

**Minutes of the Regular Meeting
of the Members of MassHousing
held on
January 10, 2023**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on January 10, 2023. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, as amended, no Members were physically present and the meetings were conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members (by roll call):

Members Jeanne Pinado, Chair
 Jerald Feldman
 Tom Flynn
 Mark Attia, Designee of Michael Heffernan, ex officio
 Carmen Panacopoulos
 Jennifer Maddox, ex officio
 Patricia McArdle
 Carolina Avellaneda

Members

Not

Participating Michael Dirrane

Staff *Due to the remote convening, a list of MassHousing staff participating or observing the meeting was not available*

Guests *Due to the remote convening, a list of guests observing the meeting was not collected*

Chair Pinado convened the meeting to order at 2:00 p.m. Chair Pinado then indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, by roll call vote, of all the present Members, it was:

VOTED: That the minutes of the Regular Meeting of the Members held on December 13, 2022 are hereby approved and placed on record. Carolina Avellaneda abstained from voting as she was not present at the December 13, 2022 board meeting.

Executive Director’s Report

Chrystal Kornegay began by congratulating Jennifer Maddox on being named Acting Economic Development and Housing Secretary by the Healey/Driscoll Administration.

Ms. Kornegay went on to report on the highlights of the last quarter. MassHousing continues to be a leader in ESG issuance. MassHousing first issued Sustainability Bonds in 2020. Chair Pinado asked if there is a piece of Homeownership that doesn't qualify. Ms. Kornegay replied our Homeownership loans go up to 135% of AMI so a portion of the deals do not meet the definition. Chair Pinado asked if there is an impact on pricing of ESG bonds. Ms. Kornegay replied that it has not had the impact on pricing that we would like yet. Mark Attia added that ESG pension funds are difficult for this board as the ESG/bond world is more in the corporate investment sector. We are very happy on this side that we have evolved in an orderly manner to codify this piece of the market and grow responsibly. MassHousing has been a Massachusetts leader in this space.

Ms. Kornegay went on to report on the second quarter of FY2023. We had an extraordinary number of closings at the end of the 2022 calendar year. In December 2022 we closed 17 deals in 20 working days and most had LIHTC complexities. In addition, we raised \$716 million in capital in the last quarter of the year. There has been incredible demand. Projects that were stalled filled gaps to close deals. There was an extraordinary effort in accomplishing these results by Legal, Rental and Homeownership. Ms. Kornegay expressed how proud she is to be part of a team that works this hard. Chair Pinado added her congratulations for a job well done. Ms. Kornegay also thanked Paul Scola and Steve Costa for putting this presentation together. Chair Pinado added this is a great way to start the new year.

Emerging Developers Listening Tour Update

Tony Richards gave an update on the Massachusetts emerging developers statewide listening tour. The goal of the tour is to identify opportunities and solutions to increase BIPOC developer participation in the affordable housing ecosystem throughout Massachusetts. Our goal is to build a statewide and regional network database of BIPOC developers and identify key data such as region of development, size and scope. This will help us better understand how to increase equitable housing production and support economic development.

Mr. Richards went on to state we connected with over 300 contacts to build our statewide BIPOC developer contact base. Various industries were engaged including mixed-income unit development, commercial real estate development, rehabilitation/flipping homes (primary 1-4 units) and engaging with state and municipal housing leaders and neighborhood development groups.

Mr. Richards explained an "emerging developer" is defined as a developer with a minimum of 3 to 5 years of experience, has completed, or is in the process of completing, up to 20 units of housing, participated in or is a participating member of a joint venture partnership and has a professional background in construction management, project management, property management and commercial lending. Listening sessions were conducted Boston, Central Massachusetts (Worcester), Western Massachusetts (Springfield), North Shore (Lawrence) and the South Coast (New Bedford.)

Mr. Richards continued by discussing the data identified. The respondents were overwhelmingly female. And most of the attendees wore more than one hat. Male respondents tended to wear two hats – female respondents wore 3 hats: attorney, closing attorney, construction

manager/developer. The top 3 themes statewide that were identified were (1) pre-development capital; (2) RFP opportunities and (3) knowledge of affordable housing programs and opportunities

Mr. Richards went on to comment on the recommendations as a result of the information gathered from the tour which include establishing a pre-development developers fund to increase opportunities for BIPOC developments to access pre-development patient capital to support the production of mixed-income rental and for-sale housing by BIPOC developers; development of an electronic affordable housing resources guide for emerging developers; increase technical assistance workshops to learn how to navigate the local and state process; and building development networks to incentivize joint venture partnerships in affordable housing.

Chair Pinado commented it was a Herculean task to get out and gather this information. Carmen Panacopoulos thanked Mr. Richards for his presentation. Ms. Panacopoulos said she would be interested in sharing the federal work we do and she will follow up with Mr. Richards with questions. Ms. Panacopoulos also asked why Cape Cod and the Islands were not included in the survey. Mr. Richards replied they were included so we have some handfuls of data.

Mark Attia asked if the slides from Mr. Richard's presentation could be sent to the members of the board. Laurie Bennett will send these out to the board.

Vote to Accept Recommendation of Retirement Board under Chapter 269 of the Acts of 2022

Joseph Petty presented a proposal for an additional 2% Cost of Living Adjustment to retirees, for a total of 5%, retroactive to July 1, 2022.

Earlier this year the Board granted a 3% COLA for the time period at issue, which resulted in a \$450.00 COLA for each eligible retiree. The 3% increase in the COLA is calculated in our Actuarial Valuation (Funding Schedule). At that time, the Social Security Administration had announced that the latest COLA is 5.9%. A 5% COLA would result in a total of \$800 yearly increase for each eligible retiree.

On November 16, 2022, the Governor signed a law that provides local retirement systems with a local option to increase the COLA for Fiscal Year 2023 to up to 5 percent on the base amount, which currently is \$16,000.00. The approval of the increase can occur at any time during the fiscal year and will take effect as of July 1, 2022. In order for the COLA to be adopted, the retirement system must vote for the increased amount and then it must also receive local approval (MassHousing Board).

Stone Consulting has completed a calculation of the effect of applying a 4% or 5% increase on the \$16,000 COLA Base, as opposed to a 3% increase. As with the calculation to determine the cost impact of increasing the COLA Base from \$15,000 to \$18,000 in \$1,000 increments, this was based on the data and assumptions from the 2021 valuation of the MHFA Retirement System. A similar test based on a 2023 valuation would likely produce different results, particularly if there are any changes of assumptions.

The liability impact from a higher increase on a \$16,000 COLA Base is as follows:

- 4% COLA increase: \$296 thousand liability increase (0.13% of liability)
- 5% COLA increase: \$592 thousand liability increase (0.27% of liability)

Since the additional increase is given only for one year, it affects only those current retirees who would receive the benefit. Since no active employees are affected, the Net Normal Cost (amount of liability added through employees earning another year of credited service) is unchanged.

Whether the increased liability would result in an increase in funding contribution depends on (a) whether the system is fully funded (which largely depends on asset performance), and (b) how the Board chooses to fund, in the event that there is an unfunded liability. To express these liability increases as an annual amount, they converted them to a level eight-year payment, as follows:

- 4% COLA increase: \$46 thousand annual funding increase for eight years
- 5% COLA increase: \$93 thousand annual funding increase for eight years

Recommendation: It is recommended that we grant an additional 2% COLA for a total of 5% to our retirees retroactive to July 1, 2022.

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

VOTED: That the Massachusetts Housing Finance Agency hereby accepts the recommendation of the Massachusetts Housing Finance Agency Employee's Retirement Board to grant an additional 2% COLA for a total of 5% to our retirees retroactive to July 1, 2022 pursuant to Chapter 269 of the Acts of 2022.

Loan Committee

Bunker Hill Building M, Charlestown (Boston)

Jeff Geller presented a proposal for an increase of the Tax-Exempt Construction/Permanent Loan and increase of the Taxable Bridge Loan.

On November 8, 2022, Agency Members approved (i) a tax-exempt construction-to-permanent loan, (ii) a tax-exempt construction equity bridge loan and (iii) a taxable construction equity bridge loan for the construction of Bunker Hill Building M, a proposed 102-unit building in Charlestown (the "Development"). Building M is the first phase of the transformation of the Boston Housing Authority's ("BHA") Charlestown Apartments into a new mixed-income community. In partnership with the BHA, a joint venture of Joseph J. Corcoran Co. and Leggat McCall Properties will replace the existing 42 buildings with 15 new residential buildings, retail and community space, and 2.8 acres of publicly accessible open space. The overall project will involve the replacement of 1,010 units of public housing on-site and the addition of 1,689 market rate units built over a period of 10-15 years.

Subsequent to approval, the Development experienced cost increases related to master planning, design and engineering work. The Sponsor is requesting an increase in the taxable construction

bridge loan to meet funding needs during construction. In addition, the Sponsor is requesting an increase to the tax-exempt construction to permanent loan, which is supportable at the current processing rate

The total development costs include non-residential costs, as well as extraordinary residential costs, as detailed below.

Several of the non-residential costs are associated with the redevelopment and revitalization of the entire Charlestown Apartments site, including upgrades to utilities, new sidewalks, and other infrastructure necessary to integrate this phase into the larger site and the surrounding neighborhood. Additionally, prior to starting vertical construction, the Sponsor must complete environmental remediation and undertake other site preparation work. All the costs related to these activities are included in this transaction.

Extraordinary residential costs are due in part to the significant proportion of larger unit sizes. To ensure that all residents may return to a new unit that is similar to their previous unit and sufficient for their household, the Development includes 29% three- and four-bedroom units for families. In addition, in response to feedback the Sponsor received during the Development's extensive and ongoing community planning process, unit finishes in Bunker Hill Building M will reflect a market-rate level of design and materials, adding a premium to kitchen, bath, and appliance costs, among other items.

Finally, the construction budget reflects significant increases in labor and material costs due to shortages and supply chain challenges.

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

VOTED: To approve the findings and determinations set forth below and to authorize (a) an increase of \$1,832,000 in the tax-exempt construction/permanent first mortgage loan previously authorized by the Members on November 8, 2022 from \$38,620,000 to a principal amount of up to \$40,452,000, such first loan to be insured under the HUD HFA Risk Sharing Program; and (b) an increase of \$5,500,000 in the taxable subordinate equity bridge mortgage loan previously authorized by the Members on November 8, 2022 from \$17,500,000 to a principal amount of up to \$23,000,000, in each case to be made to Bunker Hill Building M LLC or another single-purpose entity controlled by Bunker Hill Redevelopment Company LLC (the "Borrower") as owner of the multifamily residential development known as "Bunker Hill Building M" (the "Development") and located in Charlestown, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

The Loans 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:

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

2. Shortage of Affordable Housing Units in the Market Area

The market needs data reflects the information available to A&M staff as of the date of collection October 6, 2022, and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 705 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.6%, and range between 97% and 99%. None of the comparables were offering concessions.

4th Qtr. 2022 CoStar data for the subject's Charlestown/Somerville Submarket (5,881 units) has an overall vacancy rate at 6.6 % YTD, which is a decrease of 2.40% from one year ago. CoStar data for the Boston market (256,951 units) has an overall vacancy rate of 4.5% YTD, which is a decrease of .12% from one year ago. The Charlestown/Somerville Submarket vacancy rate is projected to increase to 7.6% over the next five years, while the Boston market is projected to increase to 5.7%.

CoStar, submarket data for the 4-5 Star building type (3,056) indicates a 4th Qtr. 2022 vacancy rate of 10.1 % and an average asking rent of \$3,293, while submarket data for the subject's 3 Star building type (1,654 units) indicates a 4th Qtr. 2022 vacancy rate of 2.7 % at an average asking rent of \$2,528 and 1-2 Star buildings (1,171 units) indicates a 4th Qtr. 2022 vacancy rate of 2.9% at an average asking rent of \$1,946. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

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

As of January 2022, The Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198

Moderate Rehab. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants.

U.S. Census data from the 2016-2020 American Community Survey (ACS) indicates that of the 273,188 households in the City of Boston approximately 75.8% earned less than the HUD published 2022 AMI, approximately 46.9% earned less than 50% of 2022 AMI, approximately 53.0 % earned less than 60% of the 2021 AMI, and approximately 64.3 %earned less than 80% of the 2022 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	32	36	24	10
Net SF/Unit	662	898	1,215	1,455
Elev./Non-Elev.	Elev.	Elev.	Elev.	Elev.
Market Rate Rent (10% Rate 20 Year Term)	\$4,505	\$5,095	\$5,865	\$6,315
MHFA Below Market Rent (Cost-Based Rent)	\$2,950	\$3,540	\$4,310	\$4,760
MHFA Adjusted Rent	30% of 60% AMI			
Underwriting Rents				
PB-Section 8 30% of AMI	\$2,950	\$3,540	\$4,310	\$4,760
PB-Section 8 60% of AMI	\$2,950	\$3,540	\$4,310	\$4,760

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.

Bixby Brockton Apartments, Brockton

Jeff Geller presented a proposal for Bixby Brockton Apartments in Brockton for Approval to Accept Assignment of a HUD-issued Firm Commitment for FHA Insurance, Commitment of a First Mortgage Loan and Approval to Finance the new loan through the issuance of a Ginnie Mae MBS.

Bixby Brockton Apartments (the “Development”) consists of 106 units for seniors and disabled tenants in two buildings in Brockton. The proposed loan will provide funds to repay existing MassHousing debt, complete repairs, recapitalize replacement reserves, pay transaction costs, and provide equity to the Owner.

The Development is located on 0.39 acres of land in the downtown area of Brockton. The site is primarily surrounded by commercial, retail, and residential uses, with convenient access to public services, shopping, entertainment, medical services, and recreational opportunities. This location also offers many transportation options with MBTA commuter rail service to downtown Boston and the surrounding communities.

The Development contains 106 units for elderly and disabled tenants in a four-story building and a seven-story building located across the street from each other. The Brockton Centre building was built in 1875 and the Bixby building was built in 1983. Both buildings were rehabilitated in 2004.

The Development benefits from two Project-Based Section 8 HAP Contracts (the “Contracts”) covering 104 of the 106 units. There are two non-revenue producing units currently occupied by a maintenance technician and a live-in police officer. In connection with the proposed refinance, the Borrower will renew the Contracts for 20 years under HUD’s Mark-Up-To-Market program. The new Contracts will include a preservation tail equal to the remaining number of years on the current Contracts (14 and 18), bringing the total affordability term to 34 and 38 years.

At closing, the MassHousing Disposition Agreement will be recorded ahead of the mortgage and will require 20% (15) of the units to be set-aside for households earning up to 80% of AMI. The Disposition Agreement will survive foreclosure with a minimum term of 15 years.

Upon a motion duly made, and seconded, by roll call vote, of all Members present, 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 \$12,422,700 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 \$16,770,645 nor less than \$8,074,755 to Bixby Brockton LLC (the “Borrower”) for Bixby Brockton Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$12,422,700 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$16,770,645 nor less than \$8,074,755 on terms acceptable to MassHousing, 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 duly authorized pursuant to the Government National Mortgage Association Resolution of Board of Directors and Certificate of Authorized Signatories approved by the Agency, 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 Bixby Brockton 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:

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

104 units (98.1%) 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

TBD

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2
Number of Units	88	18
Net SF/Unit	770	990
Elev./Non-Elev.	Elev.	Elev.
Market Rate Rent	\$2,027	\$2,314
MHFA Below Market Rent (Cost-Based Rent)	\$1,535	\$1,823
MHFA Adjusted Rent	30% of 80% of AMI	
Underwriting Rents		
PB-Section 8 Brockton Centre	\$1,550	\$1,815
PB-Section 8 Bixby	\$1,525	\$1,835
Non-Revenue	\$0	\$0

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.

Mattapan Station 4%, Boston (Mattapan)

Kelly Johnson presented a proposal for an increase of \$3,500,000 to the Tax-Exempt Equity Bridge Loan Authorization from \$16,090,000 to \$19,590,000 and Approval for the use of Low-Income Housing Tax Credits for Mattapan Station 4%.

On December 10, 2019, the Agency approved a (i) Tax-Exempt Permanent First Mortgage Loan in the amount of \$14,480,000, (ii) a tax-exempt bridge loan in the amount of \$16,500,000, and (iii) a Workforce Housing Subordinate Loan in the amount of \$3,000,000 for Mattapan Station 4% (the “Development”). Prior to closing and bond issuance, the bridge loan was resized from \$16,500,000 to \$16,090,000.

On April 10, 2020, MassHousing approved a staff delegated permanent loan increase of \$225,000. On August 6, 2020, MassHousing approved a second staff delegated permanent loan increase of \$410,000. This brought the total tax-exempt permanent loan amount to \$15,115,000. On September 10, 2020, the Agency issued tax-exempt bonds in the amount of \$31,205,000 for the permanent and bridge financing of the Development. The tax-exempt portion of the financing was sized to allow the Development to satisfy the Internal Revenue Code’s (“IRC”) “50% Test”.

The Development is part of a larger multi-phased transaction with a 9% and a 4% component contained in a single six-story building. The 9% component includes 10,000 square feet of ground floor retail and 135 residential units. The Development includes 114 residential units. Since the start of construction in November 2020, the Development has incurred significant cost overruns due to construction challenges and cost escalations including:

- Delays resulting from site coordination with the MBTA around access and approval of traffic monitors before work could progress.
- Inclement weather in the fall and winter months that hampered site excavation, foundation, and roof installation.
- Difficulties with material delivery to the site given supply chain constraints leading to delays in acquiring insulation, switch gear and backup generators.

As a result, the total development cost increased, and the total approved tax-exempt proceeds have been determined to be insufficient to meet the “50% Test”.

In addition to securing additional debt to satisfy the “50% test”, the Sponsor also seeks to benefit from the recent “fix” to the credit rate for 4% LIHTC transactions. This will provide additional tax credit equity as a permanent source to the transaction. The Sponsor has requested an increase in the Tax-Exempt Bridge Loan from MassHousing of up to \$3,500,000.

The project began construction in November 2020 and is now close to complete, with a Temporary Certificate of Occupancy issued. Preservation of Affordable Housing, Inc. (the “Sponsor” or “POAH”) is working with the general contractor on punch list items and expects occupancy to begin in January 2023.

Background on Extraordinary Residential Costs. Extraordinary residential costs are primarily attributable to significant delays caused by weather (construction has spanned two winters), COVID shut-downs, ongoing supply chain issues, and inflation in costs for materials and labor. These delays have resulted in over \$6,000,000 in cost overruns since construction started in late 2020.

In addition, the building has been constructed to Passive House standards, so there is a premium on some labor and materials related to the energy efficiency of the building.

Background on Non-Residential Costs. Several of the non-residential costs are associated with the overall revitalization of the Mattapan Station site. Prior to the construction of Mattapan 4% and 9%, the site was an underutilized parking lot in an otherwise busy commercial and residential area. To fully take advantage of Mattapan Station as a transit node, POAH was required to include parking for the station and extensive site work to create a residential community immediately adjacent to the station that could also be integrated into the existing neighborhood

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

VOTED: To approve the findings and determinations set forth below and to authorize (a) an increase of \$3,500,000 in the tax-exempt bridge loan previously authorized by the Members on December 10, 2019 from \$16,500,000 to a principal amount of up to \$19,590,000, to be made to Mattapan Station 4% LLC (the “Borrower”) as owner of the multifamily residential development known as “Mattapan Station 4%” (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: N/A

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

(a) the sources and uses of funds and the total financing

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

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

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

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

All 114 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

The market needs data reflects the information available to A&M staff as of the date of collection December 22, 2022, and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 791 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.3%, and range

between 98.5% and 100%. None of the comparables were offering concessions.

4th Qtr. 2022 CoStar data for the subject's Roxbury/Dorchester Submarket (7,298 units) has an overall vacancy rate at 2.2 % YTD, which is a decrease of 2.16% from one year ago. CoStar data for the Boston market (254,792 units) has an overall vacancy rate of 4.4% YTD, which is a decrease of .26% from one year ago. The Roxbury/Dorchester Submarket vacancy rate is projected to increase to 4.8% over the next five years, while the Boston market is projected to increase to 5.4%.

CoStar, submarket data for the 4-5 Star building type (1,913) indicates a 4th Qtr. 2022 vacancy rate of 4.2 % and an average asking rent of \$2,951, while submarket data for the subject's 3 Star building type (2,889 units) indicates a 4th Qtr. 2022 vacancy rate of 1.6 % at an average asking rent of \$2,538 and 1-2 Star buildings (2,496 units) indicates a 4th Qtr. 2022 vacancy rate of 1.3% at an average asking rent of \$1,618. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Boston 269,482 year-round housing units, 55,509 (20.6%) of which are subsidized for low/moderate income households. As of January 2022, The Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants. U.S. Census data from the 2017-2021 American Community Survey (ACS) indicates that of the 271,950 households in the City of Boston approximately 74.7% earned less than the HUD published 2022 AMI, approximately 44.9% earned less than 50% of 2022 AMI, approximately 51.1 % earned less than 60% of the 2021 AMI, and approximately 62.8

%earned less than 80% of the 2022 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. Although it is a low-income development, it provides housing opportunities for several household incomes.

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

Number of Bedrooms	0	1	2	3
Number of Units	1	28	77	8
Net SF/Unit	503	640	783	1,392
Elev./Non-Elev.	E	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$4,768	\$4,556	\$4,814	\$5,513
MHFA Below Market Rent (Cost-Based Rent)	\$2,718	\$2,505	\$2,763	\$3,463
MHFA Adjusted Rent	30% of 60% of AMI			
Underwriting Rents				
MRVP at 30% AMI	-	\$1,333	\$1,642	\$1,895
Section 8 at 30% AMI	-	-	\$2,250	\$2,925
LIHTC at 50% AMI	-	\$1,140	\$1,368	\$1,579
LIHTC at 60% AMI	-	\$1,368	\$1,642	-
LIHTC at 80% AMI	\$1,613	\$1,776	\$2,131	\$2,461

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.

Harborview Towers, New Bedford

Kelly Condon presented a proposal for Approval of a Level One Transfer of Ownership for Harborview Towers in New Bedford.

The owner of Harborview Towers in New Bedford (the “Development”) is seeking MassHousing’s approval for a change of ownership of its general partner. As a change of control of the owner, the proposed transaction is a Level One Transfer under the Agency’s Transfer of Ownership Policy. The Development is owned by Harborview Towers, Limited Partnership. Its sole general partner, Harborview Towers Developers, LLC (the “GP”), is owned (through intermediary entities) by Omni Holding Company LLC (“Omni”). The proposed transfer of ownership of the

GP would be a result of the sale of Omni by its current owners, Eugene Schneur, Maurice S. Vaughn, Robert Bennett, and Trident Omni Holdings LLC, to Nuveen Global Investments LLC (“Nuveen”), which will include Omni’s interests in dozens of other residential developments in the eastern United States and Florida. These include three developments in MassHousing’s MAP JV portfolio which, pursuant to the November 12, 2014, vote of the Members authorizing the MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative, are not subject to the Transfer of Ownership Policy.

As part of the overall transaction, Nuveen proposes consolidating ownership of the GP currently held by two Omni affiliates in a single entity wholly owned by TGA GP HoldCo LLC, an affiliate of Nuveen.

Following the proposed Transfer, the current owner of the Development, Harborview Towers, Limited Partnership, would continue to own the development subject to the MassHousing mortgage loan and all related loan documents and the affordability mix described in Section A above would not change. The only change would be to the ownership of the GP.

Harborview Towers is a 144-unit mixed-income family apartment community located in New Bedford, Massachusetts. Constructed in 1971, the property consists of two (2) six-story multifamily buildings comprising two studio apartments, 48 one- bedroom, 82 two-bedroom and 12 three-bedroom apartments. Eighty-eight of the units are subsidized by a Section 8 project-based HAP contract, fifty-one of the units are occupied by voucher holders, four units are rented to tenants at market rent and one unit is retained as a non- revenue unit for the building superintendent.

On November 12, 2010, Harborview Towers, Limited Partnership received a first mortgage loan from MassHousing in the original principal amount of \$6,750,000, which is insured under the HUD Risk Share Program. The owner also received subordinate MassHousing mortgage loans, which have been subsequently repaid, totaling \$966,526, and soft debt from several MassDocs sources, some of which remains outstanding. Management completed a series of capital improvements as part of the refinancing. In November 2021 MassHousing asset management staff conducted an inspection of the development and found it to be in overall good condition. Over the next few years, management is planning to continue to address several capital projects at the property including unit improvements, fire alarm system and exterior upgrades.

All obligations are being met at the development with risk ratings of A in physical condition and compliance. Financially, while the loan obligations are being met, the development received a financial risk rating of D due to low DSC of .89 based on the 2021 audited financial statements. This drop in DSC was an anomaly as the development has operated well in previous years with DSC of 1.64 in 2019 and 1.49 in 2020. The reduced DSC for 2021 was primarily due to a large increase in maintenance expenses to fund pre REAC inspection work, increased vacancy loss and unreimbursed capital expenditures. The additional work yielded positive results as the development scored a 96B on the REAC inspection conducted on January 27, 2022.

In addition, we anticipate an increase in the financial risk rating based on a full year of additional income generated by a 12.76% Mark Up to Market Rent increase which became effective on June 1, 2021.

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

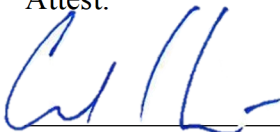
VOTED: That MassHousing approve the Level One Transfer of Ownership of Harborview Towers in New Bedford, Massachusetts (the “Development”) resulting from the sale of indirect ownership interests in the general partner of the owner of the Development from Eugene Schneur, Maurice S. Vaughn, Robert Bennett and Trident Omni Holdings LLC to TGA GP HoldCo LLC, or other entity owned or controlled by Nuveen Global Investments, LLC, subject to the requirements of the Transfer of Ownership Policy approved by the Board on August 14, 2007 and further subject to (i) any additional conditions required by the Director of Rental Management or General Counsel, and that the Executive Director, Vice President of Multi-Family Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith, and (ii) the following special condition: that consent to the proposed transfer be obtained from the MassDocs lenders holding debt or affordability restrictions on the Development, to the extent required by their respective loan documents or restrictions.

Chair Pinado asked if there was any other old or new business for the Members’ consideration.

There being no other old or new business, the meeting adjourned at 3:15 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary