

**Minutes of the Meeting  
of the Members of  
MassHousing  
held on  
April 10, 2018**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – and Special Meetings of the Massachusetts Housing Finance Agency Property Acquisition and Disposition Corporation (“PADCO”) and the Center for Community Recovery Innovations, Inc. (“CCRI”) was held on April 10, 2018 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

**Members** Michael Dirrane, Chair  
Mark Attia, Designee of Michael Heffernan  
Carolina Avellaneda  
Andris Silins  
Patricia McArdle  
Ping Yin Chai  
Jennifer Maddox

**Members**

**Not Present** Lisa Serafin

**Staff** Maureen Burke  
Laurie Bennett  
Beth Elliott  
Carol McIver  
Kathleen Evans  
Sarah Hall  
Deb Morse  
Anna Reppucci  
Nancy McDonald  
Meaghan McCarthy  
John W. McCormack  
Doug O’Brien  
Kelly Johnson  
David Keene  
Daniel Staring  
Joseph Mullen  
Stephen Vicker  
Craig Merry  
Paul Hagerty  
Ken Penta  
Beth DeFranzo  
Antonio Torres

Tom Lyons  
Chuck Karimbakas  
Paul Scola  
Henry Mukasa  
Tom Farmer  
Paul McMorrow  
Sergio A. Ferreira  
Belmira Fallon  
Nancy Slaney  
Cynthia Lacasse  
Lisa Fiandaca  
Amy Dominici  
Stephen Payson  
Nick Pepe  
Anne Marie McPherson  
Bethany Wood  
Peter Cooper  
Jill Lavacchia  
Casey Baines  
Zan Bross  
Josiah Madar  
Ricky Ochilo

**Guests** Joseph Monitto, BAMC  
George Jaeger, BAMC  
Matt Engler, Wells Fargo  
Won Park, Loop Capital  
Pearse O’Baill, Winn Companies  
Susan Jun, Morgan Stanley  
Geoff Proulx, Morgan Stanley  
Raymond High, Citigroup  
Paul Haley, Barclays  
Charles Carey, Mintz Levin  
Brandon Wolanski, Barclays  
James Tansey, HPAO  
Lena Altomare, US Bank  
Jeff Sula, RBC  
Lori Hindle, PFM

Chairman Dirrane convened the meeting 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 February 13, 2018 are hereby approved and placed on record.

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

### **Executive Director’s Report**

Ms. Kornegay began by saying how thrilled she is to be here for her first Board Meeting as MassHousing’s Executive Director. She went on to say how excited she is to build on the great foundation that has been laid for MassHousing’s future.

Ms. Kornegay next discussed recent changes to the executive leadership team, noting the elimination of the Deputy Director and Chief of Staff positions. Ms. Kornegay wished to publicly thank and acknowledge both Karen Kelleher and Monte Stanford for their service to MassHousing, and to the people of the Commonwealth.

Ms. Kornegay went on to discuss three new positions that have been created as part of the executive team restructuring: Vice President of Multifamily Programs, Vice President of HomeOwnership Programs and Chief Operating Officer. These new positions will unify functions that are currently split among their respective business lines. This will help facilitate more direct communication and support innovative thinking and behavior. The new Chief Operating Officer position will be the executive team’s conductor – doing whatever it takes to keep the trains running on schedule.

The COO will oversee our internal workings such as administration, IT and innovation. Ms. Kornegay then noted that we have posted the VP positions and will be posting the COO position in the coming weeks. She added that these changes contribute to setting the stage for augmenting the Agency's culture in terms of not only what we do, but how we do it.

Ms. Kornegay stated her goal is to stimulate MassHousing's culture of innovating by building teams that feel empowered to put forward ideas. Innovating is key if we expect to meet our mission and confront the housing challenges facing the Commonwealth.

Ms. Kornegay continued by providing an update on the Omnibus Spending Bill that emerged from Congress. This bill will restore funding to many programs including HOME and will expand and strengthen the Low-Income Housing Tax Credit program. She also stated that we are working closely with the Baker-Polito Administration to explore how implementation of these changes impact our ability to move the Governor's housing agenda forward. This includes thinking about how the credits' increased flexibility might support the Commonwealth's workforce housing goals. In another update from Washington, Ms. Kornegay noted that HUD has cancelled both the national and regional RFPs to replace the current PBCA program. HUD has indicated that future requirements will be initiated through a new solicitation, which they expect to take several more months to develop.

Ms. Kornegay also stated we are continuing to monitor the progress of the Housing Bond Bill on Beacon Hill. This \$1.7 billion capital bill contains \$400 million in funding over five years for the Affordable Housing Trust Fund that MassHousing administers for the Commonwealth. This bill will also amend MassHousing's statute to give us more flexibility to innovate. We expect to report on the signed version of the bond bill at our May meeting.

Ms. Kornegay next discussed MassHousing's Planning for Housing Production initiative. We have received 29 applications for our first round of funding. We are very excited about the response from communities and look forward to sharing with you the names of the communities who received funding at our May meeting. Ms. Kornegay mentioned that last October MassHousing approved \$3 million to allow us to innovate around planning initiatives aimed at assisting communities to meet the Governor's goal of 135,000 housing units by 2025.

Ms. Kornegay went on to discuss MassHousing's new Downpayment Assistance Program. This new program was rolled out on March 12<sup>th</sup>, and the response has been tremendous. We have had a great deal of press coverage on this program, including an article in the Boston Globe. When the article ran in the Globe on March 19<sup>th</sup> we had more than 20,000 webpage views. Lenders tell us that this is the only true downpayment assistance program they offer because we go up to 100% of AMI, which in Greater Boston is a little over \$100,000 per household.

Ms. Kornegay concluded her report by stating these are good examples of MassHousing's culture in action. MassHousing is initiating new programs that help communities create homes and help working families buy homes. Ms. Kornegay thanked all the teams that worked on these new programs and also thanked the staff at MassHousing for welcoming her. Ms. Kornegay also thanked the Members for their vote of confidence and expressed that she is humbled by the opportunity and energized about the potential that lies before us.

Chairman Dirrane announced that Sushil Tuli submitted his resignation from MassHousing to Governor Baker on April 4, 2018. Chairman Dirrane thanked Sushil for his service, despite the brevity of his tenure. Mr. Dirrane noted that as Mr. Tuli came to understand the depth and breadth of MassHousing's business, it became clear to him that he may be better positioned to advance the mission of MassHousing from the outside. The only way for him to explore these opportunities was to resign from our Board.

**Votes Pertaining to the Officers of the Massachusetts Housing Finance Agency Property Acquisition and Disposition Corporation ("PADCO")**

Chairman Dirrane called for a motion to recess the MassHousing meeting in order to conduct a special meeting of MassHousing's affiliate: the Massachusetts Housing Finance Agency Property Acquisition and Disposition Corporation ("PADCO"). Upon a motion duly made and seconded, it was

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

The MassHousing meeting was recessed at 2:13 p.m.

Chairman Dirrane then called the Special Meeting of the Massachusetts Housing Finance Agency Property Acquisition and Disposition Corporation ("PADCO") to order.

Upon a motion duly made and seconded it was

**VOTED:** That Chrystal Kornegay is hereby elected to serve as the President of PADCO.

With no other PADCO business, Chairman Dirrane asked if there was a motion to adjourn.

Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the PADCO meeting.

The PADCO meeting was adjourned at 2:14pm

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

Upon a motion duly made and seconded it was

**VOTED:** That Chrystal Kornegay is hereby elected to serve as the President of CCRI.

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

**VOTED:** To adjourn the CCRI meeting and reconvene the MassHousing meeting.

The CCRI meeting was adjourned at 2:15pm

Chairman Dirrane reconvened the MassHousing meeting at 2:15 p.m. He indicated that the next order of business was the Proposed Votes Electing Assistant Treasurers.

Upon a motion duly made and seconded, it was

**VOTED:** That Chrystal Kornegay, Charles C. Karimbakas, and Stephen E. Vickery are hereby elected to serve as Assistant Treasurers of MassHousing.

## **LOAN COMMITTEE**

### **The Close Building, Cambridge**

Deb Morse presented a proposal for Commitment of Tax-Exempt Construction/Permanent Loan, Commitment of Tax-Exempt Syndication Bridge Loan and Commitment of Taxable Syndication Bridge loan for The Close Building, a 61-unit development in Cambridge. An affiliate of Just-A-Start Corporation is seeking construction and permanent financing for the rehabilitation and recapitalization of this existing property. The six-story brick and concrete building was originally constructed in 1910 as a factory, and then converted to apartments in 1976. The original conversion to affordable housing was financed through MassHousing. In 2016, the original mortgage was paid in full and the associated affordability restrictions were removed from the property.

Although there is no current requirement to keep these units in the affordable housing stock, JAS is leveraging tax-exempt financing and low-income housing tax credits to complete much-needed repairs, upgrades and historic renovations and ensuring the building will remain affordable well into the future.

Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to \$9,300,000, with the permanent loan to be insured under the HUD HFA Risk Sharing Program; (b) one or more subordinate equity bridge mortgage loans in an aggregate principal amount of up to \$9,000,000 in each case to be made to The Close Building LLC or another single-purpose entity controlled by Just-A-Start Corporation (the "Borrower") as owner of the multifamily residential development known as "The Close Building" (the "Development") and located in Cambridge, 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 condition:



Any delayed admission of the equity investor(s) as a member of the Borrower until after the closing on the MassHousing financing described above shall be subject to a written waiver of the applicable MassHousing General Multifamily Loan Closing Standards adopted by the Board on July 12, 2016 relating to Federal Tax Credits and Tax-Exempt Obligations by the Executive Director, Deputy Director, or their respective designee, each acting singly, in consultation with the General Counsel as to the terms and conditions of such delayed admission.

**FURTHER  
VOTED:**

That the amount of 4% Credits, as set by the Executive Director, the Deputy Director, 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 Cambridge, Massachusetts and known as “The Close Building” (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 Deputy Director, 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 Deputy Director, and their respective designees, to permit the Borrower to enter into, or assume, mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to MassHousing’s mortgage loans, and (2) such subordinate mortgage loans shall be subject to MassHousing’s requirements pertaining to subordinate mortgages, in a manner acceptable to MassHousing’s General Counsel or her designee.

**ATTACHMENT A  
STATUTORY FINDINGS AND DETERMINATIONS**

**Statutory Findings:**

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

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

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

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

In-house data for larger market and mixed-income complexes (approximately 1,124 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.4 %, and range between 94% and 100%. My review of similar mixed income/subsidized portfolio properties (1,310 units) demonstrated a weighted average vacancy rate of approximately 3.08%.

REIS, Inc. data (1st Qtr. 2017) for the subject's Cambridge/Watertown/Waltham submarket has a vacancy rate at 5.8% YTD (4.9% Boston Metro). This rate is projected to increase to 8.0% over the next five years, while the Boston Metro is projected to increase to 6.1%. Vacancies in the Cambridge/Watertown/Waltham submarket have averaged approximately 5.3% over the last five years, while the Boston Metro is slightly better at 4.4% over the last five years.

Further, REIS, Inc. submarket data for the subject's Class B/C building type (17,706 units) indicates a 1st Qtr. vacancy rate of 2.0% at an average asking rent of \$1,910. The development, along with the proposed updates/renovations, more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential.

One of the comparable reviewed was offering rent concession of a \$99 security deposit with good credit. The 1st Qt. 2017 REIS, Inc. data indicates that the Cambridge/Watertown/Waltham submarket is offering only .20 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/5/14), the City of Cambridge has 46,690 year-round housing units, 7,084 (15.2%) of which are subsidized for low/moderate income households.

Per the City Cambridge Consolidated Plan FY2016-2020 the city owns/operates 2,447 units of State public housing (1,736 family and 711 elderly/disabled). Cambridge Housing Authority (CHA) public housing portfolio consists of 2,441 federal units and 109 units identified as New Construction. In addition, CHA has one State public housing site that is being prepared for demolition and will be replaced with new construction under a project-based subsidy structure. Per

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

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

U. S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 43,801 households in the City of Cambridge, approximately 23.0% earned less than 30% of the HUD published 2017 AMI (\$103,400), approximately 34.8% earned less than 50% of the 2017 AMI, and 40.5% earned less than 60% of the 2017 AMI and 49.0% of households earned less than 80% of the 2017 AMI.

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

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

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

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

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

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

## **Concord Highlands - Cambridge**

Deb Morse presented a proposal for Commitment of Tax-Exempt Permanent Loan, Commitment of Tax-Exempt Syndication Bridge Loan and Commitment of Opportunity Fund Loan – Workforce Housing. Concord Highlands will be the new construction of a six-story, 98-unit family development in Cambridge, the largest affordable multifamily development to be built in the City over the last 40 years. In June 2016, HRI acquired the vacant site in the Alewife-Cambridge Highlands neighborhood in which these 98 units will be constructed. As a testament



to the City of Cambridge's interest in this project, it has committed an immense amount of resources for acquisition and development.

Michael Dirrane commented that this is a fantastic project.

Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a permanent loan commitment for the multifamily development known as "Concord Highlands" (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 \$23,063,700 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.

**FURTHER**

**VOTED:** That the amount of 4% Credits, as set by the Executive Director, the Deputy Director, 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 Cambridge, Massachusetts and known as "Concord Highlands" (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 Deputy Director, the Director of 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.

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$9,000,000, with the permanent loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$11,967,000, in each case to be made to HRI Concord Highlands II LLC or another single-purpose entity controlled by Homeowner's Rehab, Inc. (the "Borrower") as owner of the multifamily residential development known as "Concord Highlands" (the "Development") and located in Cambridge, 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 approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$3,800,000 (1) to be funded from that portion of the Opportunity Fund approved by the Board 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 Board on July 12, 2016, and to any applicable delegations of authority previously approved by the Board.

**FURTHER**

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

## ATTACHMENT A STATUTORY FINDINGS AND DETERMINATIONS

### Statutory Findings:

The Loan(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:

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

60 units (61%) 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. In addition, 10 of the 60 low-income units (10% of the 98 total) are being made available for extremely low-income households (<30% AMI) consistent with the Commonwealth's Qualified Action Plan.

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

In-house data for larger market and mixed-income complexes (approximately 822 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.03%, and range between 94.5% and 100%.

REIS, Inc. data (4th Qtr. 2017) for the subject's Cambridge/Watertown/Waltham submarket has a vacancy rate at 5.2% YTD (4.9% Boston Metro). This rate is projected to increase to 8.2% over the next five years, while the Boston Metro is projected to increase to 6.0%. Vacancies in the Cambridge/Watertown/Waltham submarket have averaged approximately 5.4% over the last five years, while the Boston Metro is slightly better at 4.5% over the last five years.

REIS, Inc. submarket data for the Class A building type (15,825 units) indicates a 4th Qt. 2017 vacancy rate of 5.5% and an average asking rent of \$3,585 and, REIS, Inc. submarket data for the subject's Class B/C building type (17,694 units) indicates a 4th Qtr. 2017 vacancy rate of 4.9% at an average asking rent of \$2,042. 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.

Two of the comparables reviewed were offering a rent concession of a \$99 security deposit with good credit. The 4th Qtr. 2017 REIS, Inc. data indicates that the Cambridge/Watertown/Waltham submarket is offering .86 months free rent and Boston Metro is offering .55 months free rent. According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the City of Cambridge has 46,690 year-round housing units, 6,911 (14.8%) of which are subsidized for low/moderate income households.

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

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

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

U. S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 43,497 households in the City of Cambridge, approximately 22.6% earned less than 30% of the HUD published 2017 AMI (\$103,400), approximately 33.3% earned less than 50% of the 2017 AMI, and 38.7% earned less than 60% of the 2017 AMI and 46.9% of households earned less than 80% of the 2017 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 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 developments and are in areas that include a mix of residential and retail uses.

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

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

## **Bedford Village and 447 Concord**

Sarah Hall presented a proposal for Commitments of Tax-Exempt Construction and Permanent Loan and Tax-Exempt Syndication Bridge Loan and Commitment of 13A Preservation Loan.



Bedford Village and 447 Concord will involve the acquisition and rehabilitation of two properties. Bedford Village is a 13A property with 96 units in 10 buildings located on 10.3 acres. 447 Concord is a nearby 14-unit affordable housing community currently owned and operated separately from Bedford Village. Preservation of Affordable Housing (POAH) has presented the proposal, which would combine the two properties under new ownership and conduct rehabilitation work at both properties. The proposed structure of the of the transaction presents some complexity due to the delayed acquisition of 447 Concord and the combination of two properties with ground leases both permitted under separate Comprehensive Permits. The eventual legal and operational combination of the two properties will ultimately be the best and most efficient outcome for the existing tenants, the town and the new owner. Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a permanent loan commitment for the multifamily development known as “Bedford Village and 447 Concord” (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 \$17,506,000 in principal amount for the Development; (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Code or Treasury Regulations promulgated thereunder.

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to \$8,274,000, with the permanent loan to be insured under the HUD/HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$9,232,000, in each case to be made to Bedford Village Preservation Associates LP or another single-purpose entity controlled by Preservation of Affordable Housing (the “Borrower”) as owner of the multifamily residential development to be known as “Bedford Village and 447 Concord” (the “Development”) and located in Bedford, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

1. The closing of the construction/permanent first mortgage loan and subordinate equity bridge mortgage loan may initially be secured by, and limited to the amount supportable by, the Bedford Village property alone; the loan(s) may thereafter modified to increase the loan to the fully



authorized amount by securing the increased loan with the 447 Concord property.

**FURTHER  
VOTED:**

That the amount of 4% Credits, as set by the Executive Director, the Deputy Director, 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 (or applicable portion thereof) 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 Deputy Director, 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 (or applicable portion thereof) applying the standards set forth in the immediately preceding Board vote.

**FURTHER  
VOTED:**

To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$4,500,000 (1) to be funded from that portion of the Opportunity Fund approved by the Board on March 8, 2016, designated and reserved for preservation of the Section 13A portfolio and (2) subject to such terms and conditions as approved by the Executive Director or Deputy Director, or their respective designees, each acting singly, and to any applicable delegations of authority previously approved by the Board.

**FURTHER  
VOTED:**

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

**ATTACHMENT A  
STATUTORY FINDINGS AND DETERMINATIONS**

**Statutory Findings:**

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

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

Eighty-one units (73.6%) 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.

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

In-house data for larger market and mixed-income complexes (approximately 2,125 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.4%, and range between 93.0% and 97.4%. The subject has operated as a Section 13A subsidized development since approximately 1976, and based on historic data the development has had an average a vacancy rate of 1.32 % over the last six years. Staff review of similar mixed-income/subsidized portfolio properties (704 units) demonstrated a weighted average vacancy rate of 4.01%.

REIS, Inc. data (4th Qtr. 2017) for the subject's West/Northwest Suburban submarket has a vacancy rate at 5.1% YTD (4.9% Boston Metro). This rate is projected to increase to 5.7% over the next five years, while the Boston Metro is projected to increase to 6.0%. Vacancies in the West/Northwest Suburban submarket have averaged approximately 5.1% over the last five years, while the Boston Metro is slightly better at 4.9% over the last five years.

REIS, Inc. submarket data for the Class A building type (9,944 units) indicates a 4th Qt. 2017 vacancy rate of 5.8% and an average asking rent of \$2,289 and, REIS, Inc. submarket data for the subject's Class B/C building type (11,419 units) indicates a 4th Qtr. 2017 vacancy rate of 4.5% at an average asking rent of \$1,674. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential.

One of the comparables reviewed was offering a rent concession of \$1,000 cash back with the rental of a three-bedroom unit. The 4th Qtr. 2017 REIS, Inc. data indicates that the West/Northwest Suburban submarket is offering .62 months free rent

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the Town of Bedford has 5,322 year-round housing units, 972 (18.3%) of which are subsidized for low- and moderate-income households.

The Bedford Housing Authority (BHA) owns/operates 80 units of stated funded Elderly/Non-Elderly Public Housing. Per a BHA representative, there are 59 applicants on the waiting list and the average wait is approximately 8 years. BHA also owns/operates 12 units of state family

housing composed of two and three bedrooms with a preference for wartime veterans' families, and per the representative there are 11 applicants on the waiting list. The BHA does not administer any Housing Choice Vouchers.

U. S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 5,133 households in the Town of Bedford, approximately 8.6% earned less than 30% of the HUD published 2017 AMI (\$103,400), approximately 19.4% earned less than 50% of the 2017 AMI, and 24.1% earned less than 60% of the 2017 AMI and 31.9% of households earned less than 80% of the 2017 AMI.

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

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

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

The financing herein proposed does not lead to the undue concentration of low-income households. The development will provide housing for tenants earning less than 60% of AMI.

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

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

### **Oak Woods - Bellingham**

Kathleen Evans presented a proposal for Oak Woods in Bellingham for Commitment of Cash Collateralized Tax-Exempt Loan and Commitment of 13A Opportunity Fund Tenant Protection Loan.

This proposal is for the preservation of a 90-unit expired-use development in Bellingham. Oak Woods was originally financed in 1973 with a subsidized Section 13A mortgage that matured on March 1, 2017. At this time, none of the 90 units are subject to a use restriction, but tenants are protected through 40T for the next two years. Effectively, this transaction will convert would-be market rate housing to affordable housing. The development is comprised of three buildings on 13 acres in Bellingham. While the buildings have been well maintained, there are significant capital needs, and this transaction will allow for over \$30,000 per unit in rehabilitation.

Upon a motion duly made and seconded, it was



**VOTED:** (i) that the Massachusetts Housing Finance Agency (the “Agency” or “MassHousing”) grant Official Action Status and consider the application for tax-exempt financing for the multifamily development known as **Oak Woods** in Bellingham, Massachusetts (the “Development”) at such time as it is submitted; (ii) that this vote 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 \$10,000,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest to occur 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.

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize a tax-exempt conduit loan in an estimated principal amount of \$9,700,000, subject to the limitation that the final loan amount shall not be more than \$10,000,000, to be made to Oakwood Renewal LLC (the “Borrower”) (or an alternatively-named single-purpose limited partnership for the purpose of making use of 4% Low-Income Housing Tax Credits (“LIHTC”) and owning Oak Woods) as owner of the multifamily residential development known as “Oak Woods” (the “Development”) and located in Bellingham, Massachusetts, to be made in accordance with the applicable Conduit Loan Closing Standards approved by the Agency on September 12, 2017 and the general delegations of authority previously adopted by the Agency; and further subject to (1) compliance with all applicable laws and regulations and requirements of applicable financing programs; and (2) the following special condition(s): None.

**FURTHER**

**VOTED:** That the amount of 4% Credits, as set by the Executive Director, the Deputy Director, 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 Deputy Director, the Director of Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing 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 approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$678,419 (1) to be funded from that portion of the Opportunity Fund approved by the Agency on March 8, 2016, designated and reserved for preservation of the Section 13A portfolio and (2) subject to such terms and conditions as approved by the Executive Director or Deputy Director, or their respective designees and to any applicable delegations of authority previously approved by the Agency.

**ATTACHMENT A  
STATUTORY FINDINGS AND DETERMINATIONS**

**Statutory Findings:**

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

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

Ninety of the ninety 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.

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

In-house data for larger market and mixed-income complexes (1,067 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the five developments reviewed averaged approximately 93.8%, and range between 85.7% and 100%. The subject has operated as a 13A subsidized development since approximately 1976, and based on historic data the development and has average a vacancy rate of 3.28 % over the last six years. My review of similar mixed income/subsidized portfolio properties (1,031 units) demonstrated a weighted average vacancy rate of 2.02%.



REIS, Inc. data (4th Qtr. 2017) for the subject's South/SE Suburban submarket has a vacancy rate at 3.7% YTD (4.7% Boston Metro). This rate is projected to increase to 4.5% over the next five years, while the Boston Metro is projected to increase to 6.0%. Vacancies in the submarket South/SE Suburban have averaged approximately 4.5% over the last five years, while the Boston Metro is slightly better at 4.6% over the last five years.

REIS, Inc. submarket data for the Class A building type (4,432) indicates a 4th Qtr. 2017 vacancy rate of 3.4% and an average asking rent of \$1,735 and, REIS, Inc. submarket data for the subject's Class B/C building type (12,072 units) indicates a 4th Qtr. 2017 vacancy rate of 4.4% at an average asking rent of \$1,659. 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 4th Qtr. 2017 REIS, Inc. data indicates that the South/SE Suburban submarket is offering .58 months free rent and Boston Metro is offering .55 months free rent.

Further, the Bellingham Housing Authority (BHA) owns and /or operates 120 State funded public housing one bedroom units for Elderly/Disabled residents. Per the representative, there are approximately 100 applicants on the wait list and it is an estimated 2 year wait. BHA also owns/operates 3 State funded family units. The wait list for these units is closed and the representative estimated it was a 10 year wait. BHA also administers 36 Section 8 Housing Vouchers and they participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List and the representative believed the estimated wait time is from 10-15 years.

Per the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/2017), the Town of Bellingham has 6,341 year round housing units, 551 (8.7%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that of the 6,342 households in the Town of Bellingham, approximately 54.1% earned less than the HUD published 2017 AMI (\$103,400), approximately 26.5% earned less than 50% of 2017 AMI, approximately 32.8% earned less than 60% of the 2017 AMI and approximately 54.1% earned less than 80% of the 2017 AMI.

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

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

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

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

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

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

### **Martensen Village - Quincy**

Kathleen Evans presented a proposal for Commitment of 13A Capitalized Payment Grant and Approval of Prepayment of Section 13A Mortgage for Martensen Village in Quincy. Martensen Village is a 12-unit townhouse community in Quincy originally financed with a Section 13A mortgage which will mature on March 1, 2019. The transaction represents the preservation of all 12 Section 13A units. The current owner filed a 40T Intent to Sell Notice and DHCD designated the Asian Community Development Corporation to act as their preservation buyer. The acquisition will be supported by a 13A-specific Capital Improvement and Preservation Fund (CIPF) award from DHCD and HOME funds from the City of Quincy.

Upon a motion duly made and seconded, it was

**VOTED:** To approve a grant to be made to ACDC Martensen Village Holding LLC (the “Grantee”) with respect to the multifamily residential development known as Martensen Village in Quincy, Massachusetts (the “Development”) in an amount not to exceed \$26,618 from the 13A and 13R subsidy associated with the Development, subject to the following special conditions as they may be modified by the Executive Director: (1) Grantee shall take ownership of the Development, (2) affordability for the 11 moderate-income and 1 low-income rental units at the Development shall be preserved to the satisfaction of the Director of Rental Underwriting; (3) the Director of Rental Underwriting shall approve a sources and uses of funds detailing the allocation of the grant funds, (4) all applicable requirements of Massachusetts General Laws C. 40B and 40T shall be met, and (5) subject to such other terms and conditions as required by the Executive Director or her designee; all of the foregoing, to be memorialized with transaction documents in form and substance acceptable to the General Counsel.

### **FURTHER**

**VOTED:** To authorize the Executive Director, or her designee, to permit the prepayment, in connection with the foregoing, of the existing loan(s) from the Massachusetts Housing Finance Agency for the Development without the need to make the findings set forth in the original mortgage.

### **FURTHER**

**VOTED:** To authorize the Executive Director and General Counsel, each acting singly, to execute and deliver on behalf of the Agency such documents and agreements to effectuate the grant and prepayment described in the preceding votes as the General Counsel shall advise to be necessary and appropriate.

### Neptune Towers - Lynn

Kathleen Evans presented a proposal to (1) accept the assignment of a HUD-issued Firm Commitment for FHA-insurance, (2) to make the first mortgage loan described therein and (3) to finance such loan through the issuance of a Ginnie Mae MBS.

Neptune Towers is a 334-unit family development consisting of two twelve-story brick apartment buildings that were constructed in 1973.

Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations contained in Attachment A 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 \$51,200,000, 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 \$76,800,000 nor less than \$25,600,000 to Neptune Lynn Apartments Limited Partnership (the “Borrower”) for Neptune Towers and (2) to make the FHA-insured first mortgage loan to the Borrower for Neptune Towers in the approximate amount of \$51,200,000 subject to the limitation that the final amount of such loan shall not be more than \$76,800,000 nor less than \$25,600,000 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 March 12, 2013, 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 Neptune Towers.

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

**Statutory Findings:**

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

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

332 of the 334 total units (99%) 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 (908 approximate 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 94.08%, and range between 95.8% and 100%. The subject has operated as a Section 8 subsidized development since approximately 2002, and based on historic data the development and has average a vacancy rate of 1.33 % over the last six years. My review of similar mixed income/subsidized portfolio properties (670 units) demonstrated a weighted average vacancy rate of 2.29%.

REIS, Inc. data (4th Qtr. 2017) for the subject's Mystic River North/Route 128 submarket has a vacancy rate at 5.5% YTD (5.7% Boston Metro). This rate is projected to increase to 6.2% over the next five years, while the Boston Metro is projected to increase to 6.0%. Vacancies in the submarket Mystic River North/Route 128 have averaged approximately 5.2% over the last five years, while the Boston Metro is slightly better at 4.6% over the last five years.

REIS, Inc. submarket data for the Class A building type (14,899) indicates a 4th Qt. 2017 vacancy rate of 7.4% and an average asking rent of \$2,229 and, REIS, Inc. submarket data for the subject's Class B/C building type (15,982 units) indicates a 4th Qtr. 2017 vacancy rate of 4.1% at an average asking rent of \$1,659. 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 4th Qtr. 2017 REIS, Inc. data indicates that the Mystic River North/Route 128 submarket is offering .52 months free rent and Boston Metro is offering .55 months free rent. None of the comparables reviewed were offering concessions.

Further, per the City of Lynn Massachusetts Consolidated Plan (2015-2019), the Lynn \ Housing Authority (LHA) owns and /or operates 176 one-bedroom units of Federally-funded Elderly/Disabled public housing and 279 Federal funded family housing units consisting of one, two, three, four, and five bedrooms units. There are 1,386 applicants on the Federal Elderly/Disabled wait list and 1,181 applicants on the Federal Family wait list. They also have 39 units of Massachusetts State Funded family units that are located throughout the city of Lynn. This program consists of units ranging from two to five bedrooms. There are 785 applicants on the waiting list. In addition, LHA also owns/operates 6 State funded elderly/disabled building with a



total of 388 one-bedroom units. There are 1,825 applicants on the waiting list. Finally, they also administer 1,172 Housing Choice vouchers. The number of applicants on the waiting list is 1,055.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Lynn has 35,701 year-round housing units, 4,435 (12.4%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that of the 32,242 households in the City of Lynn, approximately 73.1% earned less than the HUD published 2017 AMI (\$103,400), approximately 50.4% earned less than 50% of 2017 AMI, approximately 57.0 % earned less than 60% of the 2017 AMI and approximately 66.1% earned less than 80% of the 2017 AMI.

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

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

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

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

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

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

### **Arborpoint at Woodland Station - Newton**

Antonio Torres presented a proposal to (1) accept the assignment of a HUD-issued Firm Commitment for FHA-insurance, (2) to make the first mortgage loan described therein and (3) to finance such loan through the issuance of a Ginnie Mae MBS. Arborpoint at Woodland Station is a 180-unit family development. The Development is located on 3.86 acres of land leased for 70 years from the Massachusetts Bay Transportation Authority (MBTA) adjacent to the Green Line's Woodland Station. This is a 40B property, which requires that 20% of the units remain affordable to those earning up to 50% of AMI.

Upon a motion duly made and seconded, it was



**VOTED:** To approve the findings and determinations contained in Attachment A 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 \$59,808,000, 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 \$89,712,000 nor less than \$41,000,000 to Woodland Station LLC (“Borrower”) for Arborpoint at Woodland Station and (2) to make the FHA-insured first mortgage loan to the Borrower for Arborpoint at Woodland Station in the approximate amount of \$59,808,000 subject to the limitation that the final amount of such loan shall not be more than \$89,712,000 nor less than \$41,000,000 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.

**VOTED:** That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on March 12, 2013, 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 Woodland Station LLC for Arborpoint at Woodland Station.

**ATTACHMENT A**  
**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) Provision of Low-income Set-aside Units*

Twenty percent (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.

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

In-house data for larger market and mixed-income complexes (appx. 1,682 units) in the area revealed a strong rental market. Current occupancy rates of the five comparable developments reviewed had an average occupancy of approximately 98.2 %, and range between 93% and 100%. A review of similar mixed income/subsidized portfolio properties (1,073 units) demonstrated a weighted average vacancy rate of approximately 3.54%.

REIS, Inc. data (4th Qtr. 2017) for the subject's Brookline/Brighton/Newton submarket have projected a vacancy rate at 4.1% YTD (4.7% Boston Metro). This rate is projected to decrease to 4.0% over the next five years, while the Boston Metro is projected to increase to 6.0%. Vacancies in Brookline/Brighton/Newton submarket have averaged approximately 3.2% over the last five years, while the Boston Metro has averaged 4.6%.

REIS, Inc. submarket data for the Class A building type (6,790) indicates a 4th Qt. 2017 vacancy rate of 6.4% and an average asking rent of \$3,075 and, REIS, Inc. submarket data for the subject's Class B/C building type (11,939 units) indicates a 4th Qtr. 2017 vacancy rate of 3.3% at an average asking rent of \$1,988. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential. None of the comparable reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The 4th Qtr.2017, REIS, Inc. data indicates that the Boston City submarket is offering .75 months free rent and the Brookline/Brighton/Newton is offering .45 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the City of 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 2012-2016 American Community Survey (ACS) indicates that of the 30,898 households in the City of Newton approximately 46.6% earned less than the HUD published 2017 AMI (\$103,400), approximately 21.5% earned less than 50% of 2017 AMI, approximately 25.7 % earned less than 60% of the 2017 AMI and approximately 32.7% earned less than 80% of the 2017 AMI.

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

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

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

The Development primarily serves market-rate tenants, with 20% of its units reserved for households earning less than 50% of the AMI. The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

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

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. 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.

### **Oxford Place – Boston/Chinatown**

David Keene presented a proposal for Prepayment of Existing MassHousing Loan and Recommitment of Taxable Permanent First Mortgage Loan. This loan was previously presented and approved at the June 2017 board meeting with a proposed loan amount of \$7,750,000. The proposed recommitment for a higher loan amount for Oxford Place is based upon an expected increase in Section 8 rents, which were previously less than market rents. Substantially rehabilitated in 1983, Oxford Place is a 39-unit apartment community with one six-story building. All the units are subsidized through a project-based Section 8 contract. The site is well maintained and has had extensive improvements over the last year, including building envelope repair and replacement.

Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize a permanent first mortgage loan in a principal amount of up to \$9,881,000, with the permanent loan to be insured under the HUD HFA Risk Sharing Program, (OR a first mortgage loan in the principal amount of up to \$7,750,000 to be insured under the HUD HFA Risk Sharing Program and a separate uninsured subordinate loan in the amount above \$7,750,000 not to exceed \$9,881,000) to be made to Oxford Place Associates Limited Partnership, or another special- purpose entity controlled by Oxford Place Associates Limited Partnership (the “Borrower”) as owner of the multifamily residential development known as Oxford Place in Boston, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board; and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs; and (2) the following special conditions: a) the Borrower shall secure the approval of the Boston Planning and Development Agency (BPDA) for this financing and to modify, if necessary, the terms of the Chapter 121A Regulatory Agreement dated October 8, 1982 in a form and under such terms as acceptable to the General Counsel; b) the Borrower and MassHousing shall obtain resolution of the FAF obligation prior to closing from HUD on terms acceptable to MassHousing and HUD; and c) the Borrower and MassHousing shall agree on the amount of surplus cash to be paid to MassHousing at closing to settle the owner’s Section 8 Recap Program obligation.

Chairman Dirrane asked if there was any other old or new business for the Members' consideration.

Chairman Dirrane made a motion to adjourn the meeting at 2:34 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:34 p.m.

A true record.

Attest.



Beth M. Elliott  
Secretary



Carol G. McIver  
Assistant Secretary