Elev.
Market Rate Rent (10% Rate 20 Year Term)	\$2,980	\$3,370	\$3,910
MHFA Below Market Rent (Cost-Based Rent)	\$1,841	\$2,231	\$2,779
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
LIHTC 60% AMI S.8.PBV	\$1,841	\$2,231	\$2,779

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.

Broadway Tower, Revere

Sarah Hall presented a proposal for Commitment of Taxable Permanent Loan for Broadway Tower in Revere. Broadway Tower consists of 95 individual condominium units. Three of those units are already owned by individual homeowners, and the remaining 92 are currently owned by an affiliate of WinnDevelopment, are covered by MassHousing senior and Debt Service Subsidy (“DSSL”) Loans, and are the subject of this proposal. Fifty-nine units are covered under a tax credit restriction set to expire in December 2021, when the existing MassHousing debt matures. Pursuant to the terms of the DSSL, MassHousing has an option that allows the Agency to purchase 30% (28 units) and maintain them as affordable to households earning up to 70% of AMI for \$3,000,000. MassHousing may exercise the option when the DSSL matures. As part of this transaction, the DSSL will be repaid in full and this option to purchase will be eliminated.

As part of an effort to convert Broadway Tower to a predominantly home ownership structure, Winn proposes to sell up to 73 of the units to individual homeowners over time, while a 50% AMI restriction will remain in place on 19 of the units for the 20-year term of the new loan. Proceeds of condominium sales will be used to pay down the principal on this new loan, but the affordability restriction will remain even if the loan is repaid in full prior to the 20-year maturity date.

Upon a motion duly made and seconded, it was

VOTED:

To approve the findings and determinations set forth below and to authorize a permanent first mortgage loan in a principal amount of up to \$9,704,000 to be made to Broadway Tower Limited Partnership or another single-purpose entity controlled by WinnDevelopment (the “Borrower”) as owner of the multifamily residential development known as “Broadway Tower” (the “Development”) and located in Revere, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

1. Borrower may sell up to 73 units in the Development to homeowners or to an affiliate of Borrower upon turnover. Upon payment to MassHousing of 85% of the proceeds of such sale, in a minimum amount as determined by the Director of Rental Underwriting, and upon such terms and conditions as the Director of Rental Underwriting may determine, and the Executive Director, Vice President of Multifamily Programs and General Counsel, each acting singly, are authorized to partially release the mortgage as each unit is sold, provided that adequate payment is received and such conditions are satisfied.
2. Borrower and the Director of Rental Management shall agree upon a plan, to be documented as determined by the General Counsel, to protect rent-burdened households (households paying 35% or more of their income in rent) from dramatic rent increases, including adequate notice,

phasing in of higher rents over time, and compliance with MassHousing requirements and M.G.L. Chapter 40T.

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:

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

19 units (20.6%) 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.

12. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 1,374 units) in the area revealed a strong rental market. Current occupancy rates of the 5 comparable developments reviewed had an average occupancy of approximately 98.6 %, and range between 93.3% and 100%. The subject property has operated as an unrestricted development since 1994, and based on historic data the development has average a vacancy rate of 1.26% over the last six years. Staff review of similar mixed income/subsidized portfolio properties (1,080 units) demonstrated a weighted average vacancy rate of approximately 1.83%.

REIS, Inc. data (third quarter 2019) for the subject's Mystic River N/Rt. 128 submarket have YTD vacancy rate at 5.6% while Boston Metro has a 4.9% vacancy rate. This rate is projected to increase to 6.1% over the next five years, while the Boston Metro is projected to increase to 5.3%. Vacancies in Mystic River N/Rt. 128 submarket have averaged approximately 5.6% over the last five years, while the Boston Metro has averaged 4.8%.

None of the comparable reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The third quarter 2019 REIS, Inc. data indicates that the Mystic River N/Rt. 128 submarket is offering .61 months free rent.

REIS, Inc. submarket data for the Class A building type (16,543) indicates a third quarter 2019 vacancy rate of 5.4 % and an average asking rent of \$2,315 and, REIS, Inc. submarket data for the subject's Class B/C building type (16,180 units) indicates a third quarter 2019 vacancy rate of 5.7% at an average asking rent of \$1,813. The development, along with the proposed amenities, more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (09/14/17), the City of Revere 21,956 year-round housing units, 1,790 (8.1%) of which are subsidized for low/moderate income households.

Revere Housing Authority (RHA) owns and/or operates 149 units of Federal family housing and 45 units of Federal Elderly. Regarding the Federal housing, the representative stated there are approximately 743 Federal family 2-bedroom list; 418 on the 3-bedroom list; and 31 on the four-bedroom list. Also, per the representative there are 485 people on the Federal elderly/disabled list. RHA also own/operates 355 units of State family housing and 245 units State Elderly housing and 106 Section 8 new construction units for the elderly. Per the representative from RHA, the State waiting list is now centralized so the representative could not provide a number of applicants on the State waiting lists for the both family and elderly. RHA also is administers 470 Housing Choice Vouchers, of which approximately 450 are leased up. Per the representative from RHA, there are 2,143 applicants on the Section 8 tenant-based assistance wait list, including 822 families with children, 705 families with disabilities and 196 elderly families.

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

13. 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.

14. No Undue Concentration of Low-income Households

The proposed transaction does not initially change the affordability mix at Broadway Tower. Over time, as turnover occurs and as the tax credit restriction expires, low-income rental units will be converted to market-rate ownership units, thus reducing the concentration of low-income households.

15. 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	13	79
Net SF/Unit	656	955
Elev./Non-Elev.	E	E
Market Rate Rent (insert)	\$1,953	\$2,077
MHFA Below Market Rent (Cost-Based Rent)	\$1,434	\$1,558
MHFA Adjusted Rent	30% of income	
Underwriting Rents		
Market Unrestricted	\$1,600	\$1,950
50% AMI	\$955	\$1,133
60% AMI	\$1,177	\$1,400
Sec 8 Voucher	\$1,354	\$1,540

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.

Bedford Towers, New Bedford

Sarah Hall presented Approval to Accept Assignment of a HUD-issued Firm Commitment for FHA-insurance, First Mortgage Loan and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS for Bedford Towers in New Bedford.

Bedford Towers was the first property to refinance with MassHousing under the MAP/Ginnie Mae Joint Venture Lending Initiative with Rockport. As a result of an anticipated Mark-up-to-Market rent increase, the borrower proposes to refinance again under the Agency's MAP/Ginnie Mae "Joint Venture" and extend the existing MassHousing subordinate loan.

The Bedford Towers site consists of 8 parcels, all within a block of each other in downtown New Bedford. Originally constructed in 1977, Bedford Towers has a total of 157 units in a seven-story high-rise building and in seven 2-story townhouse buildings. There are also three single-story maintenance buildings. 156 of the units are covered under a long-term, project-based Section 8 HAP Contract, set to be renewed as part of this transaction. The remaining unit is a non-revenue employee unit. The current owner owns the property fee simple. There will be no change in the ownership structure as part of this refinancing.

Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of \$19,920,000. The proceeds will be used to repay \$11,807,679 in existing indebtedness, complete approximately \$65,000 in critical and non-critical repairs, deposit \$900,000 into the replacement reserve account, and withdraw \$5.8 million in equity.

As noted above, the current Physical Condition Risk Rating is a C. As part of MassHousing's risk rating process, there are three categories under physical condition: replacement reserve analysis, property inspection results, and REAC score (if applicable). The replacement reserve analysis is weighted more heavily than the other two categories, so Bedford Towers, which currently has less than seven years' worth of replacement reserves on deposit, achieved only a C even though the property was reported in good condition during the most recent physical inspection and it passed the most recent REAC. Asset Management has reviewed the third-party capital needs assessment commissioned as part of this transaction and has determined that the initial and annual deposits to the replacement reserve account will address the reserve account deficiency such that the risk rating can be adjusted accordingly after closing

The development is currently in the MassHousing mortgage portfolio with the following outstanding debt:

Loan	Maturity Date	Interest Rate	Estimated Unpaid Balance at Closing
98-006-03	4/1/2050	3.55%	\$11,807,679
98-006-04	4/1/2050	3.55%	\$260,394

While the MassHousing permanent first mortgage (Loan 03) will be repaid as part of this transaction, the subordinate debt (Loan 04), will be extended to be coterminous with the new loan.

Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency (“MassHousing”) (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$19,920,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$26,892,000 nor less than \$12,948,000 to Kempton New Bedford Limited Partnership (the “Borrower”) for Bedford Towers and (2) to make the FHA-insured first mortgage loan to the Borrower for Bedford Towers in the approximate amount of \$19,920,000 subject to the limitation that the final amount of such loan shall not be more than \$26,892,000 nor less than \$12,948,000 on terms acceptable to MassHousing, subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

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

FURTHER VOTED: That the Massachusetts Housing Finance Agency is authorized to (i) extend the term of the existing uninsured subordinate loan to be coterminous with the FHA-insured first mortgage loan and (ii) subordinate the existing uninsured subordinate loan to the FHA-insured first mortgage loan.

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:

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

156 units (99%) 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.

17. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 970 units) in the area revealed a strong rental market. Current occupancy rates of the five comparable properties reviewed averaged approximately 98.1% and range between 94.6% and 100%. My review of similar mixed-income/subsidized portfolio properties (1,125 units) demonstrated a weighted average vacancy rate of approximately 1.41%. The property has operated as a Section 8 property since 1998.

CoStar data for the subject's New Bedford/Providence submarket (3,984 units) has an overall vacancy rate at 2.4% YTD, which is decrease of .67% from one year ago. CoStar data for the Providence market (51,835 units) has an overall vacancy rate of 3.3% YTD, which is a decrease of .31% from one year ago. The rate is projected to increase to 3% over the next five years, while the Providence market is projected to increase to 4%.

CoStar, submarket data for the 4-5 Star building type (513 units) indicates a 4th Qtr. 2019 vacancy rate of 2.6% and an average asking rent of \$1,346, while submarket data for the subject's 3 Star building type (1,494 units) indicates a 4th Qtr. 2019 vacancy rate of 2.2% at an average asking rent of \$1,443. 1-2 Star buildings (1,977 units) indicate a 4th Qtr. 2019 vacancy rate of 2.4% at an average asking rent of \$1,120. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of New Bedford has 42,816 year round housing units, 5,110 (11.9%) of which are subsidized for low/moderate income households.

In addition the New Bedford Housing Authority (NBHA) owns/manages 23 Federally assisted family properties with a total of 1,458 units consisting of one, two, three, four and five bedroom units. Per the representative of NBHA the wait list for the family units is as follows; 625 applicants for one bedrooms, 1,198 applicants for the two bedroom units, 641 applicants for the three bedroom units, 119 applicants for the four bedroom units and 19 applicants for the five bedroom units. NBA also owns/manages 6 Federally assisted elderly/disabled properties with a total of 258 units. Per the representative of NBHA, there are 1,033 applicants on the wait list for the elderly/disabled.

NBHA also manages 11 State assisted family properties with a total of 215 units. Per the representative of NBHA there are 5,827 applicants on the waiting list. NBHA participate with CHAMP, the state wide waiting list, and the representative could not provide a breakdown by bedroom size. NBHA also owns one State assisted Elderly property with a total of 202 units. Per the representative of NBHA there are 1,665 applicants on the this wait list. Finally NBHA administers 1,799 Housing Choice Vouchers and per the representative of NBHA they participate on the state centralized waiting list and per the representative there are 2,500-2,700 applicants on the list for New Bedford.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 39,491 households in the City of New Bedford, approximately 57.7% earned less than the HUD published 2019 AMI (\$75,700), approximately 47.7% earned less than 50% of 2019 AMI, approximately 54.6% earned less than 60% of the 2019 AMI and approximately 65.6% earned less than 80% of the 2019 AMI.

18. 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.

19. 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

20. 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	83	51	22
Net SF/Unit	576	968	1,364
Elev./Non-Elev.	E	E	E
Market Rate Rent (insert)	\$ 2,963	\$3,135	\$3,453
MHFA Below Market Rent (Cost-Based Rent)	\$ 1,510	\$1,682	\$2,000
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
Section 8 HAP Contract	\$ 1,510	\$1,682	\$2,000

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.

J. J. Carroll Redevelopment, Brighton

Sarah Hall presented a proposal for Official Action Status for J. J. Carroll Redevelopment in Brighton. In June 2019, after a request for proposals process, the Boston Housing Authority (the "BHA") selected 2 Life to redevelop J.J. Carroll, a 64-unit federally-assisted elderly/disabled public housing development adjacent to 2Life's 763-unit Brighton Campus. 2Life proposes to demolish the existing units and build 144 units with occupancy of the new units targeted for low-income seniors at risk of being displaced from properties with expiring affordability in the City of Boston.

The J.J. Carroll site is 1.86 acres and currently has 64 units of public housing in 5 two-story structures. The proposed project includes the demolition of the existing buildings and construction of a single six-story building with 144 residential units, an approximately 11,000 square foot Program for All-Inclusive Care for the Elderly (PACE) Center, and ground floor "Village Center." The Village Center will primarily be common space included in the residential square footage such as a multi-purpose room, Resident Service Coordinator offices, lobby, marketing/leasing office, and additional commercial and retail space. Approximately 70 parking spaces are proposed: 41 in a parking garage and 29 surface parking spaces. The site abuts 2Life's Brighton Campus and J.J.

Carroll residents will be able to benefit from the services and community spaces that campus offers.

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 loan commitment for the multifamily development known as “J.J. Carroll Redevelopment” (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 \$46,369,400 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. 2Life Development Inc. (“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.

Casselman House, Newton

Max Glikman presented a proposal for Approval to Accept Assignment of a HUD-issued Firm Commitment for FHA-insurance, First Mortgage Loan and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS.

Casselman House was originally constructed in 1981 as part of HUD's Section 202 program. The original 202 was refinanced with MassHousing as part of HUD's risk sharing program. The property receives assistance from a HAP Renewal Contract that commenced on November 25, 2011. The Contract covers 42 of the 43 units. In connection with the proposed refinance, NCDF will terminate the existing HAP Contract and will execute a new Contract at or prior to closing.

The subject site is a 0.49-acre parcel located in the village of Newton Center in Newton. Casselman House consists of a single 43-unit, age-restricted residential building. 42 units are covered under a project-based Section 8 contract, set to be renewed under Mark-up-to-Market as part of this transaction. The current owner owns the property fee simple. There will be no change in the ownership structure as part of this refinancing. Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of \$8,085,800. The proceeds will be used to repay \$2,089,913 in existing indebtedness, complete approximately \$709,090 in critical and non-critical repairs, fund their placement reserves with an initial deposit of \$170,000 (\$3,953 per unit), and withdraw \$5,173,338 in equity.

Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$8,085,800, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$10,915,830 nor less than \$5,255,770 to Newton Community Development Foundation II, Inc. (the "Borrower") for Casselman House and (2) to make the FHA-insured first mortgage loan to the Borrower for Casselman House in the approximate amount of \$8,085,800 subject to the limitation that the final amount of such loan shall not be more than \$10,915,830 nor less than \$5,255,770 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages granted by the Board on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER

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

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:

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

42 units (97.6%) 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.

22. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (appx. 1,229 units) in the area revealed a strong rental market. Current occupancy rates of the comparable developments reviewed had an average occupancy of approximately 96.5 %, and range between 95.3% and 98.5%. My review of similar mixed-income/subsidized portfolio properties (2,046 units) demonstrated a weighted average vacancy rate of approximately 3.4%. The property has operated as a Section 8, and the average vacancy rate for the property for the past 5 years was 1.150%.

CoStar data for the subject's Brookline/Newton/Watertown submarket (8,887 units) has an overall vacancy rate at 3.7% YTD, which is a decrease of 1.74% from one year ago. CoStar data for the Boston market (218,310 units) has an overall vacancy rate of 5.2% YTD, which is a slight increase of .19% from one year ago. The rate is projected to increase to 6. % over the next five years, while the Boston Market is projected to increase to 6.5%.

CoStar, submarket data for the 4-5 Star building type (1,804 units) indicates a 4th Qtr. 2019 vacancy rate of 6.2% and an average asking rent of \$2,932, while submarket data for the subject's 3 Star building type (4,111 units) indicates a 4th Qtr. 2019 vacancy rate of 3.9% at an average asking rent of \$2,783. 1-2 Star building type (2,972 units) indicate a 4th Qtr. 2019 vacancy rate of 1.8% at an average asking rent of \$2,446. 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 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. Section 8 Victims of Domestic Violence Program. The program has of 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 2013-2017 American Community Survey (ACS) indicates that of the 30,952 households in the City of Newton approximately 47.6% earned less than the HUD published 2019 AMI (\$113,300), approximately 21.5% earned less than 50% of 2019 AMI, approximately 24.8% earned less than 60% of the 2019 AMI and approximately 33.9% earned less than 80% of the 2019 AMI.

23. 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.

24. 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.

25. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms		1
Number of Units		42
Net SF/Unit		525
Elev./Non-Elev.		E
Market Rate Rent (10% Rate 20 Yr. Term)		\$3,573
MHFA Below Market Rent (Cost-Based Rent)		\$2,540
MHFA Adjusted Rent		30% of Income
Underwriting Rents	Section 8	\$2,540

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.

Perlman House, Tisbury

Max Glikman presented a proposal for Permanent Taxable Loan and Workforce Housing Loan for Perlman House, Tisbury.

Perlman House is a proposed seven-unit development located in Tisbury on Martha’s Vineyard. The proposal includes an 18-month forward rate commitment for a term of 10 years with a balloon payment upon maturity. Island Housing Trust will renovate and repurpose an existing eight-bedroom inn into seven apartments. The project will be income-restricted at 80% of AMI.

Perlman House is sited on an approximately one-third of an acre parcel on Edgartown Road in Tisbury’s Vineyard Haven neighborhood. Located on the site currently are the existing Clark House Inn, a driveway with some parking spaces, and mature trees.

Until September 2019, Perlman House operated as an 8-room bed and breakfast called the Clark House Inn, with each room having its own bathroom. Island Housing Trust's plan is to combine the former guest rooms with shared spaces to create seven apartments. Six of these apartments will be one bedroom or studio apartments, and one will become a two-bedroom apartment.

The rehabilitation will require minimal structural disturbance to the building, but substantial upgrades to the building's insulation, heating and electrical systems will be made, and small kitchens will be added to each apartment. All of the apartments will be restricted as Workforce Housing, with all seven units serving eligible households at or below 80% of AMI. Island Housing Trust currently owns the project site as evidenced by a deed.

Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth below and to authorize a permanent first mortgage loan in a principal amount of up to \$905,000, to be made to Perlman House LLC or another single-purpose entity controlled by Island Housing Trust, Inc. (the "Borrower") as owner of the multifamily residential development known as "Perlman House" (the "Development") and located in Tisbury, 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: MassHousing shall not be obligated to fund the Loan until (i) any remediation required for compliance with applicable federal and state environmental statutes has been completed and determined by the Director of Rental Underwriting or his designee to be acceptable to MassHousing; (ii) the Development reaches a level of stabilized occupancy of at least ninety percent (90%) and a debt service coverage ratio of 1.20x for ninety (90) days; and (iii) the management agent has certified to MassHousing that all applicable affordability requirements have been met.

Workforce Loan

VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$500,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing's Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

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:

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

7 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.

27. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (458 approximate units in the area revealed a strong market, with increasing rental and occupancy rates over the past three years. Current occupancy rates of the seven developments reviewed averaged approximately 99.7% and ranged between 98% and 100%. There is no submarket data available for the Town of Tisbury, therefore we relied on data available in the closest submarket area of South/Southeast Suburban. REIS, Inc. data (3rd Qtr. 2019) for the submarket has a YTD vacancy rate of 4.4% while Boston Metro has a 4.9% vacancy rate. This rate is projected to increase to 5.1% over the next five years, while the Boston Metro is projected to increase to 5.3%. Vacancies in the South/Southeast Suburban submarket have averaged approximately 4.9% over the last five years, while the Boston Metro area has averaged 4.9% over the last five years.

REIS, Inc. submarket data for the Class A building type (4,658 units) indicates a 3rd Qtr. 2019 vacancy rate of 4.7% and an average asking rent of \$1,923 and, REIS, Inc. submarket data for the subject's Class B/C building type (12,216 units) indicates a 3rd Qtr. 2019 vacancy rate of 4.1% at an average asking rent of \$1,593. The development when built along with the proposed amenities, more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential. The 3rd Qtr. 2019 REIS, Inc. data indicates that the submarket is offering .55 months free rent.

The Dukes County Regional Housing Authority (DCRA) manages 95 year round rental apartments consisting of eleven SRO's, three studio apartments, 48 one-bedroom apartments, 28 two-bedroom apartments and 16 three bedroom apartments, which serve over 190 island residents who make less than 80% of the area median income. Per the representative, there are 231 applicants on the DCRHA waiting list. Per the representative of DCRA, they do not administer any Housing Choice Vouchers (HCV). Applicants looking for affordable housing in the Tisbury area can

contact Housing Assistance Corporation (HAC). HAC is the regional administrator for Section 8 Vouchers on the Cape and works closing with other town housing authorities. Also, per the representative of DCRA, Island Elderly Housing (IEH) manages 165 apartments for low income elderly/ disabled residents. These apartments are subsidized by HUD and the USDA-Rural Development and the waiting lists are maintained by IEH.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/17/2017), the town of Tisbury has 1,965 year round housing units, 109 (5.5%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 1,442 households in the Town of Tisbury, approximately 72.9% earned less than the HUD published 2019 AMI (\$98,300), approximately 50.4% earned less than 50% of 2019 AMI, approximately 56.8% earned less than 60% of the 2019 AMI and approximately 67.3% earned less than 80% of the 2019 AMI.

28. 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.

29. No Undue Concentration of Low-income Households

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

30. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	0	1	2
Number of Units	3	3	1
Net SF/Unit	306	396	810
Elev./Non-Elev.	N	N	N
Market Rate Rent (10% Rate 20 Year Term)	\$2,086	\$2,198	\$2,507
MHFA Below Market Rent (Cost-Based Rent)	\$1,350	\$1,461	\$1,770
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
80% AMI WFH – MassHousing	\$1,378	\$1,476	\$1,770
80% AMI WFH – DCRHA	\$1,321	\$1,416	

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.

Herring Run, Weymouth

Kathleen Evans presented a proposal for Commitment of Workforce Housing Loan for Herring Run in Weymouth.

In 2019, the Sponsor completed construction of ten new housing units adjacent to an existing building with two existing housing units and leased all twelve units to households below 80% of AMI. The construction was financed entirely with the Sponsor's equity, and the Sponsor has requested a \$1,200,000 Workforce Housing loan in order to formally restrict all twelve units and to repay a portion of that equity.

Herring Run Place is located in the Jackson Square area of Weymouth. The property benefits from close proximity to essential services such as transportation (bus stop 0.2 miles away) and retail services such as grocery, pharmacy, retail, and banking.

Two of the units (one one-bedroom unit and one three-bedroom unit) are located in an existing building on the site, which includes commercial space, while the remaining units are located in an adjacent three-story, walk-up (new construction) building.

All twelve units will be restricted to households with incomes at or below 80% of the Area Median Income (AMI).

Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth below and to authorize a mortgage loan to Weymouth Pleasant Realty, LLC, or another sole-asset, single-purpose entity controlled by Joseph McLaughlin, for the development known as Herring Run Place and located at 1434 -1436 Pleasant Street, Weymouth, Massachusetts (the “Development”), in an amount not to exceed \$1,200,000 (the “Loan”), (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs, and (2) subject to the terms and conditions of MassHousing’s Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended (the “Guidelines”), and to any applicable delegations of authority previously approved by the Members of MassHousing.

**FURTHER
VOTED:**

That the following provisions of the Guidelines are waived as set forth below:

- (i) First Mortgage Requirements: the requirement that loans under the workforce housing loan shall be subordinate to a senior loan is waived for the Loan to the Development;
- (ii) “Over Income” Households: if any household occupying a unit at the Development at the time of the closing on the Loan is determined to be over income, as established by a certification of income made contemporaneously with such closing, the Borrower will not be in violation of its obligations under the workforce housing program so long as such household remains as the tenant occupying such unit and provided that the applicable income restrictions for such unit are satisfied upon turnover of such unit; and
- (iii) Occupancy Agreement: if the lease or occupancy agreement for any household currently occupying a unit at the Development as of the date of this vote does not include provisions (or an addendum) reflecting the workforce housing program requirements, the Borrower will not be in violation of its obligations under the workforce housing program provided that such provisions (or addendum) shall be included in the lease or occupancy agreement for such unit upon renewal or turnover.

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:

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

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

32. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 1,437 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.9%, and range between 93% and 100%.

CoStar data for the subject's South Shore submarket (8,820 units) has an overall vacancy rate at 3.6% YTD, which is decrease of 3.60% from one year ago. CoStar data for the Boston market (219,223 units) has an overall vacancy rate of 5.3% YTD, which is an increase of .23% from one year ago. The rate is projected to increase to 3% over the next five years, while the Boston market is projected to increase to 4%.

CoStar, submarket data for the 4-5 Star building type (2,629 units) indicates a 4th Qtr. 2019 vacancy rate of 5.5% and an average asking rent of \$2,389, while submarket data for the subject's 3 Star building type (4,471 units) indicates a 4th Qtr. 2019 vacancy rate of 3.4% at an average asking rent of \$1,962. 1-2 Star buildings (1,720 units) indicate a 4th Qtr. 2019 vacancy rate of 2.4% at an average asking rent of \$1,663. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Weymouth 23,337 has year-round housing units, 1,771(7.6%) of which are subsidized for low/moderate income households.

The Weymouth Housing Authority (WHA) owns and/or operates 2 State funded Elderly properties with a total of 216 one-bedroom units with a total of 135 applicants on the wait list. WHA also owns 1 Federally funded elderly/disabled property with 30 one-bedroom units with a total of 59 applicants on the wait list and 1 Federally funded family development with 20 two- bedroom units and 20 three -bedroom units with a total of 345 applicants on the wait list.

They also own one Stated funded Elderly/Family development consisting of 11 one-bedrooms units, 90 two-bedroom units, and 61 three-bedroom units, 21 four/five-bedroom units and 6 units set aside for Elderly applicants. Per the representative of WHA there are a total of 371 applicants on the waiting list, broken down as follows; one-bedroom-6 applicants, two-bedroom-187 applicants, three-bedroom, 158 applicants, four bedroom, 9 applicants and five-bedroom-11 applicants.

They also administer 225 Housing Choice vouchers, consisting of 159 Housing Choice Vouchers and 66 Enhanced Vouchers. Per the WHA representative, they participate in the centralized waiting list administered through the state and the estimated wait time is between 8 and 12 years. They also administer 100 MRVP (MA Rental Voucher Program) and per the representative there are 957 applicants on the waiting list.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 23,014 households in the City of Weymouth approximately 65.0% earned less than the HUD published 2019 AMI (\$113,300), approximately 39.3% earned less than 50% of 2019 AMI, approximately 47.0 % earned less than 60% of the 2019 AMI and approximately 55.3% earned less than 80% of the 2019 AMI.

33. 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.

34. No Undue Concentration of Low-income Households

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

35. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	0	1	2	3
Number of Units	1	7	2	2
Net SF/Unit	300	780	850	1100
Elev./Non-Elev.	X	X	X	X
Market Rate Rent (insert)	\$1,660	\$1,778	\$2,135	\$2,465
MHFA Below Market Rent (Cost-Based Rent)	\$1,660	\$1,778	\$2,135	\$2,465
MHFA Adjusted Rent	30% of 80% of AMI			
Underwriting Rents WFH at 80%	\$1,660	\$1,778	\$2,135	\$2,465

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.

South End Tenants House, Boston (South End)

Henry Mukasa presented a proposal for Approval of a Level one Transfer of Development to an Affiliate of the Sponsor and Management Agent, Tenants Development Corporation (“TDC”).

TDC is a property management company and development organization that was established in 1968. Since that time, it has been involved in housing rehabilitation and management with goals of (i) increasing housing for low and moderate-income individuals and families and (ii) increasing the number of programs offered to residents and the community. TDC is committed to promoting the well-being of communities that are underserved or at risk by offering programs that inspire personal growth, empowerment and enrichment. South End Tenants Houses II is a 185-unit scattered development in Boston's South End comprising of 172 Section 8 project-based units and 13 moderate income units.

The Corporation acquired this property from the Boston Redevelopment Authority (BRA) and renovated it in 1974. The property consists of 36 brick and wood frame buildings; most of the buildings contain four to five units, one building has 18 units and several have two or three units. All buildings are typical of the rowhouses found in the South End Historic District. It was originally financed through a mortgage loan insured under the HUD Section 236 Program which

was prepaid in 2002 and refinanced by MassHousing but retained the Section 236 subsidy for the remainder of its 14-year term under HUD's "decoupling" program. All of the units remain affordable to households earning no more than 80 percent of the area median income with 93% of such units affordable to households with incomes below 60% of the area median income. The buildings are in need of updating and repairs and the owner is currently in discussion with MassHousing about a refinance transaction. The current owner has put the Development up for sale and TDC intends to exercise its right of first refusal. The new owner will assume all the obligations under the loan documents.

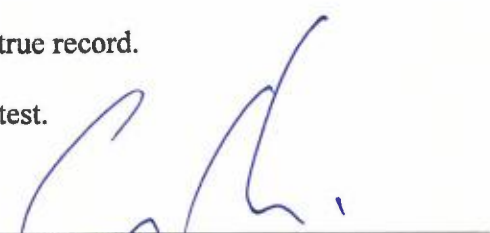
VOTED: That MassHousing approves the Level One Transfer of Ownership of South End Tenants Houses II to South End Tenants Houses II LLC or other single asset, sole purpose entity controlled by Tenants Development Corporation, subject to the requirements of the Transfer of Ownership Policy approved by the Board on August 14, 2007 and further subject to any additional conditions required by the Director of Rental Management or the General Counsel.

Hearing no further business, Acting Chairman Chai asked for a motion to adjourn the meeting at 2:50 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:50 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary