

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

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on July 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, ex officio
 Carolina Avellaneda
 Andris Silins
 Ping Yin Chai
 Lisa Serafin
 Patricia McArdle

Member
Not Present Janelle Chan, ex officio

Staff

Chrystal Kornegay	Paul Hagerty
Maureen Burke	Joseph Hughes
Laurie Bennett	Mary Magliozzi
Sarah Hall	Tom Lyons
Deb Morse	Eric Gedstad
Kathleen Evans	LaVergne Randolph
Meaghan McCarthy	Bethany Wood
Nancy McDonald	Stephen Vickery
George O’Toole	Deepak Karamcheti
Chuck Karimbakas	Mounzer Aylouche
Paul Scola	Gail Bishop
Mark Teden	Leanne McGinty
Henry Mukasa	Bill Dunn
Sergio Ferreira	Dan Staring
Cynthia Lacasse	Leanne McGinty
Kevin Mello	Andrea Liang
Paul McMorrow	Courtney Murtagh
Amy Dominici	Hanna Schutt
David Keene	Zan Bross
Daniel Staring	Colleen Kelly
Kathy Connolly	Kelly Condon
Joseph Mullen	Carol McIver
Beth Elliott	

Guests Lena Altomare, US Bank
Megan DeGrass, Wells Fargo
Matt Engler, Wells Fargo
Paul Haley, Barclays
Lori Hindle, PFM
Paul Ladd, Bank of America-Merrill Lynch
Joseph Monitto, Bank of America-Merrill Lynch
Pearse O’Baouill, Winn Companies
Tim Santucci, Winn Companies
Jeff Sula, RBC
Jeremy Obaditch, cfX
Charles Carey, Mintz Levin

Chairman Dirrane convened the meeting to order at 2:00 p.m. He indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, it was

VOTED: That the minutes of the meeting held on June 12, 2018 are hereby approved and placed on record.

Chairman Dirrane next called upon Beth Elliott for a correction to the Borrower Assistance Program (BAP) vote that was taken on May 8, 2018. Ms. Elliott explained that on May 8, 2018, the Members approved the following vote:

FURTHER

VOTED: To authorize the Financial Director and the General Counsel, each acting singly, to enter into an agreement with the Department of Housing and Community Development of the Commonwealth of Massachusetts, the Public Facilities Department of the City of Boston, and the Boston Planning and Redevelopment Agency regarding the distribution of funds currently held in escrow with respect to the Borrower Assistance Program, and of any future funds collected under such programs (collectively, all such funds, the “BAP Funds”) on terms and conditions acceptable to the Financial Director and in form acceptable to the General Counsel.

Ms. Elliott then informed the Members that the reference in such vote to the Department of Housing and Community Development (DHCD) should have been to the Massachusetts Housing Partnership Fund Board (MHP), as DHCD was acting on behalf of MHP with respect to the original Borrower Assistance Program. Staff therefore recommends that the vote taken on May 8 be corrected by replacing DHCD with MHP in such vote. Upon a motion duly made and seconded, it was

VOTED: To correct the vote taken by the Members on May 8, 2018 authorizing entry into an agreement regarding the Borrower Assistance Program *by replacing* “Department of Housing and Community Development of the Commonwealth of Massachusetts” *with* “Massachusetts Housing Partnership Fund Board.”

Lisa Serafin joined the meeting at 2:05pm.

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

Executive Director's Report

Ms. Kornegay began by introducing Mounzer Aylouche as the new Vice President of Home Ownership Programs. Ms. Kornegay next introduced Mark Teden, MassHousing's new Vice President of Multifamily programs. Mr. Teden was formerly Managing Principal and Chief Operating Officer of Bruner/Cott & Associates and prior to that was with Cambridge Savings Bank for 18 years.

Ms. Kornegay continued by recognizing LaVergne Randolph. Mr. Randolph has been with MassHousing since 1979. Since joining MassHousing, Mr. Randolph has held six positions within the Agency and is currently Subsidy Manager. When Mr. Randolph joined MassHousing, he came for the agency's mission and for the opportunity to give back.

Chairman Dirrane commented that Mr. Randolph exemplifies the work of MassHousing. He also complimented Mr. Aylouche on his good work. Chairman Dirrane also welcomed Mr. Teden to MassHousing.

Homeownership Service Report

Kevin Mello introduced himself to the Board and began his report by mentioning that this year is the 22nd anniversary of in-house servicing at MassHousing. Mr. Mello described the lifecycle approach taken in Homeownership: MassHousing contracts with 150+ local lenders across Massachusetts to originate our loans, and once a borrower has been approved for a MassHousing loan, we purchase the loan from the lender. MassHousing also provides mortgage insurance and unemployment insurance and services the loans. Mr. Mello then reported that the Down Payment Assistance (DPA) program has been very popular since its inception and has exceeded expectations. He informed the Members that MassHousing also provides "high-touch servicing" – empathetic, compassionate care with the goal of being a trusted advisor to borrowers. *We identify root causes of problems and design solutions from there.*

Mr. Mello continued by saying that prior to 1996, MassHousing did not service its loans. Credit quality dramatically improved since we began in-house servicing. Delinquency and foreclosure ratios have decreased. MassHousing has seen dramatic portfolio growth since 2008 and the Great Recession, and growth has been consistent since 2015. Mr. Mello then stated that MassHousing's delinquency rates have been on par with the most aggressive industry standard, that of the MBA conventional fixed rate portfolio.

Mr. Mello concluded his presentation by saying MassHousing will also be bringing new products to market, in part based on servicing performance.

Chairman Dirrane asked Mr. Mello how many other HFAs service their loans. Mr. Mello responded there were less than ten. Chairman Dirrane then asked how many HFAs provide mortgage insurance for their loans. Mr. Mello replied that there were no other HFAs offering this product. Chairman Dirrane asked about profitability. Mr. Mello answered that mortgage insurance is profitable and also a good loss mitigant for MassHousing and for the borrowers.

Loan Committee

Camden Apartments - Roxbury

Antonio Torres presented a proposal for Commitment of Tax-Exempt Construction/Permanent and Tax Credit Equity Bridge Loans for the substantial rehabilitation of Camden Apartments. Camden Apartments is a historic, state-financed public housing development with 72 units located in the Lower Roxbury neighborhood of Boston. It is currently operated by the Boston Housing Authority (BHA) with state public housing subsidies administered by DHCD. The BHA designated Beacon Communities Services LLC ("Beacon") as the redeveloper of this property through a 99-year ground lease. Affordability at Camden Apartments will be tiered with all units satisfying LIHTC affordability requirements. Twenty-Three (23) of the units will be set-aside for households at or below 60% of AMI, forty-two (42) units will be set-aside at 50% of AMI or less in compliance with requirements around the FHLB AHP funds, and the remainder will be set-aside for households at or below 30% of AMI and will be reserved for homeless households. Beacon has been awarded a DHCD capital grant from its public housing budget for Camden Apartments. The property will have 48 Section 8 project-based vouchers and 24 project-based MRVPs, federal and state historic tax credits, as well as volume cap for the use of 4% LIHTCs.

Beacon has included in its financing proposal a request for the use of 4% Low-Income Housing Tax Credits (the "4% Credits"). The 4% Credits may be utilized as a result of the funding of the loan with tax-exempt bonds or notes of MassHousing which are to be issued under Section 142 of the Internal Revenue Code of 1986, as amended (the "Code") and are subject to a volume capacity allocation under Section 146 of the Code. Staff has reviewed the development experience and credit-worthiness of the Borrower and Developer and found them to be acceptable. Staff has also determined that the Borrower has demonstrated evidence of site control, that the proposed site is acceptable for the intended housing, and that there is a need for the proposed housing in the community. Upon a motion duly made and seconded, it was

Official Action Status

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 in Boston, Massachusetts known as "Camden Apartments" (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 \$16,200,000 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.

Official Action Status Findings

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

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

Mortgage Loans and Low-Income Housing Tax Credits

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 \$7,915,000, with the construction/permanent loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount satisfactory to pass the 50% test, anticipated to be \$7,279,600, the aggregate of which loans shall in no event exceed \$15,200,000, in each case to be made to BC Camden LLC or another single-purpose entity controlled by Beacon Communities Services LLC (the “Borrower”) as owner of the multifamily residential development to be known as “Camden Apartments” (the “Development”) and located 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:

- The Borrower shall enter into PBV and MRVP Contracts with applicable Contract Administrators for the maximum term available or, at a minimum, fifteen (15) years. Additionally, the Borrower will seek to maximize the number of PBV at a level sufficient to support the financing as underwritten. Unless otherwise approved by the Director of Rental Underwriting, rents established by the Section 8 Project Based Voucher Contract Administrator and MRVP Contract Administrator shall be at levels not less than the underwriting assumptions provided herein. If any of the terms of the Section

8 PBV Contract or MRVP Contract vary from the underwriting terms, the MassHousing loan may be reduced accordingly.

- In the event the Borrower is unable to enter into a 6A contract under the 121A program with the City of Boston, or there are no changes to current law and the treatment of former state public housing developments, the MassHousing underwriting budget will be revised to reflect the per-unit real estate tax expense as determined by the third-party appraisal.

FURTHER

VOTED:

That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing, to be used in connection with the Development (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 Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, each acting singly, to set the amount of 4% Credits to be used in connection with the Development (or applicable portion thereof) applying the standards set forth in the immediately preceding Agency vote.

FURTHER

VOTED:

To authorize the Executive Director and the Vice President of Multifamily Programs, 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

Twenty percent (20%) of the total 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. 1,379 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 95.3% and 100%.

REIS, Inc. data (3rd Qtr. 2017) for the subject's Boston City submarket have projected a vacancy rate at 8.0% YTD (4.9% Boston Metro). This rate is projected to increase to 8.5% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in Boston City submarket have averaged approximately 4.6% over the last five years, while the Boston Metro has averaged 4.5%.

Further, *REIS, Inc.* shows that the Boston City submarket data for the subject's Class B/C building type (8,825 units) indicates a 3rd Qtr. 2017 vacancy rate of 5.6% at an average asking rent of \$1,773. 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 3rd Qtr.2017, *REIS, Inc.* data indicates that the Boston City submarket is offering .86 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/05/14), the City of Boston 269,482-year round housing units, 49,324 (18.3%) of which are subsidized for low/moderate income households. Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units. In addition to housing developments, BHA administers approximately 14,284 Section 8 housing rental assistance vouchers.

According to the Boston Housing Authority's (BHA) 5-year plan (2015-2019), the BHA owns and operates 63 family and elderly/disabled developments. The BHA also administers Housing Choice Vouchers (Section 8 or Leased Housing) to over 11,000 families. In addition, the City of Boston's Consolidated plan (FY2016) indicated that BHA maintain the following wait lists: There are 2,432 households on the Section 8 tenant based assistance wait list, including 1,189 families with children, 617 families with disabilities and 75 elderly families. The BHA also had Single

applicants on the waiting list. In addition, there were instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. They also maintain a Public Housing Wait list with 30,411 including 12,845 families with children, 8,068 families with disabilities and 8,760 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open.

U.S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 256,294 households in the City of Boston approximately 69.7% earned less than the HUD published 2017 AMI (\$103,400), approximately 47.0% earned less than 50% of 2017 AMI, approximately 53.1 % earned less than 60% of the 2017 AMI and approximately 61.8% 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.

Rental Determinations:

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

Rent Schedule:

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.

Project Name:		Camden Street Apartments - 17-046		
RENT SCHEDULE		Low-Income Section 8/MRVP		
Number of Bedrooms	1 BR	2 BR	3 BR	
Number of Units	36	19	17	
Net SF/Unit	555	808	913	
Elev. (E) / Non-Elev. (N)	N	N	N	
Market Rate Rent				
(10% Rate 20-year term)	\$ 3,465	\$ 3,800	\$ 4,264	
MHFA Below Market Rent				
(Cost-based Rent)	\$ 1,980	\$ 2,315	\$ 2,779	
MHFA Rent Adjusted	30% of income			
Underwriting Rents:				
Section 8 PBV Rents	\$ 1,492	\$ 1,827	\$ 2,291	
MRVP Rents	\$ 1,421	\$ 1,740	\$ 2,182	
Utility Allowance	\$ -	\$ -	\$ -	
Note: Owner pays all utilities.				

Mt. Pleasant Apartments - Somerville

Sarah Hall presented a proposal for Commitment of Taxable Permanent Loan for Mt. Pleasant Apartments, an existing 65-unit development located in Somerville. An affiliate of the Estate of Edward A. Fish ("EAF") is seeking approval to prepay its existing mortgage loan in order to refinance this Section 8 development that includes 65 units covered by a Section 8 HAP contract. MassHousing has underwritten the new mortgage loan and will apply to HUD for FHA mortgage insurance under Section 223(f) of the National Housing Act. MassHousing's credit risk exposure for loans insured by FHA under this program will be approximately one percent (1%) of the loan amount. MassHousing will issue a Ginnie Mae Mortgage Backed Security to fund the new mortgage loan.

Mt. Pleasant Apartments was originally constructed in 1981 and was refinanced in 2008. The single residential building sits on 1.4 acres and is half a mile from the Sullivan Square MBTA station. The property has historically had very low vacancy and has been well maintained by the owner. The new loan will address approximately \$26,123 of critical and non-critical repairs, all of which will be completed within one year of closing, including accessibility updates at the property. Loan proceeds will also fund a \$750,000 initial deposit to replacement reserves to address future capital needs at the Development.

The development team has extensive experience refinancing developments under the 223(f) program. Since 2015, the EAF team has been involved with the refinancing of 7 of the 29 existing MassHousing-portfolio transactions that have closed under the MAP JV platform totaling \$122 million of volume, as well as Chelsea Village, which was the first “in-house” transaction under the 223(f) program.

The borrower is requesting taxable permanent financing insured by the Federal Housing Administration under Section 223(f) of the National Housing Act. MassHousing intends to fund the requested loan by issuing a Ginnie Mae Mortgage Backed Security. The loan proceeds will be used to pay-off existing MassHousing debt, address the capital needs at the property, and for an equity take-out. The borrower has submitted a Mark-Up-To-Market rent increase request to HUD. A new 20-year Section 8 Housing Assistance Payment (HAP) contract will be signed at closing. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment A and to authorize a first mortgage loan in a principal amount of \$15,016,000 or such other amount as evidenced in the HUD Firm Commitment; provided, however, that the loan shall not be more than \$16,517,600 nor less than \$13,514,400 (i.e., 10% of the approximate loan amount) without seeking additional further Agency approval, to be insured through the Federal Housing Administration pursuant to Section 223(f) under the National Housing Act, to be made to Perkins Street Associates or another single-purpose entity controlled by Edward A. Fish Marital A. Trust, James Sullivan III, and Gerard Doherty (the “Borrower”) as owner of the multifamily residential development known as “Mt Pleasant Apartments - Somerville” (the “Development”) and located in Somerville, Massachusetts, and in accordance with the applicable MAP 223(f) General Closing Conditions approved by the Agency on May 9, 2017 and the general delegations of authority previously approved by the Agency, 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 AFL-CIO Housing Investment Trust must consent to the prepayment of the existing debt encumbering the Development, and the Borrower shall pay all costs associated with such prepayment.
2. The closing and funding of the new first mortgage loan, and the prepayment of the existing debt, shall not occur prior to November 18, 2018, which is the first date upon which the existing debt is eligible for prepayment under the Proactive Multifamily Preservation and Loan Closing Prepayment Guidelines approved by the Agency on October 14, 2014.

FURTHER

VOTED: That the Massachusetts Housing Finance Agency, acting through its duly authorized officers, 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 Perkins Street Associates for Mt. Pleasant Apartments - Somerville.

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

All of the 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 1,247 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.4%, and range between 92.1% and 100%. Staff review of similar mixed income/subsidized portfolio properties (913 units) demonstrated a weighted average vacancy rate of approximately 1.02%. The property has operated as Section 8 property since 1981 and the average vacancy rate for the property for the past 6 years is .56%.

REIS, Inc. data (1st Qtr. 2018) for the subject's Cambridge/Watertown/Waltham submarket has a vacancy rate at 5.4% YTD (5.3% Boston Metro). This rate is projected to increase to 6.7% over the next five years, while the Boston Metro is projected to increase to 6.1%. Vacancies in the Cambridge/Watertown/Waltham submarket have averaged approximately 5.5% over the last five years, while the Boston Metro is slightly better at 4.7% over the last five years.

REIS, Inc. submarket data for the Class A building type (16,105 units) indicates a first quarter 2018 vacancy rate of 5.2% and an average asking rent of \$3,677 and, REIS, Inc. submarket data for the subject's Class B/C building type (17,694 units) indicates a first quarter 2018 vacancy rate of 5.7% at an average asking rent of \$2,084. 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 first quarter 2018 REIS, Inc. data indicates that the Cambridge/Watertown/Waltham submarket is offering .85 months free rent.

The Somerville Housing Authority (SHA) owns/manages 215 units of Federal Family housing consisting of 22 one-bedrooms, 94 two-bedrooms, 71 three-bedrooms, 24 four bedrooms and 4 five-bedrooms. There are 1,108 applicants on the Federal family waiting list, broken down as follows: 368 one-bedrooms, 253 two-bedrooms, 407 three-bedrooms, 65 four-bedrooms and 15 five-bedrooms. They also have 369 one- bedroom units of Federal Elderly housing and there are 2,526 applicants on that waiting list. Regarding State funded housing, SHA owns/manages 459

State Family housing consisting of 33 one-bedrooms, 247 two-bedroom, 177 three-bedrooms, 1 4-bedroom and 1 five-bedrooms. There are 1,121 applicants on the State Family waiting lists broken down as follows; 344 one-bedrooms, 454 two-bedrooms, 231 three-bedrooms, 80 four-bedrooms and 12 -five bedrooms. They also have 274 State Elderly Units consisting of 261 one-bedrooms, 4 two-bedrooms and 3 three-bedrooms. There are 1,110 applicants on that waiting list consisting of 1,024 one- bedroom, 85 two- bedrooms and 1 three-bedroom.

Per the representative of SHA, they own/manage two properties that are project based Section 8 LIHTC units for elderly/disabled residents. The first property has 25 one-bedroom units with a waiting list of 363 applicants. The second property has 95 one-bedroom units with 487 applicants on the waiting list. They also own/manage 13 units of Single Room Occupancy (SRO) housing for homeless individuals in Somerville and there are 633 applicants on the waiting list. Lastly, they own/manage a 24-unit property of Chapter 689 (Special Needs Housing) consisting of 6 studios, 11 one-bedrooms, 4 two-bedrooms and 3 three-bedrooms. SHA also administers 1,069 Housing Choice Vouchers and they participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List and the anticipated wait time is from 5 to 10 years.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the City of Somerville has 33,632 year-round housing units, 3,250 (9.7%) 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 32,229 households in the City of Somerville, approximately 20.4% earned less than 30% of the HUD published 2018 AMI (\$107,800), approximately 33.9% earned less than 50% of the 2018 AMI, and 40.8% earned less than 60% of the 2018 AMI and 49.9% of households earned less than 80% of the 2018 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 and does not change the existing affordability mix.

(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.

Rental Determinations:

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

Rent Schedule

Number of Bedrooms		1	2
Number of Units		42	23
Net SF/Unit		559	702
Elev./Non-Elev.		E	E
Market Rate Rent	\$	3,323	\$ 3,723
(10% Rate 20 Yr. Term)			
MHFA Below Market Rent	\$	2,200	\$ 2,600
(Cost-Based Rent)			
MHFA Adjusted Rent		30% of Income	
MassHousing			
Underwriting Rents			
80% AMI	\$	1,452	\$ 1,733
Market	\$	2,225	\$ 2,550
Section 8	\$	2,200	\$ 2,600

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.

Newcastle-Saranac – South End, Boston

Kathleen Evans presented a proposal for Commitment of Subordinate Opportunity Fund Acquisition Loan. Newcastle-Saranac consists of 97 units in two apartment buildings in the South End neighborhood of Boston originally financed with a Section 13A mortgage that matured on March 1, 2018. The current owner, Newcastle Associates, has signed a Purchase and Sale Agreement with Schochet Associates Inc. in that organization's capacity as the 40T designee of the Department of Housing and Community Development ("DHCD"). The transaction to ensure the long-term preservation of the development will take part in two phases: the initial acquisition, and the resyndication. In partnership with and on behalf of the Fenway Community Development Corporation ("Fenway CDC" or the "Sponsor"), Schochet has presented a proposal for the initial

acquisition. The commitment of a MassHousing Subordinate Opportunity Fund Acquisition Loan will support that initial acquisition transaction.

In response to a question from Mr. Dirrane, Ms. Evans confirmed that approximately \$18-20 million of IDP funds are expected from the City. She also clarified, in response to a question from Ms. Serafin, that the loan term would be no longer than 24 months. 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 Subordinate Acquisition Loan in an amount not to exceed \$1,000,000, to be made to Newcastle Fenway Housing LP (the "Borrower") (or an alternatively-named single-purpose limited partnership for the purpose of owning Newcastle-Saranac) as owner of the multifamily residential development known as "Newcastle-Saranac" and located in Boston, Massachusetts, to be funded from the Opportunity Fund approved by the Board on March 8, 2016, funded from the portion designated and reserved for preservation of the Section 13A portfolio, subject to such terms and conditions as approved by the Executive Director, the Vice President of Multifamily Programs, or their respective designees, 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, Fenway CDC, and MassHousing shall execute a prepayment agreement requiring the Borrower (or any successor) to seek a tax-exempt permanent financing transaction with MassHousing, and (b) the Borrower shall grant an affordable housing restriction in favor of MassHousing to require that 24 units in the development remain affordable to households at 60% of AMI in perpetuity.

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

Ninety-one (or 94%) of the units in the Development will be affordable to low-income persons and families, as specified in the Act, t the adjusted rentals shown in the rent schedule below.

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

A strong need for the subject's affordable housing units is demonstrated by the number of existing housing units that qualify as subsidized in relation to the reported wait list statistics.

In-house data for larger market and mixed-income complexes (approximately 1,662 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties

reviewed averaged approximately 98.6%, and range between 95.3% and 100%. My review of similar mixed income/subsidized portfolio properties (1,843 units) demonstrated a weighted average vacancy rate of approximately 1.90%. The property has operated as 13A subsidized property since 1974 and the average vacancy rate for the property for the past 6 years is 2.01%.

REIS, Inc. data (1st Qtr. 2018) for the subject's Central City/Back Bay/Beacon Hill submarket has a vacancy rate at 6.7% YTD (5.3% Boston Metro). This rate is projected to increase to 7.6% over the next five years, while the Boston Metro is projected to increase to 6.1%. Vacancies in the Central City/Back Bay/Beacon Hill submarket have averaged approximately 5.0% over the last five years, while the Boston Metro is lower at 4.7% over the last five years.

REIS, Inc. submarket data for the Class A building type (16,269 units) indicates a 1st Qtr. 2018 vacancy rate of 8.5% and an average asking rent of \$4,079 and, REIS, Inc. submarket data for the subject's Class B/C building type (11,109 units) indicates a 1st Qtr. 2018 vacancy rate of 4.0% at an average asking rent of \$2,476. The development when renovated 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 1st Qtr. 2018 REIS, Inc. data indicates that the Central City/Back Bay/Beacon Hill submarket is offering .64 months free rent.

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

According to the Boston Housing Authority's (BHA) 5-year plan (2015-2019), the BHA owns and operates 63 family and elderly/disabled developments. The BHA also administers Housing Choice Vouchers (Section 8 or Leased Housing) to over 11,000 families. In addition the City of Boston's Consolidated plan (FY2016) indicated that BHA maintain the following wait lists: There are 2,432 households on the Section 8 tenant based assistance wait list, including 1,189 families with children, 617 families with disabilities and 75 elderly families. The BHA also had Single applicants on the waiting list. In addition, there were instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. They also maintain a Public Housing Wait list with 30,411 including 12,845 families with children, 8,068 families with disabilities and 8,760 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open. Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units. In addition to housing developments, BHA administers approximately 14,284 Section 8 housing rental assistance vouchers.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that of the 259,324 households in the City of Boston approximately 69.5% earned less than the HUD published 2018 AMI (\$107,800), approximately 46.7% earned less than 50% of 2018 AMI, approximately 52.9 % earned less than 60% of the 2018 AMI and approximately 60.8% earned less than 80% of the 2018 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. Although it is a low-income development, it is located in an area that includes a mix of residential and numerous 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. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

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

Rent Schedule

Number of Bedrooms	0	1	2	3
Number of Units	8	29	55	5
Net SF/Unit	0	0		0
Elev./Non-Elev.	Non	Non	Non	Non
Market Rate Rent (10% Rate 20 Yr. Term)	\$1,575	\$2,100	\$2,800	\$3,685
MHFA Below Market Rent (Cost-Based Rent)	\$1,081	\$1,209	\$1,588	\$2,040
MHFA Adjusted Rent			30% of Income	
Underwriting Rents Mod-Income		\$1,167	\$1,285	\$1,430

Low-Income	\$769	\$845	\$948	\$1,074
PB-MRVP	\$1,030	\$1,104	\$1,324	\$1,530

Campbell Purcell – Eastham

Deborah Morse presented a proposal for Commitment of Subordinate Workforce Housing Opportunity Loan Fund. The borrower is proposing to construct a new 65-unit rental residential development on a vacant parcel of land at 4300 State Highway in Eastham. The development will consist of 18 residential three-story buildings with twenty-seven (27) one-bedroom units, thirty-one (31) two-bedroom units and seven (7) three-bedroom units. The site will contain 101 parking spaces, a community building, on-site management office, a playground, bocce court and sitting areas.

The parcel was acquired by the Town of Eastham in 2001 and designated for use as affordable housing. In June 2016, after a competitive RFP process, Penrose was selected as the developer for the parcel. Site control is in the form of a Memorandum of Agreement (MOA) with the Town of Eastham. The borrower has received all required zoning approvals for this project and has executed a term sheet from Bank of America for up to \$8,350,000 in construction financing, and a senior permanent loan from MHP for up to \$4,400,000. The borrower expects to close on this financing in the fall of 2018.

Of the 65 units, fifteen (15) units will be reserved for occupancy by tenants satisfying the eligibility requirements under MassHousing’s Workforce Housing program and restricted to households earning no more than 80% AMI (pending review of third-party appraisal). MassHousing will provide up to \$1,500,000 in 0% subordinate financing through the Opportunity Fund (i.e., \$100,000 per unit for each of the fifteen (15) units). The remaining 50 units will all be restricted to households with incomes at or below 60% of the AMI, with at least 10% of total project units restricted to households below 30% of the AMI, per the DHCD QAP requirements. Eight units will receive project-based Section 8 rental assistance and three will have project-based HUD Section 811 Project Rental Assistance (PRA) subsidies. Both of these Housing Assistance Payment Contracts will be administered by Housing Assistance Corporation (HAC). 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 subordinate mortgage loan to Bracket Road Housing LLC or another single-purpose entity controlled by Penrose, LLC (the “Borrower”) as owner of the multifamily residential development known as “Campbell Purcell” in Eastham, Massachusetts (the “Development”) in the amount not to exceed \$1,500,000 (the “Workforce Loan”) (1) to be funded from that portion of the Opportunity Fund approved by the Agency on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing’s Workforce Housing Guidelines adopted by the Agency on July 12, 2016, 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:

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

At least 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 (346 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over that past three years. Current occupancy rates of the six developments reviewed averaged approximately 99.2%, and range between 99% and 100%. properties.

There is no submarket data available for the Town of Eastham, therefore we relied on data available in the closest submarket area of South/Southeast Suburban. REIS, Inc. data (1st Qtr. 2018) for the subject's South/SE Suburban submarket has YTD a vacancy rate at 4.2% while Boston Metro has a 5.3% vacancy rate. This rate is projected to stay the same over the next five years, while the Boston Metro is projected to increase to 6.1%. Vacancies in South/Southeast Suburban submarket have averaged approximately 4.5% over the last five years, while the Boston Metro area has averaged 4.7%.

REIS, Inc. submarket data for the Class A building type (4,247 units) indicates a 1st Qtr. 2018 vacancy rate of 5.9% and an average asking rent of \$1,761 and, REIS, Inc. submarket data for the subject's Class B/C building type (12,251 units) indicates a 1st Qtr. 2018 vacancy rate of 3.6% at an average asking rent of \$1,462. The development when built along with the proposed amenities, more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential. The 1st Qtr. 2018 REIS, Inc. data indicates that the submarket is offering .56 months free rent.

The Orleans Housing Authority(OHA) manages the 13 units of housing for Eastham, comprising of 4 one-bedroom units, 8 two-bedroom units and 1 four-bedroom single family home. Per the representative of OHA, there is no subsidy attached to these units. Rents are set at approximately 60% of AMI. Per the representative, there is no waiting lists for these units. Per the representative, they do not administer any Housing Choice Vouchers(HCV). Applicants looking for affordable housing in the Eastham area could Housing Assistance Corporation (HAC). HAC is the regional administrator for Section 8 Vouchers on the Cape and works closing with other town housing authorities.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/17/2017), the town of Eastham has 2,632 year-round housing units, 54 (2.1%) 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 2,411 households in the Town of Eastham, approximately 67.74% earned less than the HUD published 2018 AMI (\$86,200), approximately 37.9% earned less than 50% of 2018 AMI, approximately 44.7% earned less than 60% of the 2018 AMI and approximately 59.4% earned less than 80% of the 2018 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. Although it is a low-income development, it is located in an area that includes a mix of residential and numerous retail and restaurant 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. 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
Number of Units	27	31	7
Net SF/Unit	716	1,087	1,222
Elev./Non-Elev.	Non	Non	Non
Market Rate Rent (10% Rate 20 Yr. Term)	\$2,563	\$2,858	\$3,545

MHFA Below Market Rent (Cost-Based Rent)	\$1,510	\$1,804	\$2,491
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
S8 Rental Assisted	\$1,079	\$1,441	\$1,826
Workforce at 80%	\$1,200	\$1,400	
Tax Credit at 60%	\$780	\$921	

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.

Squirrelwood - Cambridge

Deborah Morse presented a proposal for Official Action Status for Squirrelwood in Cambridge for Just-A-Start Corporation. Just-A-Start Corporation (“JAS”) is a not-for-profit community development corporation established in 1971 with housing and employment/training as its two major areas of focus. Through direct ownership or through subsidiary corporations, JAS owns 570 rental apartments in 18 sites across Cambridge. These range in size from a single condominium unit to a 273-unit residential tower. JAS development activities have included renovation, new construction, adaptive re-use and the provision of consultant services to other developers. All of JAS’s housing development activities are undertaken to further the availability of affordable housing to low- and moderate-income households.

JAS is the owner of both Linwood Court, a 45-unit property with a Section 13A mortgage that matured in March 2018, and Squirrel Brand Building, a 20-unit LIHTC property. The two developments face one another, on opposite sides of Broadway. Just-A-Start plans to combine the two properties into one development and intends to construct 23 new units. The combined new development will be called Squirrelwood. 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 multifamily conduit Tax-Exempt financing for the multifamily development known as “Squirrelwood” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of tax-exempt debt by the Agency not be in excess of \$22,000,000 in principal amount for the Development; and (iv) that the issuance of tax-exempt debt occur not later than 18

months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

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

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

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

Chairman Dirrane asked for a motion to adjourn the meeting at 2:35 p.m. Upon a motion duly made and seconded, it was

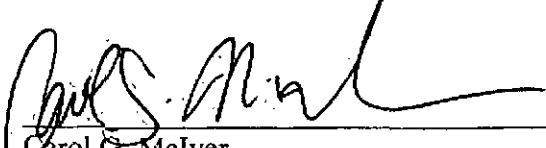
VOTED: To adjourn the MassHousing meeting at 2:35 p.m.

A true record.

Attest.



Beth M. Elliott
Secretary



Carol G. McIver
Assistant Secretary

Meeting Materials:

1. Draft Minutes of the 6/12/2018 MassHousing Meeting
2. Memorandum regarding BAP Vote Correction
3. HomeOwnership Portfolio Report
4. Agenda of Loan Committee Items
5. Camden Apartments – Presentation & Memorandum
6. Mt. Pleasant Apartments – Presentation & Memorandum
7. Newcastle Saranac – Presentation & Memorandum
8. Campbell Purcell – Presentation & Memorandum
9. Squirrelwood – Presentation & Memorandum
10. Rental Pipeline Report