

**Minutes of the Regular Meeting
of the Members of MassHousing
held on
April 12, 2022**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on April 12, 2022. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, and Section 8 of An Act Making Appropriations for the Fiscal Year 2022 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects, 2022 Mass. Acts 22, 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
 Ping Yin Chai, Vice Chair
 Carolina Avellaneda
 Patricia McArdle
 Thomas Flynn
 Jerald Feldman
 Jennifer Maddox, ex officio
 Mark Attia, Designee of Michael Heffernan, ex officio

Members

Not

Participating Michael Dirrane

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

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

Chrystal Kornegay began the meeting by introducing Jeanne Pinado as the new Chair of the MassHousing Board. Ms. Pinado brings over three decades of experience in real estate development, asset management, and sales and debt financing.

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, it was, by all Members present (with Ms. Maddox and Mr. Attia abstaining):

VOTED: That the minutes of the Regular Meeting held on March 8, 2022 are hereby approved and placed on record.

Executive Director's Report

Chrystal Kornegay began her report by discussing the State Auditor's performance audit of MassHousing for the period July 1, 2018 through June 30, 2020. The audit focused on MassHousing's process to comply

with its statutory requirement that 20% of units in each project financed by MassHousing serve low-income families and people. The audit also examined MassHousing's Asset Management Review Policy to ensure affordability restrictions were sustained.

The audit revealed no significant instance of noncompliance. The audit did include some recommendations to strengthen the internal controls related to the asset management review process. It was recommended that the Asset Management Review Policy should include clear descriptions of each review process as it relates to different types of projects. It was also recommended the Asset Management Review Policy should indicate when an Asset Management Review or a Management and Operating Review should be conducted.

Ms. Kornegay continued by stating that we had designated an interdisciplinary team to address the recommendations. The team reviewed the recommendations and put forth modifications to address them. In addition, relevant executive team members reviewed the modifications and agreed with staff regarding implementation.

Equitable Business Development Update

Anthony Richards, Vice President of Equitable Business Development, gave an update on the equitable business development strategy. Mr. Richards began by discussing the methods that we will use to grow MassHousing business equitably. We intend to increase BIPOC homeowners and affordable housing borrowers by promoting homeownership and multifamily lending products that significantly impact socially-disadvantaged communities. In addition, we will provide advancement opportunities for diverse businesses and BIPOC workforce with a primary focus on MBE's for goods, services, construction and property management as well as for workforce recruitment, retention and promotion. Mr. Richards continued by explaining these efforts will enable MassHousing to leverage affordable housing to create wealth building and upward mobility for BIPOC people and communities.

Carolina Avellaneda asked what Mr. Richards has in mind regarding goods and services as well as what the expectations are. Ms. Avellaneda asked what we can leverage so that we can continue to build better pipelines. Mr. Richards replied we are going live with the new system on July 1, 2022 and we are adding intentionality within the RFPs and have redeveloped the DEI section. We have added more intentionality in the questions we ask to determine the genuine support of BIPOC people and communities.

Mr. Richards went on to state MassHousing's fiscal year 2022-2026 strategic business goals will affirm the Agency's longstanding commitment to diversity and inclusion and closes inequity gaps. We have set ambitious, measurable objectives to support the participation of people of color in all aspects of the Commonwealth's housing industry. Goals include 50% of loans to people of color; 10% and 5% multifamily projects/portfolio balances to minority-owned or senior principal borrowers; 15% of Agency expenditures to M/WBEs and at least 6% MBEs and 25% of management-level positions which reflects the diversity of the Commonwealth.

Mr. Richards continued by explaining how MassHousing will grow revenue equitably. The divisions included in Equitable Business Development include Government Affairs, Diversity & Inclusion and Innovation. Government Affairs will implement a strategy for various levels of government engagement at the state, federal and municipal levels which will include outreach and reporting. Diversity & Inclusion will seek to streamline goods and services procurement practices, construction and property management compliance systems and will establish smarter vendor engagement with projects.

Mr. Richards next discussed the Neighborhood Stabilization Program (NSP). The Neighborhood Stabilization Program was established in the Economic Development Bond Bill with \$6.5 million in

FY2021 and will support projects that improve housing conditions in neighborhoods with a high incidence of blighted or substandard homes.

Jerald Feldman asked if there will be satellite offices in different communities. Ms. Kornegay replied Mounzer Aylouche will touch on that in his presentation.

HomeOwnership Broker Channel Update

Mounzer Aylouche presented an update on the HomeOwnership Broker Channel. The Homeownership Broker Channel seeks to establish a business process and strategies for equitable growth. Strategies include leveraging engagement with the real estate community to expand the MassHousing customer base; applying an equity lens to Agency marketing, outreach, product development and implementation and evaluation. We will also enhance and utilize program metrics to promote the Agency's homeownership goals. Research indicates that there are increasing numbers of BIPOC buyers working with mortgage brokers. We will elevate the implementation of the mortgage broker cohort to increase lending to BIPOC communities.

Mr. Aylouche continued by explaining how we will increase the volume of loans we acquire by adding a mortgage broker origination channel to the current correspondent channel. The initial intent is to pilot a program with brokers that are focused primarily in Gateway Cities and have a track record of serving significant numbers of BIPOC buyers. This will be a major operational change, we will become the credit decision maker and will be underwriting, insuring, closing, funding and servicing these loans.

Mr. Aylouche went on to state we project making a total of 120 loans by the end of 2023 for a total of \$40 million. In 2024 our goal is to see an increase of 50% and 33 1/3% yearly after that. By FY2026 our goal is to be making 320 loans annually through this new broker channel.

In FY20 31% of our total loans were to BIPOC. That increased to 34% in FY21 and to 44% in FY22. We anticipate business will be steady and going forward we expect to have 75% of the loans come from the Broker Channel. Mr. Aylouche went on to state this is a tough environment with 50% of our business being DPA loans. We plan to launch the pilot program in July 2022.

Loan Committee

Woodland Cove Phase II - Wareham

Sarah Hall presented a proposal for Commitment of a Permanent Taxable Loan and Commitment of a Workforce Housing Subordinate Loan for Woodland Cove Phase II in Wareham. The Woodland Cove Phase II site is located on a 2-acre portion of the 8.63-acre Woodland Cove Redevelopment site. The Starlight Motel currently sits on the site and is set to be demolished as part of the scope of work for the Phase II transaction. The site is 1.5 miles from Cranberry Plaza, which contains amenities as well as transportation into Boston and the neighboring areas.

Woodland Cove Phase II will consist of 63 new construction rental units in one three-story elevator building and one four-story elevator building. The property will have 106 on-site surface parking spaces.

Woodland Cove Phase II is one of three phases of new construction to be completed on an eight-acre site in Wareham. The Development will consist of 63 income restricted rental units, including 7 Workforce Housing units, in one three-story building and one four-story building. Phases I and III, both of which will also be financed in part with MassHousing permanent and workforce debt, are currently under construction. When complete, the site will have a total of 150 affordable rental units and a community center, which is currently under construction as part of Phase I.

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 a permanent first mortgage loan in a principal amount of up to \$7,820,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to WC2 Owner, LLC or another single-purpose, sole asset entity controlled by Dakota Partners, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Woodland Cove Phase II” (the “Development”) and located in Wareham, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

1. Additional geotechnical testing of the soils must be completed, and if the findings from these tests result in additional development costs, the Borrower will provide a plan to address any increase in development costs.

FURTHER VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$700,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing’s Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

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:

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

2. Shortage of Affordable Housing Units in the Market Area

The market needs data reflects the information available to A&M staff as of the date of collection March 18, 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 (737 approximate units in the area revealed a strong market, with increasing rental and occupancy rates over the past three years. Current occupancy rates of the six developments reviewed averaged approximately 97.5% and ranged between 85% and 100%. 1st Qtr. 2022 CoStar data for the subject's South Plymouth County (7,875 units) has an overall vacancy rate at 1.8% YTD, which is a decrease of 1.97% from one year ago. CoStar data for the Boston market (247,420 units) has an overall vacancy rate of 4.0% YTD, which is a decrease of 3.21 % from one year ago. The South Plymouth county submarket vacancy rate is projected to increase to 4.0% over the next five years, while the Boston market is projected to increase to 4.8%.

CoStar, submarket data for the 4-5 Star building type (1, 858 units) indicates a 1st Qtr. 2022 vacancy rate of 3.1% and an average asking rent of \$2,644, while submarket data for the subject's 3 Star building type (2,734 units) indicates a 1st Qtr. 2022 vacancy rate of 2.0% at an average asking rent of \$2,011 and 1-2 Star buildings (3,283 units) indicates a 1st Qtr. 2022 vacancy rate of .9% at an average asking rent of \$1,637. 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 town of Wareham has 9,880 year-round housing units, 745 (7.5%) of which are subsidized for low/moderate income households.

The Wareham Housing Authority (WHA) owns/operates 143 units of State public housing (39 family and 104 elderly/disabled). Per the Wareham Housing Authority, they maintain 756 households on their public housing wait lists (427 families, 211 elderly and 180 non-elderly/disabled). At the time of this report, WHA is not accepting any new applications for the State Elderly one-bedroom units. Per the Wareham Housing Authority, they do not administer a tenant-based assistance programs (e.g. Housing Choice Vouchers).

U.S. Census data from the 2016-2020 American Community Survey (ACS) indicates that of the 10,070 households in the Town of Wareham, approximately 71.4% earned less than the HUD published 2021 AMI (\$120,800), approximately 49% earned less than 50% of 2021 AMI, approximately 56.8% earned less than 60% of the 2021 AMI and approximately 64.3% earned less than 80% of the 2021 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

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

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to

accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply

of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	11	45	7
Net SF/Unit	594	971	1,220
Elev./Non-Elev.	E	E	E
Market Rate Rent (10% Rate 20 Year Term)	\$3,708	\$4,016	\$4,476
MHFA Below Market Rent (Cost-Based Rent)	\$2,301	\$2,609	\$3,069
MHFA Adjusted Rent	30% of 80% of AMI		
Underwriting Rents			
Project-Based Section 8	\$2,000	\$2,219	\$2,868
MRVP 30% AMI	\$1,826	-	-
LIHTC 60% AMI	\$1,379	\$1,645	\$1,869
Workforce Housing 80% AMI	\$1,500	\$1,800	\$2,100

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.

500 Talbot Avenue, Boston (Dorchester)

Mike Carthas presented a proposal Commitment of a Permanent Taxable Loan and Commitment of a Workforce Housing Subordinate Loan for 500 Talbot Avenue in Dorchester.

The proposed financing of 500 Talbot (the “Development”) will support the creation of a new 42-unit mixed-income, transit-oriented development in a single building located in Boston’s Dorchester neighborhood. JMB Property Development Co. (the “Sponsor”) acquired the site in 2020 from a local church group with the intention of developing the land into a building that will serve as a community hub. The development has two commercial spaces, with one commercial space set to open as the second location

for “The Daily Market,” an urban grocery store offering fresh produce, a bakery, and prepared meals and the second space to be used by the Evangelical Lutheran Church who previously owned the site.

500 Talbot is a 0.40-acre site in the St. Mark’s neighborhood in Dorchester. The Development is a short walk to the Ashmont train station on the MBTA’s Red Line and is near retail amenities, open space, social service organizations, and employment centers.

The currently vacant lot is approved for the development of a five-story apartment building of approximately 42,000 square-feet, including 42 units and 5,500 square feet of retail space. The building will feature an underground parking garage that can accommodate 23 vehicles available for a fee; 80% of the parking spaces will have EV-chargers installed. The garage also includes parking for bicycles.

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 (a) a permanent first mortgage loan in a principal amount of up to \$17,000,000, such first loan to be made to 500 Talbot, LLC or another single-purpose entity controlled by JMB Property Development Company Inc. (the “Borrower”) as owner of the multifamily residential development known as “500 Talbot Ave” (the “Development”) and located in Dorchester, 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:

1. Prior to permanent loan closing, the loan amount will be re-evaluated based on the processing rate at the time of rate lock and be required to achieve a 1.20x year one debt service coverage based on MassHousing underwriting standards.
2. Approval by the Director of Rental Management of JMB Property Development Company (JMB), as Management Agent, which approval may require a consulting agreement between the Management Agent and a third-party acceptable to MassHousing, to provide guidance and assistance with respect to the management of the affordable units, or such other arrangements as may be acceptable to the Director of Rental Management.

VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$1,100,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing’s Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

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:

Nine (9) units (21%) in the Development will be affordable to low-income persons and families, as specified in the Act, at rents that do not exceed 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 March 17, 2022, and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 1,767 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.32%, and range between 92.8% and 100%. One of the five comparables reviewed was offering a rental concession of no security deposit to qualified applicants. 1st Qtr. 2022 CoStar data for the subject's Roxbury/Dorchester Submarket (7,215 units) has an overall vacancy rate at 7.1 % YTD, which is decrease of 8.69% from one year ago. CoStar data for the Boston market (247,407 units) has an overall vacancy rate of 4.0% YTD, which is a decrease of 3.21 % from one year ago. The Roxbury/Dorchester Submarket vacancy rate is projected to decrease to 4.3% over the next five years, while the Boston market is projected to increase to 4.8%. CoStar, submarket data for the Roxbury/Dorchester 4-5 Star building type (1,913 units) indicates a 1st Qtr. 2022 vacancy rate of 3.0 % and an average asking rent of \$2,795, while submarket data for the subject's 3 Star building type (2,776 units) indicates a 1st Qtr. 2022 vacancy rate of 1.1 % at an average asking rent of \$2,603, and 1-2-Star buildings (2,526 units) indicates a 1st Qtr. 2022 vacancy rate of 1.3% at an average asking rent of \$1,598. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

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

U.S. Census data from the 2016-2021 American Community Survey (ACS) indicates that of the 273,188 households in the City of Boston approximately 67.9% earned less than the HUD published 2021 AMI, approximately 45.4% earned less than 50% of 2021 AMI, approximately 51.6 % earned less than 60% of the 2021 AMI, and approximately 60.1 % earned less than 80% of the 2021 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:

Number of Bedrooms	1	2	3	4
Number of Units	26	12	2	2
Net SF/Unit	700	1,099	1,268	1,268
Elev./Non-Elev.	E	E	E	E
Market Rate Rent (10% Rate 2- Year Term)	\$4,626	\$4,877	\$5,937	\$6,901
MHFA Below Market Rent (Cost-Based Rent)	\$2,476	\$2,726	\$3,786	\$4,750
MHFA Adjusted Rent	30% of 80% of AMI			
Underwriting Rents				
Workforce – 70% AMI	\$1,573	\$1,861		
Workforce – 80% AMI	\$1,706	\$2,019		
Workforce – 100% AMI	\$2,517	\$3,020	\$3,322	
Market Rate	\$2,750	\$3,250	\$4,250	\$4,750

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.

Peter Sanborn Place – Reading

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.

Peter Sanborn Place (the “Development”) consists of 73 elderly and non-elderly disabled units and one non-revenue unit used as office space in a single building in Reading. The proposed loan will provide funds to repay existing MassHousing debt, complete repairs, maintain replacement reserves, pay all transaction costs, and provide equity to the Borrower.

The Development is located on a 6.6-acre site in Reading. The site is located approximately one mile east of the downtown area, which includes retail stores, banks, pharmacies, restaurants, and an MBTA

commuter rail stop. An MBTA bus stop near the Development provides access to downtown Reading, and Interstate 95 is a few blocks away. The immediate surrounding neighborhood contains a mix of commercial and residential uses.

The Development is an existing three-story building constructed in 1980. There are 74 total units, made up of 3 studios and 71 one-bedroom units. The Development includes a management office, laundry room, large community room with kitchen, additional seating areas, a beauty salon, a combination library/game room, exterior gazebo, and community garden.

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 \$14,086,000, 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 \$19,016,100 nor less than \$9,155,900 to Peter Sanborn Reading LLC (the “Borrower”) for Peter Sanborn Place and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$14,086,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$19,016,100 nor less than \$9,155,900 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 Peter Sanborn Place.

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:

73 units (99%) in the Development will be affordable to low-income persons and families, as specified in the Act, at rents that do not exceed 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 March 17, 2022, and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health

Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 1,053 units) in the area revealed a strong rental market with increasing rental and occupancy rates. Current occupancy rates of the five comparable properties reviewed averaged approximately 97.98%, and range between 97% and 100%. None of the comparables were offering rental concessions. 1st Qtr. 2022 CoStar data for the subject's 93 North Submarket (7,278 units) has an overall vacancy rate at 2.0% YTD, which is a decrease of 2.95% from one year ago. CoStar data for the Boston market (247,407 units) has an overall vacancy rate of 4.0% YTD, which is a decrease of 3.21% from one year ago. The 93 North Submarket vacancy rate is projected to increase to 3.5% over the next five years, while the Boston Market is projected to increase to 4.8%. CoStar submarket data for the 4-5 Star building type (2,919 units) indicates a 1st Qtr. 2022 vacancy rate of 2.3% and an average asking rent of \$2,598, while submarket data for the subject's 3 Star building type (2,873 units) indicates a 1st Qtr. 2022 vacancy rate of 1.8% at an average asking rent of \$2,304 and 1-2 Star buildings (1,488 units) indicates a 1st Qtr. 2022 vacancy rate of 2.0% at an average asking rent of \$2,083. 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 Town of Reading has 9,584-year-round housing units, 1,004 (10.5%) of which are subsidized for low/moderate income households.

The Reading Housing Authority (RHA) owns and /or operates 80 1-bedroom State public housing units for elderly/disabled and 10 units of State family public Housing. Per the representative of RHA, there are 288 State Family Applicants, 152 State Elderly Applicants, and 150 State Non-Elderly/Handicapped Applicants on the waiting list.

Effective September 1, 2015, the Reading Housing Authority's Section 8 Program is administered by the Chelsea Housing Authority (CHA). Per the representative at CHA, they have been allocated have 125 Housing Choice Vouchers (HCV), however, only 115 HCV are leased. Per the CHA, they participate in the centralized waiting list administered through the state and believe there are thousands on that list, but do not have specifics on the centralized list. The representative also said that there are 195 Reading applicants on the Waiting List for the HCV.

U. S. Census data from the 2016-2020 American Community Survey (ACS) indicates that of the 9,374 households in the Town of Reading, approximately 45.6% earned less than the HUD published 2021 AMI (\$120,800), approximately 27.7% earned less than 50% of 2021 AMI, approximately 34.3 % earned less than 60% of the 2021 AMI, and approximately 45.6% earned less than 80% of the 2021 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:

[remainder of page intentionally left blank, Schedule to follow]

Rental Schedule:

Number of Bedrooms	0	1
Number of Units	3	71
Net SF/Unit	480	535
Elev./Non-Elev.	Elev.	Elev.
Market Rate Rent	\$2,894	\$3,118
MHFA Below Market Rent (Cost-Based Rent)	\$2,077	\$2,301
MHFA Adjusted Rent	30% of Income	
Underwriting Rents		
Project-Based Section 8	\$2,175	\$2,375
80% of AMI	\$1,880	\$2,014
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.

Chair Pinado asked if there was any other old or new business for the Members' consideration. There was none.

There being no other old or new business, the meeting adjourned at 3:01 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary