

**Minutes of the Regular Meeting  
of the Members of MassHousing and a Special Meeting of  
The Center for Community Recovery Innovations, Inc. (CCRI)  
held on  
February 14, 2023**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – and its affiliate – the Center for Community Recovery Innovations, Inc. 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  
                    Carolina Avellaneda, Vice Chair  
                    Tom Flynn  
                    Carmen Panacopoulos  
                    Jennifer Maddox, ex officio  
                    Patricia McArdle  
                    Jerald Feldman  
                    Michael Dirrane

**Members**

**Not**

**Participating**      Kaitlyn Connors, Designee of Matthew Gorzkowicz, ex officio

**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 January 10, 2023 are hereby approved and placed on record. (Jerald Feldman was not present for the vote and Michael Dirrane abstained as he was not present at the January 10, 2023 meeting.)

## Fiscal Year 2023 Mid-Year Results

Rachel Madden reported on FY 2023 Mid-Year Results. Production for multifamily and single family was \$733 million and projected to be \$22 million above budget. This includes an increase of \$100 million primarily driven by the MassDREAMS program which was funded by \$37 million in ARPA funds. The soft launch of the MassDREAMS program was on September 12, 2022. This program offered downpayment assistance of up to \$50,000 for homebuyers residing in the 29 communities disproportionately impacted by the pandemic. It was anticipated that the program would last 18 months, however, due to the exceptional demand, the program funds were completely expended in only 79 days. This program was a game changer and allowed many families to purchase homes who otherwise would have been sidelined. Ms. Madden praised the dedicated team in Homeownership as well as many others throughout the Agency who worked on this program.

Multifamily production is currently projected slightly lower at \$78 million below budget. FY23 projected multifamily income is projected \$7.6 million higher than the FY23 budget driven by increases in net interest spread, subsidy income, and GNMA servicing income. The single family side is projected \$3.4 million below budget driven by a decrease of premium on loans sold and increased servicing right purchases, offset by single family net interest spread. Carolina Avellaneda asked for the present day value and Ms. Madden said she will get that for her.

FY23 Mortgage Insurance Fund production is projected to be up \$85 million above budget due to the MassDREAMS program production boost. MIF income is projected \$4 million above budget due to fee income from production.

FY23 Grant Income is projected at \$174 million above budget and FY23 Expenses are projected \$38 million above budget. Total projected grant income is \$180 million, primarily from American Rescue Plan Act (ARPA) funds. Total projected grant expenses are: Commonwealth Builder Program \$8.3 million, Homeownership Assistance Fund (HAF) is \$14.6 million and MassDREAMS is \$37 million. Carolina Avellaneda asked if this is pass-through money. Ms. Madden responded the vast majority of funds are dedicated to specific programs. Most programs are multi-year and \$300 million is federal funds and \$136 million is state funds. Chair Pinado asked if income is recognized when the money shows up and is spent over time and how is this indicated on financials. Ms. Madden confirmed that because grant income is recognized as received but funds may be expended over multiple fiscal years it does present a skewed picture that requires additional narrative explanations.

Following the mid-year fiscal report, Chair Pinado then called for a motion to recess MassHousing's Regular Meeting to conduct a Special Meeting for The Center for Community Recovery Innovations, Inc. ("CCRI"). Upon a motion duly made and seconded, by roll call vote of all the Members present, it was:

**VOTED:** To recess the MassHousing Regular Meeting and convene a special meeting of The Center for Community Recovery Innovations, Inc. (“CCRI”).

### **Vote Committing CCRI Funds**

Nichole Mikshenas began by thanking the grant readers who participated in FY23 – Round 2. MassHousing staff have endorsed three applications for consideration by the CCRI Board of Directors for Housing Support Inc. in Amesbury; Dismas House in Oakham; and Mental Health Association in Springfield. Housing Support Inc. is requesting \$75,000 for their Bartlett Cottages for 8 new units for persons with disabilities, Dismas Fellowship is requesting \$25,000 to fund three fellows and Mental Health Association, Inc. is requesting \$11,500 for renovations to Able House which consists of 10 units for women.

Carolina Avelleneda asked for an update on when the board may see an update of the grant guidelines. Ms. Mikshenas replied that staff is discussing the guideline updates and required processes to present to the board.

Upon a motion duly made and seconded, by roll call vote of all the Members present, 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 for Housing Support Inc. for 8 new units in Bartlett Cottages for persons with disabilities for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

#### **FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$25,000 for Dismas Fellowship for the funding of three fellows for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

#### **FURTHER**

**VOTED:** That CCRI approve a grant in the amount of \$11,500 for Mental Health Association, Inc. for renovations to 10 units of housing for women at Able House

#### **FURTHER**

**VOTED:** That the officers of CCRI and the Agency’s Director of Community Services 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.

Noting that there was no other business requiring action or discussion, Chair Pinado adjourned the CCRI Special Meeting and reconvened the MassHousing Regular Meeting.

### **Loan Committee**

#### **Jaycee Place, Lowell**

Sarah Hall presented a proposal for Official Action Status, Approval of the Use of Low-Income Housing Tax Credits and Commitment of a Tax-Exempt Conduit Loan for Jaycee Place in Lowell.

Silver Street Development Corporation (the “Sponsor” or “SSDC”) has requested that MassHousing act as the nominal lender of tax-exempt bond proceeds under the Conduit Loan Program to allow the Sponsor to access 4% LIHTC equity for the proposed refinancing of Jaycee Place (the “Development”). Originally financed under the HUD Section 236 program and constructed in 1976, Jaycee Place is a 138-unit apartment community for seniors in Lowell that was acquired by the current ownership entity with MassHousing financing in 1999. That loan was prepaid in 2014. The proposed financing will preserve 138 units of affordable rental housing and fund a much-needed rehabilitation of the Development.

The site is a single 2.3-acre parcel in downtown Lowell near retail, restaurants, schools, and a bus stop. There are 64 parking spaces for residents.

The Development is in a seven-story masonry building originally constructed in 1976.

All 138 units are subject to a long-term tax credit use restriction at 60% of AMI. In connection with the proposed allocation of tax credits, 14 of the units will be further restricted at or below 30% of AMI. While there is currently no project-based subsidy, the Sponsor is applying for project-based vouchers in response to a request for proposals recently issued by the Lowell Housing Authority. Please see item 2 in Section 12 below.

The Development is currently owned by an affiliate of the Sponsor. Site control is evidenced by a letter of interest between the current ownership entity and the new borrower entity with a purchase price of \$13,500,000.

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

**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 “Jaycee

Place” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax- exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of tax-exempt debt by the Agency not be in excess of \$17,485,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

#### Official Action Status Findings

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

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

**VOTED:** To approve the findings and determinations set forth below and to authorize the issuance of multifamily tax-exempt obligations in an estimated principal amount of \$13,988,000, in one or more series pursuant to one or more indentures and/or financing agreements with such terms, interest rates, redemption provisions and maturity schedules as shall be approved by any of the Executive Director, General Counsel, Financial Director,

Comptroller, or Manager of Finance and Bond Compliance, acting singly, and any officer or employee of MassHousing acting in such capacity or otherwise authorized to perform specific acts or duties by resolution of MassHousing (each an “Authorized Officer”), each Authorized Officer, acting singly, being authorized to execute and deliver such agreements and any other documents, instruments, and agreements necessary to effectuate the purposes of a conduit financing, with the proceeds of such issuance to be lent to Lowell-Jaycee Place Limited Partnership or another single-purpose entity controlled by Silver Street Development Corporation (the “Borrower”) as owner of the multifamily residential development known as “Jaycee Place” (the “Development”) and located in Lowell, Massachusetts, and in accordance with the applicable Conduit Loan Closing Standards approved by the Members of MassHousing on September 12, 2017 and delegations of authority previously approved by the Members of MassHousing, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

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

- (a) the sources and uses of funds and the total financing planned for the Development;
- (b) any proceeds or receipts expected to be generated by reason of tax benefits;
- (c) the percentage of the tax credit amount used for

Development costs other than the cost of intermediaries; and

(d) the reasonableness of the developmental and operational costs of the Development, provided, however, that such determination shall not be construed to be a representation or warranty as to the feasibility or viability of the Development.

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

**FURTHER VOTED:** To authorize the Executive Director and 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:**

All 138 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**

Note: The market needs data reflects the information available to A&M staff as of the date of collection January 20, 2023, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 957 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.8%, and range between 95% and 99%. None of the comparables were offering rental concessions.

1<sup>st</sup> Qtr. 2023 CoStar data for the subject’s Lowell/Dracut Submarket (6,765 units) has an overall vacancy rate at 2.4 % YTD, which is a decrease of 1.03% from one year ago. CoStar data for the Boston market (258,893 units) has an overall vacancy rate of 4.9% YTD, which is an increase of .66% from one year ago. The Lowell/Dracut Submarket vacancy rate is projected to increase to 4.0% over the next five years, while the Boston market is projected to increase to 6.2%.

CoStar, submarket data for the 4-5 Star building type (778 units) indicates a 1<sup>st</sup> Qtr. 2023 vacancy rate 1.5% and an average asking rent of \$2,299, while submarket data for the subject’s 3 Star building type (2,919 units) indicates a 1<sup>st</sup> Qtr. 2023 vacancy rate of 2.9% at an average asking rent of \$1,920 and 1-2 Star buildings (3,068 units) indicates a 1<sup>st</sup> Qtr. 2023 vacancy rate of 2.2% at an average asking rent of \$1,564. 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 Lowell had 41,308 year-round housing units, 5,119 (12.4%) of which are subsidized for low/moderate income households.

The City of Lowell Consolidated Plan (7/1/15 – 6/30/20) the Lowell Housing Authority (LHA) owns/operates 1,699 units of Federal public housing (824 – family and 875 – elderly/disabled), and 198 units of state public housing. Per the LHA, they maintain 4,566 households on their public housing wait lists (1,061 – Disabled; 304 – Elderly; 2,788 – Family; 413 – Single). They also administer a total of 1,246 Housing Choice Vouchers



(HCV), 43 Massachusetts Rental Voucher Program Vouchers (MRVP), and 50 Lowell Rental Assistance Fund Program Vouchers (LRAP). Per the representative of Lowell Housing Authority there are 1,328 applicants on the HCV waiting list, 1,051 on the MRVP waiting list and 558 applicants on the LRAP waiting list.

U.S. Census data from the 2017-2021 American Community Survey (ACS) indicates that of the 42,577 households in the City of Lowell, approximately 74.9% earned less than the HUD published 2022 AMI (126,500), approximately 47.1% earned less than 50% of 2022 AMI, approximately 57.4% earned less than 60% of the 2022 AMI and approximately 62.1% 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
Number of Units	123	15
Net SF/Unit	484	734
Elev./Non-Elev.	E	E
<b>Market Rate Rent</b> (10% rate, 20-year term)	\$2,629	\$2,881
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,759	\$2,011
<b>MHFA Adjusted Rent</b>	30% of 60% AMI	
<b>Underwriting Rents</b>		
30% AMI LIHTC	\$710	\$1,420
60% AMI LIHTC	\$852	\$1,705

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.

**New Orchard Hill Estates, Oxford**

Greg Watson presented a proposal to authorize the purchase from HUD of (i) the Flexible Subsidy Residual Receipt Note II, dated March 11, 1981; and (ii) the Flexible Subsidy Residual Receipt Note, dated December 12, 1994, and the subsequent restructuring of the HUD Flex Sub Notes and to approve a modification of MassHousing’s existing arrearage debt, extending the maturity dates to January 2027 and reducing the arrearage interest rate to the AFR.

New Orchard Hill Estates (the “Development”) is located in Oxford and consists of nineteen (19) residential apartment buildings with 215 units. The Development was financed by MassHousing under HUD’s 236 mortgage program and construction was completed in 1976.

The requests for approval to (i) purchase and restructure the HUD Flex Sub Notes and (ii) modify the term and rate of existing MassHousing arrearage debt, which is expected to be a precondition of the HUD Flex Sub purchase, will allow the Borrower to progress in plans for a LIHTC resyndication and complete redevelopment of the site.

The site is located off Sutton Avenue in Oxford, which provides access to Route 395 and area retail, services and employment. The site is characterized by steep slopes and wetlands, both of which prescribe where development can occur. Robinson Pond is another important environmental feature located just east of the site that is subject to a local by-law intended to protect the pond's water quality from adverse impacts from stormwater runoff and on-site sewage disposal from potential residential development.

The current buildings and infrastructure are more than 47 years old and are at or near obsolescence. The Development experienced challenges throughout the initial construction period due to poor workmanship and cost overruns. These challenges continued to affect the Development through stabilization and operations. Despite efforts to address these issues through a workout plan in 1980, the Development continued to struggle.

In 1995 the Development was acquired by New Orchard Hill Limited Partnership, an affiliate of Trinity Financial, Inc. (the "Borrower"), which undertook a recapitalization of the property with LIHTC, HOME funds and an additional HUD Flexible Subsidy loan. The Borrower has continued efforts to repair and maintain the property, but the inherent construction deficiencies and associated costs to correct have rendered the Development unsuitable for further rehabilitation efforts.

These physical and building performance challenges are affecting operating and maintenance costs, as well as the marketability of the units. The poor physical rating referenced in Section A is due to the overall deficient physical condition of the Development, as well as significantly underfunded replacement reserves. The Development's poor financial rating is largely driven by the inability to pay the outstanding debt, despite recent improvements in reducing payables resulting from the recent RAD conversion. Both of these issues would be resolved through a full recapitalization and redevelopment of the Development. In some instances the condition of a building was so poor that units have had to come offline. Over a period of time, due to their poor condition and level of rehabilitation required, eighteen (18) units were taken offline by the Borrower and will remain offline until redevelopment can occur. These issues only further contribute to the need for redevelopment.

The Borrower has recently explored finding an alternative location for the Development within the Town of Oxford, but a suitable alternate site was not found. Therefore, the Borrower is proposing to construct all new buildings within a fully redesigned and reconfigured site plan to

better suit the existing tenant population and management of the property. Having settled on a site plan, the Borrower and their design consultants have advanced the proposed building plans to conceptual design phase for all building and unit types, including elevations.

The Borrower is now working on the required zoning process for the redevelopment and working with MassHousing and other State agencies on identifying the funding sources needed to redevelop the Development. The Borrower submitted a complete 40B project eligibility letter (“PEL”) application in December to DHCD, and is awaiting DHCD’s approval letter, which typically takes up to 90 days.

The proposed redevelopment has an estimated total development cost (TDC) of approximately \$142,000,000, but is likely to support a permanent loan of only \$10 – 11,000,000. The Borrower is exploring constructing the redevelopment in phases to facilitate securing considerable subordinate debt from DHCD and to allow for both 4% and 9% LIHTC structures to raise as much equity as possible. The plan to phase construction will also serve to minimize the impact of redevelopment on existing tenants to the extent possible. The Borrower anticipates that the project may be eligible for a potential DHCD mini- round in late summer.

Given the progress underway to reposition the property, it is necessary to address the existing HUD Flex Sub debt as it is the single most challenging obstacle in allowing the Borrower’s redevelopment proposal to move forward. HUD has previously agreed to allow MassHousing to acquire the HUD Flex Sub Notes for a negotiated price of \$313,000 and laid out specific conditions for the acquisition of the HUD Flex Sub Notes, which includes restructuring delinquent debt.

The recommended actions before the Members today will fulfill the commitment to meet those conditions to allow the purchase of the HUD Flex Sub Notes to proceed. Upon purchase, the HUD Flex Sub Notes will be extended to be co-terminus with the other existing loans, and the interest rate will be reduced to the AFR.

Ultimately, the cost to acquire the HUD Flex Sub Notes will be repaid from proceeds of the future recapitalization. Further, it is the intention of staff to recommend that the existing arrearage debt be forgiven or resubordinated, as necessary, to facilitate the full recapitalization. MassHousing will still require that the amortizing loan be repaid concurrently with a future refinancing of the Development.

There are a total of 215 units, of which 196 will be subject to income- restrictions. Seven (7) units will be affordable to households at or below 50% of Area Median Income (AMI), 189 units will be affordable to households at or below 60% of AMI, and 19 units will be unrestricted. Additionally, 153 of the restricted units benefit from a Project Based HAP Contract through a

RAD conversion in 2019.

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

**VOTED:** To authorize the purchase from the U. S. Department of Housing and Urban Development (“HUD”) of (i) the Flexible Subsidy Residual Receipt Note II, dated March 11, 1981, from Orchard Hill Associates Limited Partnership (the “Prior Owner”) to MassHousing in the original principal amount of \$400,000, as assumed by New Orchard Hill Limited Partnership (the “Borrower”) pursuant to an Assumption of Project Loan Notes Agreement dated as of February 16, 1995, as modified by a First Amendment to Flexible Subsidy Residual Receipt Note II dated as of February 16, 1995, and endorsed by MassHousing to HUD on February 16, 1995, (the “1981 Flex Subsidy Note”), and (ii) Flexible Subsidy Residual Receipt Note, dated December 12, 1994, from the Prior Owner to HUD in the original principal amount of \$2,900,000, as assumed by Borrower pursuant to an Assignment and Assumption of Flexible Subsidy Contract Documents dated as of February 16, 1995 (the “1994 Flex Subsidy Note,” and together with the 1981 Flex Subsidy Note, the “HUD Flex Sub Notes”), on such terms and conditions as acceptable to the Executive Director or the Vice President of Multifamily Programs.

**VOTED:** Subsequent to the purchase of the HUD Flex Sub Notes, to authorize the Executive Director and the Vice President of Multifamily Programs, and their respective designees, each acting singly, to approve restructuring of the HUD Flex Sub Notes, which restructuring may include, but is not limited to, the extension of loan terms, reduction of interest rates, forgiveness of amounts owed and re-subordination of debt, to the extent required for the financial stability of the Development, all as may be determined at the discretion of the Executive Director or the Vice President of Multifamily Programs.

**VOTED:** To supplement the vote of Agency Members on January 8, 2019, to authorize the Executive Director and the Vice President of Multifamily Programs, and their respective designees, each acting singly, to approve the restructuring of (i) a Residual Receipt Note I, dated March 11, 1981, from the Prior Owner to MassHousing, in the original principal amount of \$363,836, as assumed by Borrower and amended as of February 16, 1995, (ii) a Closing Cost Note, dated March 11, 1981, from the Prior

Owner to MassHousing, in the original principal amount of \$57,318, as assumed by Borrower and amended, which restructuring may include, but is not limited to, the extension of loan terms, reduction of interest rates, forgiveness of amounts owed and re-subordination of debt, to the extent required for the financial stability of the Development, all as may be determined at the discretion of the Executive Director or the Vice President of Multifamily Programs.

### **Bixby Brockton Apartments, Brockton**

Jeff Geller presented a proposal 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 for Bixby Brockton Apartments.

Bixby Brockton Apartments 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, it was, by all Members present:

**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**

The market needs data reflects the information available to A&M staff as of the date of collection December 21, 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 (appx. 985 units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the six developments reviewed averaged approximately 98.7%, and range between 97.5% and 100%. None of the comparables were offering rental concessions. A review of similar mixed income/subsidized portfolio properties (197 units) demonstrated a weighted average vacancy rate of approximately 1.61%.

4th Qtr. 2022 CoStar data for the subject's South Plymouth County (7,839 units) has an overall vacancy rate at 3.4% YTD, which is an increase of 1.09 % from one year ago. CoStar data for the Boston market (258,434 units) has an overall vacancy rate of 4.9% YTD, which is a decrease of

.51% from one year ago. The South Plymouth County submarket vacancy rate is projected to increase to 12.0% over the next five years, while the Boston market is projected to increase to 6.3%.



According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/20/21), the City of Brockton has 35,514 year-round housing units, 4,609 (13%) of which are subsidized for low/moderate income households.

Further, the Brockton Housing Authority (BHA) owns/operates 1,624 units of Federal public housing (323 – family and 1,303 – elderly/disabled) and 373 units of State public housing (93 family, 281 elderly/disabled and 22 congregate). Per the Brockton Housing Authority, they maintain 4,477 households on their public housing wait lists (3,027 – elderly; 2,788 – family; 5 – congregate). The Brockton Housing Authority tenant-based assistance programs (e.g. Housing Choice Vouchers) includes 1877 vouchers. Brockton participates the Massachusetts Section 8 Housing Choice Waiting list which is currently open. Per the representative of BHA, they participate in the Section 8 Centralized Waiting list and believe there are over 100,000 applicants on that list statewide.

U.S. Census data from the 2017-2021 American Community Survey (ACS) indicates that of the 35,092 households in the City of Brockton 67.4% earned less than the HUD published 2022 AMI (\$111,400), approximately 40.9% earned less than 50% of 2022 AMI, approximately 48.5% earned less than 60% of the 2022 AMI and approximately 59.3% 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 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.
<b>Market Rate Rent</b>	\$2,027	\$2,314
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,535	\$1,823
<b>MHFA Adjusted Rent</b>	30% of 80% of AMI	
<b>Underwriting Rents</b>		
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. Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development.

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 2:49 p.m.

A true record.

Attest.



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Colin M. McNiece  
Secretary