

**Minutes of the Regular Meeting  
of the Members of MassHousing  
held on  
July 13, 2021**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on July 13, 2021. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, 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**      Michael Dirrane, Chair  
                     Patricia McArdle  
                     Lisa Serafin  
                     Ping Yin Chai  
                     Thomas Flynn  
                     Jerald Feldman

**Members**

**Not**

**Participating**      Jennifer Maddox, ex officio  
                                 Mark Attia, Designee of Michael Heffernan, ex officio  
                                 Carolina Avellaneda

**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*

Chairman Dirrane convened the meeting to order at 2:00 p.m.

Chairman Dirrane then indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, by roll call vote of all the present Members, it was:

**VOTED:**        That the minutes of the meeting held on June 8, 2021 are hereby approved and placed on record.

**Executive Director's Report**

Chrystal Kornegay began her report by welcoming the Early Adopters back to the office. We have implemented our Alternative Work Strategy and will have mobile, flex and resident staff. The Early Adopters have started this week. Going forward on Tuesdays there will be approximately 67 to 70 people physically in the office and then every other day there will be about 30 to 40 people in the office. Ms. Kornegay also reported that we are now able to attend events and we have been busy working with the Governor's office planning for the application of federal homeowner assistance funds. Ping Yin Chai asked Ms. Kornegay about the restrictions of the Homeowners Assistance Fund and the \$178 million that has been allocated. Ms. Kornegay said every state has received 10% up front and is working on the application of those funds. Each state will have to submit a plan by July 30,

2021 as to how they plan to allocate all the HAF funds allocated to it. Ms. Kornegay went on to say the state has launched a pilot program with MassHousing and the state is also looking into partnering with other regional agencies. Ms. Kornegay said we will know a lot more about this program in a month or so.

Chairman Dirrane also welcomed everyone back to the office and back to some sense of normalcy. Chairman Dirrane also said that it is great to see so many deals coming up.

### **Finance Update**

Rachel Madden reported COVID statistics, noting that numbers continue to remain consistent in the HomeOwnership program and the numbers are very similar to last month. The trend continues of payoffs outpacing new loans. The multifamily portfolio has also been consistent and the portfolio is stable. There is one development that remains delinquent and there are no developments in forbearance.

### **Vote Selection and Underwriter Team**

Rachel Madden next gave a presentation on the selection of underwriters. In the spring of 2020 MassHousing issued a Request for Proposal (RFP) for underwriting services, but the process was suspended due to COVID-19 and the then current Underwriting Team was extended for one year pursuant to the terms of the May 2017 board vote.

Ms. Madden continued by stating MassHousing published a new RFP on The Bond Buyer website as well as MassHousing's website. Submissions were due May 21, 2021 and 28 firms responded with 14 firms applying for Senior Manager. From May 24, 2021 to June 1, 2021 internal deliberations were conducted by the Selection Committee. Ten firms were then selected to receive oral interviews for Senior Managers. Oral interviews for Senior Manager candidates were conducted via Zoom from June 14, 2021 to June 24, 2021. The Selection Committee held internal deliberations from June 28, 2021 to July 6, 2021 to finalize Senior and Co-Manager teams.

Ms. Madden continued by discussing the changes to the Underwriting Team as a result of the RFP process. We have increased the number of senior managers from 4 to 6 and we have increased co-managers from 11 to 13. We have added 6 new firms to the total underwriting team of 19. We have also increased minority-owned firms from 3 to 5 (including adding a minority firm as a senior manager.) We have also increased veteran and/or disabled veterans firms from 1 to 4.

Ms. Madden pointed out that Raymond James & Associates, Inc. and Loop Capital Markets is a joint venture arrangement and is considered one firm with respect to being a Senior Manager. Ms. Madden commented this joint venture was a unique proposal and a creative new approach.

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

**VOTED:** The Board hereby approves the selection of the investment banking firms listed on Exhibit A attached hereto to serve as Senior Managers and Co-Managers for a term of three years, commencing on July 13, 2021, with an option for up to two one-year, or less, extensions at the discretion of the Executive Director.

July 13, 2021

**EXHIBIT A**

**[Senior Managers and Co-Managers selected listed in alphabetical order]**

Senior Managers

Barclays Capital Inc.  
BofA Securities, Inc.  
Citigroup Global Markets Inc.  
Morgan Stanley & Co. LLC  
Raymond James & Associates, Inc./ Loop Capital Markets\*  
UBS Financial Services Inc.

Co-Managers

Academy Securities Inc.  
American Veterans Group, PBC  
AmeriVet Securities Inc.  
Blaylock Van, LLC  
Drexel Hamilton, LLC  
Jefferies LLC  
J.P. Morgan  
Ramirez & Co., Inc.  
RBC Capital Markets, LLC  
Rice Financial Products Company  
Stifel, Nicolaus & Company  
TD Securities (USA) LLC  
Wells Fargo Bank, N.A.

\* Raymond James & Associates, Inc. and Loop Capital Markets is a Joint Venture arrangement and is considered one firm with respect to being a Senior Manager.

## **Vote to Transfer DPA Funds to Opportunity Fund**

Rachel Madden presented a proposal to transfer DPA Funds to the Opportunity Fund.

In Chapter 227 of the Acts of 2020 MassHousing was allocated \$5,000,000 in the Commonwealth's Fiscal Year 2021 Budget for use in MassHousing's down payment assistance program (the "DPA Funds"). The DPA Funds will be utilized for MassHousing's first-time homebuyer down payment assistance program (the "DPA Program"), serving income eligible, first-time homebuyers looking to purchase an owner-occupied 1-4 unit residential dwelling in Massachusetts.

The DPA Funds will be made available in conjunction with a first mortgage loan funded by MassHousing. The current DPA Program provides DPA Program loans in an amount up to the lesser of (a) 5% of the sales price or (b) \$25,000 for eligible properties located in a Gateway City or the City of Boston, or (c) \$15,000 for eligible properties located in one of the remaining communities of the Commonwealth. The DPA Program loan is a subordinate mortgage lien that may be either an interest bearing or deferred payment mortgage based on the applicable loan program requirements and household income. MassHousing may modify the terms of the DPA Program over time to accommodate market conditions.

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

**VOTED:** To transfer \$5 million received from The Commonwealth of Massachusetts pursuant to Chapter 227 of the Acts of 2020 to the Opportunity Fund to be applied in MassHousing's down payment assistance programs.

## **Loan Committee**

### **Woodland Cove Phase I, Wareham**

John Collins presented a proposal for Commitment of a Taxable Permanent Loan and Commitment of a Workforce Housing Subordinate Loan for Woodland Cove Phase I in Wareham.

Woodland Cove Phase I is the first phase in the three-phase redevelopment of an eight-acre site in Wareham. There is currently a motel on the site, which will be demolished as part of the development plan. Woodland Cove Phase I will include 63 new construction income-restricted rental units, including seven Workforce Housing units, in one three-story building and one four-story building. Phase II will also include 63 income-restricted units, of which seven units will be Workforce Housing, and Phase III, will include 24 units, of which 18 will be Workforce Housing.

Woodland Cove Phase I will be built at approximately the same time as Phase III, and the Sponsor will request both permanent and Workforce Housing financing from MassHousing to support that development.

The Woodland Cove Phase I site is located on a two-acre portion of the 8.63-acre Woodland Cove Redevelopment site. 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 I 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. Of the 63 units, eight units will be affordable to households earning up to 30% of AMI and will benefit from a new project-based Section 8 contract administered by NeighborWorks Housing Solutions (on behalf of DHCD). Forty-eight (48) units will be affordable to households earning up to 60% of AMI, and seven Workforce Housing units will be affordable to households earning up to 80% of AMI.

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

**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 \$8,300,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to WC 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 I” and located in Wareham, Massachusetts (the “Development”), and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**FURTHER VOTED:** To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$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 June 22, 2021 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%.

2<sup>nd</sup> Qtr. 2021 CoStar data for the subject's [South Plymouth County](#) (7,800 units) has an overall vacancy rate at 4.0% YTD, which is a decrease of .05 % from one year ago. CoStar data for the Boston market (238,221 units) has an overall vacancy rate of 6.71% YTD, which is an increase of .55% from one year ago. The South Plymouth county submarket vacancy rate is projected to decrease to 2.2% over the next five years, while the Boston market is projected to decrease to 6%.

CoStar, submarket data for the 4-5 Star building type (1,858 units) indicates a 2<sup>nd</sup> Qtr. 2021 vacancy rate of 3.2% and an average asking rent of \$2,525, while submarket data for the subject's 3 Star building type (2,723 units) indicates a 2<sup>nd</sup> Qtr. 2021 vacancy rate of 7.6% at an average asking rent of \$2,083, and 1-2 Star buildings (3,219 units) indicates a 2<sup>nd</sup> Qtr. 2021 vacancy rate of 1.2% at an average asking rent of \$1,513. 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 2015-2019 American Community Survey (ACS) indicates that of the 9,497 households in the Town of Wareham, approximately 72% earned less than the HUD published 2021 AMI (\$120,800), approximately 50.4% earned less than 50% of 2021 AMI, approximately 57.7% earned less than 60% of the 2021 AMI and approximately 65.0% 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	47	7
Net SF/Unit	717	1,007	1,260
Elev./Non-Elev.	E	E	E
<b>Market Rate Rent</b> (10% Rate 20 Year Term)	\$1,904	\$2,216	\$2,577

<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,242	\$1,554	\$1,915
<b>MHFA Adjusted Rent</b>	30% of 80% of AMI		
<b>Underwriting Rents</b>			
Project-based Section 8		\$1,880	\$2,290
LIHTC at 60% AMI	\$1,215	\$1,449	\$1,664
Workforce Housing 80% AMI	\$1,511	\$1,874	\$2,166

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.

### **Fresh Pond Apartments, Cambridge**

Kathleen Evans presented a proposal for Commitment of a First Mortgage Loan and Approval to finance the first mortgage loan through the issuance of a Ginnie Mae MBS for Fresh Pond Apartments in Cambridge

Fresh Pond Apartments, (the “Development”) is a 504-unit affordable development located on 9.15 acres in the Fresh Pond/Alewife section of Cambridge. The Development is located less than 0.25 miles from the Alewife transportation complex, the Minute Man bike path, Danehy Park, and various retail establishments.

The Development consists of two 22-story residences. The masonry and steel towers were originally constructed in 1968 and have received a series of renovations since that time.

Of the 504 total units, 338 units benefit from a project-based Section 8 HAP Contract administered by MassHousing. The Mark-Up-to-Market contract was recently renewed for a twenty-year period, beginning January 1, 2020.

The remaining 166 units were formerly encumbered under a Below Market Interest Rate (BMIR) contract which expired December 31, 2020 (herein referred to as the “City Units”). Prior to closing of the transaction contemplated herein, the Borrower will enter into a new affordable housing restriction with the City of Cambridge that will cover all 166 units for a new term of fifty (50) years, restricting 109 units for households earning up to 80% of AMI (with rent restricted at the 70% of AMI level), 54 units for households earning up to 95% of AMI (with rent restricted at the 85% of AMI level), and three as non-revenue units.

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



**VOTED:**

To approve the findings and determinations set forth below and to authorize a first mortgage loan in a principal amount of \$125,000,000 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 \$168,750,000 nor less than \$81,250,000, to be insured through the Federal Housing Administration pursuant to Section 223(f) under the National Housing Act, to be made to Rindge Associates or another single-purpose entity controlled by Schochet Holdings Limited Partnership (the “Borrower”) as owner of the multifamily residential development known as “Fresh Pond Apartments” (the “Development”) and located in Cambridge, 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: None.

**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 Rindge Associates, for Fresh Pond Apartments.

**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, assume, or retain 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:

501 units (99.4%) 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 June 25, 2021, 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 826 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.7%, and range between 93.4% and 98%. In-house data for larger market and mixed-income complexes. Two of the comparables reviewed were offering rental concessions to prospective tenants which included one month's free rent and \$199 security deposit. The property has operated as Section 8 property since approximately 1973. My review of similar mixed income/subsidized portfolio properties (1,746 units) demonstrated a weighted average vacancy rate of approximately 1.50%

CoStar data for the subject's Alewife Multi-Family submarket (4,479 units) has an overall vacancy rate at 10.2% YTD, which is decrease of 2.95% from one year ago. CoStar data for the Boston market (240,128 units) has an overall vacancy rate of 6.6% YTD, which is a decrease of .70% from one year ago. The rate is projected to increase to 10.7% over the next five years, while the Boston Market is projected to decrease to 5.7%.

CoStar, submarket data for the 4-5 Star building type (2,724 units) indicates a 2<sup>ND</sup> Qtr. 2021 vacancy rate of 9.3% and an average asking rent of \$2,982, while submarket data for the subject's 3 Star building type (874 units) indicates a 2<sup>ND</sup> Qtr. 2021 vacancy rate of 9.6% at an average asking rent of \$2,653. 1-2 Star buildings (881 units) indicate a 2<sup>ND</sup> Qtr. 2021 vacancy rate of 13.7% at an average asking rent of \$2,433. 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 Cambridge has 46,690 year-round housing units, 6,898 (14.8%) of which are subsidized for low/moderate income households.

Per a representative of Cambridge Housing Authority (CHA) they manage the following types of public housing; 532 state and federal public housing units, 1,226 Rental Assistance Demonstration (RAD) housing units, 802 Section 8 Demonstration/ Disposition units, and 110 State assisted units that are new construction. Per the representative of CHA there are 9,200 on the waiting list and they do not currently have separate waiting list for state assisted units.

CHA also administers tenant-based assistance which includes 4,179 Housing Choice vouchers, 554 Non-Moving To Work vouchers, 150 state vouchers and 120 Moderate Rehab vouchers. Per the CHA representative, there are 13, 874 applicants on the waiting list for these vouchers. The CHA representative also stated that there the number of unique applicant households across all lists are 19,332.

U. S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 47,374 households in the City of Cambridge, approximately 57.6% earned less than the HUD published 2021 AMI (\$120,800), approximately 29.1% earned less than 50% of 2021 AMI, approximately 34.2% earned less than 60% of the 2021 AMI and approximately 44.6% 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:

**Rent Schedule:**

Number of Bedrooms	1	2	3
Number of Units	126	336	42
Net SF/Unit	575	800	1,100
Elev./Non-Elev.	Y	Y	Y
<b>Market Rate Rent</b> (10% Rate 20 Year Term)	\$3,846	\$4,071	\$4,826
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$2,372	\$2,598	\$3,352
<b>MHFA Adjusted Rent</b>	30% of 80% of AMI		
<b>Underwriting Rents</b>			
Project Based Section 8	\$2,755	\$3,430	\$4,250
BMIR	\$1,033	\$1,220	\$1,330
Non-Revenue	-	-	-

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.

**1463 Dorchester Avenue, Boston (Dorchester)**

Kathleen Evans presented a proposal for Commitment of a Permanent Taxable Loan and Commitment of Workforce Housing Subordinate Loan for 1463 Dorchester Avenue, Boston.

1463 Dorchester Avenue (the “Development”) is a proposed 29-unit mixed-income and mixed-use development in Boston’s Dorchester neighborhood. In addition to the 29 residential units, the Development will include approximately 1,325 square feet of commercial space.

The development sits on a 5,331 SF lot located at 1463-1469 Dorchester Avenue in the Dorchester neighborhood of Boston. The site is immediately adjacent to the Fields Corner red line MBTA station. The proposed residential construction will consist of 29 units containing 21 studio units and eight (8)

one-bedroom units. The building will include three handicap accessible units, community space, covered/secured bicycle storage, as well as an outdoor patio space at the rear of the building. All 29 units will be restricted. Four (4) units will be affordable to households earning up to 70% of AMI, two (2) Workforce Housing units will be affordable to households earning up to 80% of AMI, and an additional 23 Workforce Housing units will be affordable to households earning up to 90% of AMI.

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

**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 \$5,550,000, to be made to a single-purpose, sole-asset entity controlled by TLee Development LLC (the "Borrower") as owner of the multifamily residential development known as "1463 Dorchester Avenue" and located in Boston, Massachusetts (the "Development"), and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**FURTHER VOTED:** To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$2,500,000 (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.

#### Third-Party Subordinate Mortgage Loans

**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:

Six (6) units (20%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

#### 2. Shortage of Affordable Housing Units in the Market Area

Note: The market needs data reflects the information available to A&M staff as of the date of collection May 24, 2021 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 1,230 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.4%, and range between 92% and 98%. Four out of the five comparables reviewed were offering rental concessions to prospective tenants. These include one to two months of free rent.

CoStar data for the subject's Roxbury/Dorchester Submarket (7,546 units) has an overall vacancy rate at 12.2% YTD, which is a decrease of 1.44% from one year ago. CoStar data for the Boston market (2338,844 units) has an overall vacancy rate of 7.7% YTD, which is an increase of .98% from one year ago. The Roxbury/Dorchester Submarket vacancy rate is projected to increase to 13.3% over the next five years, while the Boston market is projected to decrease to 6.9%.

CoStar, submarket data for the 4-5 Star building type (2,249 units) indicates a 1st Qtr. 2021 vacancy rate of 25.2% and an average asking rent of \$2,344, while submarket data for the subject's 3 Star building type (2,832 units) indicates a 1st Qtr. 2021 vacancy rate of 8.3% at an average asking rent of \$2,197 and 1-2 Star buildings (2,465 units) indicates a 1st Qtr. 2021 vacancy rate of 4.8% at an average asking rent of \$1,515. 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 2014-2018 American Community Survey (ACS) indicates that of the 274,674 households in the City of Boston approximately 69% earned less than the HUD published 2021 AMI (\$120,500), approximately 47% earned less than 50% of 2021 AMI, approximately 53.2% earned less than 60% of the 2021 AMI, and approximately 61.4 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 not lead to the undue concentration of low-income households. There are only middle-income units at the development. It will also be located adjacent to market-rate developments, and in an area that includes a mix of residential and commercial uses.

### **5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

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

### **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
Number of Units	21	8
Net SF/Unit	420	520
Elev./Non-Elev.	Y	Y
<b>Market Rate Rent</b> (10% Rate 20 Year Term)	\$2,760	\$2,770
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,812	\$1,822
<b>MHFA Adjusted Rent</b>	30% of 80% of AMI	
<b>Underwriting Rents</b>		
70% IDP-Required	\$1,086	\$1,269
80% Workforce Housing	\$1,676	\$1,788
90% Workforce Housing	\$1,900	\$2,050

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.

Due to technical difficulties, Patricia McArdle stepped away from the meeting and was not present for the following two votes.

**Bartlett Station Lot D, Boston (Roxbury)**

Jeff Geller presented a proposal for Official Action Status, Commitment of Permanent Tax-Exempt Loan, Commitment of Tax-Exempt Bridge Loan and Approval for the use of Low-Income Housing Tax Credits for Bartlett Station Lot D in Roxbury.

Bartlett Station Lot D is the new construction of 50 units of senior housing (for households 55 years of age or older) in Roxbury on the master-planned Bartlett Station site. The building will include residential amenity space, a community art gallery, flexible service space, covered parking, and landscaped areas.



The site is part of the former MBTA Bartlett Yard, a bus storage and maintenance facility located just south of Nubian Square in Roxbury. In recent years, Nuestra Comunidad Development Corporation and Windale Developers have developed other portions of the site, which will eventually contain approximately 380 units of housing.

The proposed building will contain 46 one-bedroom and four two-bedroom units in five stories, with two elevators and a roof deck covering 17 ground-level parking spaces. Nuestra Comunidad plans to operate an art gallery in the ground floor community space that it will lease from the Borrower.

The affordability breakdown will be as follows:

- 8 units at 30% of AMI (with project-based Section 8 rental assistance),
- 4 units at 50% of AMI (with project-based MRVP rental assistance),
- 23 units at 60% of AMI,
- 9 units at 80% of AMI, and
- 6 unrestricted market units.

Upon a motion duly made and seconded, by roll call vote of all the Members present, 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 loan commitment for the multifamily development known as “Bartlett Station Lot D” (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 \$13,716,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

#### Official Action Status Findings

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

1. Preservation of Affordable Housing, Inc. (the “Developer”) has acceptable multifamily housing development experience and acceptable credit history.
2. The Developer has demonstrated an arms'-length evidence of site control either by an option agreement, a purchase and sale agreement, a deed, a contract of sale for the site,

and/or other legal evidence of site control, with the land price and/or ground lease rent evident.

3. The proposed site of the Development is acceptable for the intended housing.
4. There is a need for the proposed housing in the community.

### Mortgage Loans

Staff has reviewed the proposal for (i) permanent and bridge loan financing and (ii) the use of Low-Income Housing Tax Credits and proposes the following votes for approval:

**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 \$5,201,000, such first loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$8,403,000, in each case to be made to Bartlett Lot D Preservation Associates Limited Partnership or another single-purpose entity controlled by Preservation of Affordable Housing, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Bartlett Station Lot D” (the “Development”) and located in Boston, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**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.

**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 multifamily development located in Boston, Massachusetts and known as “Bartlett Station Lot D” (the “Development”) will not exceed the amount which is necessary for the financial feasibility of the Development and its

viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

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

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

## **STATUTORY FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

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

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

Forty-five units (90%) 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 June 3, 2021 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 1,270 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 94%, and range between 92% and 100%. Two out of the five comparables reviewed were offering rental concessions to prospective tenants. These include one to two months of free rent.

CoStar data for the subject's Roxbury/Dorchester Submarket (7,492 units) has an overall vacancy rate at 13.6% YTD, which is a decrease of .69% from one year ago. CoStar data for the Boston market (239,669 units) has an overall vacancy rate of 7.2% YTD, which is an increase of .11% from one year ago. The Roxbury/Dorchester Submarket vacancy rate is projected to increase to 14.9% over the next five years, while the Boston market is projected to decrease to 6.6%.

CoStar, submarket data for the 4-5 Star building type (2,239 units) indicates a 2nd Qtr. 2021 vacancy rate of 23.4% and an average asking rent of \$2,432, while submarket data for the subject's 3 Star building type (2,832 units) indicates a 2nd Qtr. 2021 vacancy rate of 13.6% at an average asking rent of \$2,199 and 1-2 Star buildings (2,421 units) indicates a 2nd Qtr. 2021 vacancy rate of 4.6.% at an average asking rent of \$1,497. 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 2015-2019 American Community Survey (ACS) indicates that of the 269,522 households in the City of Boston approximately 69.5% earned less than the HUD published 2021 AMI (\$120,500), approximately 47.7% earned less than 50% of 2021 the AMI, approximately 54 % earned less than 60% of the 2021 AMI, and approximately 62.1 %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 provides a range of affordability levels and 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.

#### **Market Mill Apartments, Lowell**

Jeff Geller presented a proposal for Approval to accept assignment of a HUD-issued Firm Commitment for FHA insurance, Commitment of a first mortgage loan and Approval to finance the New Loan through the issuance of a Ginnie Mae MBS for Market Mill Apartments in Lowell.

The proceeds of the New Loan will be used to pay off all outstanding indebtedness. The owner will also complete approximately \$1,580,000 of repairs, fully fund the replacement reserve account, and withdraw equity.

Market Mill Apartments is a mixed-use development located on a 3.2-acre site in downtown Lowell's National Historic Park. Surrounding uses are a mix of residential and commercial, with retail and services within walking distance. Market Mill Apartments consists of two attached buildings: a 148-unit, five-story building for elderly residents built in 1902, and an 82-unit, four-story building for family residents built in 1882. Both structures were converted to housing in 1980. The development includes four commercial spaces, occupied by the Lowell National Historical Park Visitor Center, an art studio, a yoga studio, and office space used by Peabody Properties. All 230 units are covered under a Project-Based Section 8 contract that began in September 2020 and expires in August 2040.

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

#### **VOTED:**

To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$36,960,000, 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 \$49,896,000 nor less than \$24,024,000 to

Market Mills Associates (the “Borrower”) for Market Mill and (2) to make the FHA-insured first mortgage loan to the Borrower for Market Mill in the approximate amount of \$36,960,000 subject to the limitation that the final amount of such loan shall not be more than \$49,896,000 nor less than \$24,024,000 on terms acceptable to MassHousing, subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Agency on November 12, 2014.

**FURTHER VOTED:** That the Massachusetts Housing Finance Agency, acting through its officers 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 Market Mill.

## **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:**

230 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 June 15, 2021 and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 1,063 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.4%, and range between 96% and 98%. None of the comparables were offering rental concessions.

CoStar data for the subject's Lowell/Dracut Submarket (6,179 units) has an overall vacancy rate at 4.9% YTD, which is an increase of 1.62% from one year ago. CoStar data for the Boston market (239,850 units) has an overall vacancy rate of 6.7% YTD, which is an increase of .56% from one year ago. The Lowell/Dracut Submarket vacancy rate is projected to decrease to 2.9% over the next five years, while the Boston market is projected to decrease to 6.6%.

CoStar, submarket data for the 4-5 Star building type (779 units) indicates a 2nd Qtr. 2021 vacancy rate of 21.9% and an average asking rent of \$2,173, while submarket data for the subject's 3 Star building type (2,570 units) indicates a 2nd Qtr. 2021 vacancy rate of 2.1% at an average asking rent of \$1,707 and 1-2 Star buildings (2,830 units) indicates a 2nd Qtr. 2021 vacancy rate of 2.7% at an average asking rent of \$1,392. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Lowell had 41,308 year round housing units, 5,119 (12.4%) of which are subsidized for low/moderate income households.

The City of Lowell Consolidated Plan (7/1/15 – 6/30/20) indicates that the Lowell Housing Authority (LHA) owns/operates 1,699 units of Federal public housing (824 – family and 875 –elderly/disabled), and 198 units of state public housing. Per the LHA, they maintain 4,566 households on their public housing wait lists (1,124 Elderly/Disabled; 2,946 – Family). They also administer a total of 1,246 Housing Choice Vouchers(HCV), 43 Massachusetts Rental Voucher Program Vouchers (MRVP), and 50 Lowell Rental Assistance Fund Program Vouchers(LRAP). Per the representative of Lowell Housing Authority there are 1,328 applicants on the HCV waiting list, 341 on the MRVP waiting list and 599 applicants on the LRAP waiting list. Per the representative of LHA, all waiting lists have been updated this month.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 39,421 households in the City of Lowell, approximately 73% earned less than the HUD published 2021 AMI (112,900), approximately 49.4% earned less than 50% of 2021 AMI, approximately 56.6% earned less than 60% of the 2021 AMI and approximately 62.7% 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:

#### Rent Schedule:

Number of Bedrooms	1	2
Number of Units	130	100
Net SF/Unit	714	873
Elev./Non-Elev.	Elev.	Elev.
<b>Market Rate Rent</b> (10% Rate 20 Yr. Term)	\$ 2,570	\$ 2,795
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,615	\$ 1,841
<b>MHFA Adjusted Rent</b>	30% of Income	
<b>Underwriting Rents</b>		
Section 8 - Elderly	\$1,625	\$1,850
Section 8 – Elderly – All Electric	-	\$1,750
Section 8 - Family	\$1,625	\$1,850
Section 8 80% AMI - Elderly	\$1,577	\$1,865
Section 8 80% AMI - Family	\$1,547	\$1,800

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.



Patricia McArdle rejoined the meeting.

### **River Place Towers, Lowell**

Greg Watson presented a proposal for Commitment of a Permanent Loan for River Place Towers in Lowell.

River Place Towers (the “Development”) is a request from an affiliate of Princeton Properties to refinance the existing permanent loan for the 448-unit property located in Lowell. Proceeds from this refinance transaction will be used primarily to repay the existing MassHousing debt and take out equity. MassHousing has agreed to permit early prepayment for this property under our COVID Liquidity Program. This property as with many in our portfolio has experienced significant NOI growth since loan origination but is not yet at the 10-year permitted prepayment timeframe, and refinancing, if allowed, will generate significant proceeds to support this property and others in the Princeton portfolio.

The site is a single parcel of land containing 314,026 square feet (7.21 acres) and includes 405 surface parking spaces. The site is located in downtown Lowell and centrally located within the city. One of the major influences within this neighborhood is the Merrimack River, which forms the northern boundary of the neighborhood and abuts the northern edge of the site. To the east of the property is the Boott Mills complex, a renovated 1,000,000 square foot complex in the heart of Lowell National Historic Park with office, retail, and housing units.

River Place Towers is a 448-unit property located on the Merrimack River in Lowell, MA. The development is comprised of three towers: (1) an 11-story tower with commercial space and a community room (2) a 22-story high rise tower and (3) a 12-story building. Additional site improvements consist of a gazebo, a playground area, an attractively landscaped central sitting area, and concrete walkways and stairways that connect buildings and parking areas.

Post-closing, the Borrower commits to completing accessibility upgrades in three units, bringing the total number of accessible units at the Development to 8. The accessibility upgrades will be completed upon unit turnover and funded through operations. Additionally, the Borrower will continue with the previously agreed upon plan to make 100% of the units adaptable for accessible conversion. While this additional accessibility work is not required programmatically, MassHousing and the Borrower have agreed to this arrangement based on our shared values of making housing as accessible as possible.

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

**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 \$30,550,000, such loan to be uninsured, to be made to Princeton Plaza LLC or another single-purpose entity controlled by Princeton Properties (the “Borrower”) as owner of the multifamily residential development known as “River Place Apartments” (the “Development”) and located in Lowell, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and

further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**FURTHER VOTED:** To waive the requirement under the MassHousing Proactive Preservation and Multifamily Loan Prepayment Guidelines adopted by the Agency on July 14, 2015 that the existing MassHousing senior loan have less than seven years remaining before it matures or less than five years remaining before it is eligible to prepay without MassHousing's consent and to authorize MassHousing to permit partial prepayment and defeasance of such senior loan otherwise in accordance with such Guidelines.

**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:**

448 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 June 17, 2021 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 1,063 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.4%, and range between 96% and 98%. None of the comparables were offering rental concessions. The property has operated since 1974 and the average vacancy rate for the property for the past 5 years is 4.3%. Our review of similar mixed income/subsidized portfolio properties (827 units) demonstrated a weighted average vacancy rate of approximately 3.2%

CoStar data for the subject's Lowell/Dracut Submarket (6,179 units) has an overall vacancy rate at 4.9% YTD, which is an increase of 1.62% from one year ago. CoStar data for the Boston market (239,850 units) has an overall vacancy rate of 6.7% YTD, which is an increase of .56% from one year ago. The Lowell/Dracut Submarket vacancy rate is projected to decrease to 2.9% over the next five years, while the Boston market is projected to decrease to 6.6%.

CoStar, submarket data for the 4-5 Star building type (779 units) indicates a 2nd Qtr. 2021 vacancy rate of 21.9% and an average asking rent of \$2,173, while submarket data for the subject's 3 Star building type (2,570 units) indicates a 2nd Qtr. 2021 vacancy rate of 2.1% at an average asking rent of \$1,707 and 1-2 Star buildings (2,830 units) indicates a 2nd Qtr. 2021 vacancy rate of 2.7% at an average asking rent of \$1,392. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Lowell had 41,308 year-round housing units, 5,119 (12.4%) of which are subsidized for low/moderate income households.

The City of Lowell Consolidated Plan (7/1/15 – 6/30/20) indicates the Lowell Housing Authority (LHA) owns/operates 1,699 units of Federal public housing (824 – family and 875 – elderly/disabled), and 198 units of state public housing. Per the LHA, they maintain 4,566 households on their public housing wait lists (1,124 Elderly/Disabled; 2,946 – Family). They also administer a total of 1,246 Housing Choice Vouchers (HCV), 43 Massachusetts Rental Voucher Program Vouchers (MRVP), and 50 Lowell Rental Assistance Fund Program Vouchers (LRAP). Per the representative of Lowell Housing Authority there are 1,328 applicants on the HCV waiting list, 341 on the MRVP waiting list and 599 applicants on the LRAP waiting list. Per the representative of LHA, all waiting lists have been updated this month.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 39,421 households in the City of Lowell, approximately 73% earned less than the HUD published 2021 AMI (112,900), approximately 49.4% earned less than 50% of 2021 AMI, approximately 56.6% earned less than 60% of the 2021 AMI and approximately 62.7% 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	228	188	32
Net SF/Unit			
Elev./Non-Elev.	Elev.	Elev.	Elev.
<b>Market Rate Rent</b> (10% Rate 20 Year Term)	\$1,471	\$1,676	\$1,878
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,114	\$1,319	\$1,521
<b>MHFA Adjusted Rent</b>	30% of 80% of AMI		
<b>Underwriting Rents</b>			
LIHTC 60% AMI	\$1,114	\$1,319	\$1,521
Moderate Income 80% AMI	\$1,114	\$1,319	\$1,521

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.

**Wilkins Glen, Medfield**

Greg Watson 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.

The proceeds of the New Loan will be used to pay off all outstanding indebtedness. The Borrower will also complete \$23,190 in critical and non-critical repairs, fully fund the replacement reserves, and withdraw equity.

Wilkins Glen (the “Development”) sits on 14.91 acres of land in Medfield. The Walpole MBTA Station is less than five miles from the property, which is serviced by the Franklin line. The Development benefits from being proximate to Route 27, which provides direct access to major thoroughfares such as Interstate 95 and Route 1. Medfield’s downtown district is just 0.3 miles from the property, which provides residents with the local post office, a variety of restaurants, pharmacies, the public library, and places of worship.

Constructed in 1975, the Development consists of seven (7) two-story apartment buildings, three

(3) two-story townhouse buildings, one (1) two-story building, and a clubhouse/leasing office. The unit mix includes 54 one-bedroom units, 28 two-bedroom units, 18 three-bedroom units, and 3 four-bedroom units. During its 2012 acquisition, the Development underwent an extensive rehab totaling \$4.64 million (approximately \$45,000 per unit), and in 2020 BC Wilkins Glen Limited Partnership (“Borrower”) replaced all boilers as well as some fire panel replacement.

In 2012 the Development was acquired by Beacon Communities LLC (“Beacon”) and financed with Low-Income Housing Tax Credits (LIHTC) and MassHousing first mortgage debt as part of the 542(c) Risk-Sharing Program. As part of the 2012 LIHTC syndication, the Borrower entered into a Tax Credit Regulatory Agreement (the “TCRA”) with DHCD. The TCRA restricted 76 units (74%) for households earning up to 60% of AMI, of which 11 of the units must be further restricted for households earning up to 30% of AMI. The TCRA was for a 30-year term and will expire in 2042.

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

**VOTED:** To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency (“MassHousing”) 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 \$21,318,100, 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 \$28,779,435 nor less than \$13,856,765 to BC Wilkins Glen Limited Partnership (the “Borrower”) for Wilkins Glen and to make the FHA-insured first mortgage loan to the Borrower for Wilkins Glen in the approximate amount of \$21,318,100 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$28,779,435 nor less than \$13,856,765 on terms acceptable to MassHousing, 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 Wilkins Glen.

## 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:**

76 units (73.8%) 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 June 29, 2021 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 974 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.4%, and range between 96.5% and 98%. None of the comparables were offering rental concessions. The property has operated since 1975 and the average vacancy rate for the property for the past 5 years is 2.53%. My review of similar mixed income/subsidized portfolio properties (865 units) demonstrated a weighted average vacancy rate of approximately 1.95%

CoStar data for the subject's 495 South Multi Family Submarket (4,834 units) has an overall vacancy rate at 5.44% YTD, which is a decrease of 7.7% from one year ago. CoStar data for the Boston market (240,128 units) has an overall vacancy rate of 6.6% YTD, which is decrease of .69% from one year ago. The 495 South Multi Family Submarket vacancy rate is projected to decrease to 3.9% over the next five years, while the Boston market is projected to decrease to 5.7%.

CoStar, submarket data for the 4-5 Star building type (2,211 units) indicates a 2nd Qtr. 2021 vacancy rate of 6.6 % and an average asking rent of \$2,302, while submarket data for the subject's 3 Star building type (2,024 units) indicates a 2<sup>nd</sup> Qtr. 2021 vacancy rate of 3.3% at an average asking rent of \$1,863 and 1-2 Star buildings (599 units) indicates a 2<sup>nd</sup> Qtr. 2021 vacancy rate of 8.0% at an average asking rent of \$1,507. 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 Medfield had 4,220 year round housing units, 406 (9.6%) of which are subsidized for low/moderate income households.

The Medfield Housing Authority(MHA) owns/operates 60 One bedroom Elderly/Disabled units of State public housing. The representative of MHA did not provide the number of applicants on the waiting list but estimated the wait time was between 5-7 years . Medfield Housing Authority does not administer Section 8 Housing Choice Vouchers.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of 2,525 households in the Town of Medfield approximately 58.3% earned less than the HUD published 2021 AMI (120,800), approximately 29.3% earned less than 50% of 2021 AMI, approximately 35.5% earned less than 60% of the 2021 AMI and approximately 47.0% 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:



**Rent Schedule:**

Number of Bedrooms	1	2	3	4
Number of Units	54	28	18	3
Net SF/Unit	580	900	1,300	1,508
Elev./Non-Elev.	NE	NE	NE	NE
<b>Market Rate Rent</b> (10% Rate 20 Yr. Term)	\$2,841	\$3,224	\$3,690	\$3,984
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,595	\$1,978	\$2,444	\$2,738
<b>MHFA Adjusted Rent</b>	30% of Income			
<b>Underwriting Rents</b>				
Project Based HAP Contract	\$1,617	\$1,993	\$2,494	\$2,747
Unrestricted	\$1,496	\$1,855	\$2,366	\$2,720

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.

### **Summer Hill Glen, Maynard**

Greg Watson presented a proposal for Approval to accept assignment of a HUD-issued Firm Commitment for FHA insurance, Commitment of a first mortgage loan and Approval to finance the New Loan through the issuance of a Ginnie Mae MBS for Summer Hill Glen in Maynard.

The proceeds of the New Loan will be used to pay off all outstanding indebtedness. The owner will also complete \$17,815 in critical and non-critical repairs, fully fund the replacement reserves, and withdraw equity.

Summer Hill Glen (the “Development”) sits on a 9.99 acre site in Maynard. The Maynard/Acton Commuter Shuttle stops less than half a mile from the property, providing direct access to the South Acton Commuter Rail Station. The Development is located within close proximity to a variety of retail stores, restaurants, schools, medical services, local area highways, and resident services that provide local transportation.

Constructed in 1976, the Development is restricted to senior residents (55+) and consists of five (5) two- and three-story buildings and 116 parking spaces. The unit mix includes 72 one-bedroom units and 48 two-bedroom units.

The property was originally developed under a Comprehensive Permit through Chapter 40B of the Massachusetts General Laws. In 2012 the project was acquired by an affiliate of Beacon Communities LLC (“Beacon”) and financed with Low Income Housing Tax Credits (LIHTC) and MassHousing first mortgage debt as part of the 542(c) Risk-Sharing Program. During the 2012 acquisition, Beacon completed a rehabilitation totaling approximately \$5.79 million (\$48,250 per unit). As part of the 2012 LIHTC syndication, the owner entered into a Tax Credit Regulatory Agreement (the “TCRA”) with DHCD. The TCRA restricted 101 units (84%) for households earning up to 60% of AMI, of which 12 of the units must be further restricted for households earning up to 30% of AMI. The TCRA was for a 30-year term and will expire in 2042. The affordability set-asides included in the TCRA satisfy the minimum affordability requirements of 25% of units (30 units) set-aside for households earning up to 80% of AMI as part of the 1974 comprehensive permit granted under Chapter 40B. Further, the Development benefits from a Project-Based HAP Contract covering 89 units.

While the Development includes six unrestricted units, the owner currently leases these units at below-market rents.

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

**VOTED:** To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency (“MassHousing”) (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$22,160,000, 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 \$29,916,000 nor less than \$14,404,000 to BC Summerhill Glen Limited Partnership (the “Borrower”) for Summer Hill Glen and (2) to make the FHA-insured first mortgage loan to the Borrower for Summer Hill Glen in the approximate amount of \$22,160,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$29,916,000 nor less than \$14,404,000 on terms acceptable to MassHousing, subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER VOTED:** That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Government National Mortgage Association Resolution of Board of Directors and Certificate of Authorized Signatures 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 Summer Hill Glen.

## **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:**

101 units (84%) 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 June 24, 2021 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 256 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.3%, and range between 96.5% and 98%. None of the comparables were offering rental concessions. The property has operated since 1976 and the average vacancy rate for the property for the past 5 years is 1.65%. My review of similar mixed income/subsidized portfolio properties (1,291 units) demonstrated a weighted average vacancy rate of approximately 1.57%.

CoStar data for the subject's Route 2 Multi Family Submarket (4,464 units) has an overall vacancy rate at 3.19% YTD, which is a decrease of 3.9% from one year ago. CoStar data for the Boston market (240,079 units) has an overall vacancy rate of 6.6% YTD, which is decrease of .69% from one year ago. The Route 2 Multi Family Submarket vacancy rate is projected to decrease to 2.8% over the next five years, while the Boston market is projected to decrease to 5.7%.

CoStar, submarket data for the 4-5 Star building type (2,073 units) indicates a 2nd Qtr. 2021 vacancy rate of 4.0 % and an average asking rent of \$2,612, while submarket data for the subject's 3 Star building type (1,801 units) indicates a 2<sup>nd</sup> Qtr. 2021 vacancy rate of 2.5% at an average asking rent of \$2,454 and 1-2 Star buildings (790 units) indicates a 2<sup>nd</sup> Qtr. 2021 vacancy rate of 1.9% at an average asking rent of \$1,662. 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 Maynard had 4,430 year round housing units, 419 (9.5%) of which are subsidized for low/moderate income households.

The Maynard Housing Authority (MHA) owns/operates 65 One bedroom Elderly/Disabled units of Federal public housing and 32 units of two, three and four bedroom units of Family housing. The representative of MHA did not provide the number of applicants on the waiting lists but estimated the wait time was between 5-7 years . They also own/operate 56 One bedroom Elderly/disabled units of State Public housing. Per the representative of MHA, they participate in the CHAMP waiting list. Per the representative of MHA, they do not administer Section 8 Housing Choice Vouchers.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of 4,262 households in the Town of Maynard approximately 58.3% earned less than the HUD published 2021 AMI (120,800), approximately 36.9% earned less than 50% of 2021 AMI, approximately 31.4% earned less than 60% of the 2021 AMI and approximately 48.1% 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 will change neither the current income mix of the Development nor that of its surrounding locality.

### **5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

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

**Rental Determinations:**

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

**Rent Schedule:**

Number of Bedrooms	1	2
Number of Units	72	48
Net SF/Unit	594	748
Elev./Non-Elev.	NE	NE
<b>Market Rate Rent</b> (10% Rate 20 Yr. Term)	\$ 2,786	\$3,061
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$1,550	\$1,825
<b>MHFA Adjusted Rent</b>	30% of 80% of AMI	
<b>Underwriting Rents</b>		
Project Based HAP Contract	\$1,660	\$1,900
60% AMI	\$1,195	\$1,452
Unrestricted	\$1,374	\$1,416

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

**Neptune Towers, Lynn**

Greg Watson presented a proposal for Approval to modify the existing FHA-insured first mortgage with a reduction to the interest rate and Approval to fund the FHA-insured first mortgage through the issuance of a new Ginnie Mae MBS for Neptune Towers, Lynn.

On behalf of the Neptune Lynn Apartments Limited Partnership (the “Borrower”), MassHousing will submit an Interest Rate Reduction (“IRR”) Request to the local HUD Field Office. As part of the IRR, (i) the rate on the first mortgage will go down from 4.12% to approximately 3.25% and (ii) the remaining principal balance of the loan will be re-amortized at the new rate for the remaining term of the existing loan. To effectuate this modification, the existing Ginnie Mae security will be redeemed and replaced with a newly issued security reflecting the modified rate. The new rate will be set so that the sale of the security generates enough revenue to fund the loan

and to pay all transaction expenses, including the 8% prepayment fee associated with the existing security. At the projected new interest rate, annual debt service payments would be reduced by \$294,387. As part of the transaction, MassHousing will extend the minimum term of its Disposition Agreement by approximately three years.

In April 2018 the Borrower obtained MassHousing's commitment of a permanent first mortgage under the MAP/Ginnie Mae Joint Venture Program to refinance Neptune Towers, a 334-unit property located in Lynn. The loan in the amount of \$51,200,000 closed in August of 2018. The outstanding principal balance of the remaining MassHousing first mortgage loan is \$49,356,075 as of June 23, 2021.

Through HUD's IRR program, the Development is able to secure a reduced rate on the existing first mortgage. To qualify under HUD's guidelines, the Development demonstrated a strong operating history with a DSCR of 1.45x for the most recent audited financials in 2020. A rate reduction will enhance the Borrower's cash flow at the Development and allow for continued strong operations. The rate reduction will not increase indebtedness or change the maturity date of the first mortgage loan, nor will it subject the property to new liens or financial obligations.

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

**VOTED:** To authorize the Massachusetts Housing Finance Agency (the "Agency") to modify the existing FHA-insured first mortgage loan (the "Loan") to Neptune Lynn Apartments Limited Partnership, the owner of Neptune Towers, by reducing the interest rate set forth in the Note (Multistate) in the original principal amount of \$51,200,000 dated as of August 1, 2018, subject to the approval and requirements of the United States Department of Housing and Urban Development and further subject to any additional conditions required by the Executive Director, Vice President of Multi-Family Programs or General Counsel, and that the Executive Director, Vice President of Multi-Family Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith.

**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 any required replacement funding of the Loan.

## **Riverboat Village, South Hadley**

Joe Hughes presented a proposal for Approval of a Release of Collateral (Category Two) to permit conveyance of a portion of Development land comprising River Lodge Road, a private access road, to the Town of South Hadley, Massachusetts, so that it may be adopted and maintained by the Town as a public way.

Riverboat Village Associates Limited Partnership (“Borrower”), the owner/borrower of Riverboat Village (the “Development”), has requested that MassHousing consent to a partial release of collateral from its mortgage, specifically, that portion of Development land comprising River Lodge Road, a private access road, to the Town of South Hadley, Massachusetts (the “Town”) so that it may be adopted and maintained by the Town as a public way.

Riverboat Village is a 170-unit mixed income SHARP development originally constructed in 1984 under a Chapter 40B Comprehensive Permit. Located in a rural residential area 4 miles north of Holyoke along the east bank of the Connecticut River, the Development consists of thirteen buildings which include a single mid-rise elevatored building, a club-house building, four walk-up buildings and seven townhouse buildings.

In 2004, MassHousing and Borrower entered into a SHARP Restructuring Agreement. The outstanding loan balances on the development are \$6,024,582 (Permanent Original) and \$7,080,777 (SHARP). The Borrower is in compliance with all loan agreements, and is current on all its obligations to MassHousing.

The Borrower is seeking MassHousing’s approval to convey approximately 124,000 square feet of the Development’s land area which comprises approximately two-thirds of a mile of River Lodge Road (the “Roadway Parcel”), with a corresponding partial release of the MassHousing mortgages and other record loan documents. In 2002, MassHousing approved the release and conveyance of smaller portion of roadway (approximately 13,400 square feet, a length of 350 feet) to the Town so that it could repair a culvert. In 2011, MassHousing approved a Roadway Access Easement, established by the Borrower with neighboring landowners, to provide access to and egress from abutting land using River Lodge Road in exchange for funds then used to rebuild River Lodge Road. It is significant to note that the Easement Access Agreement specifically contemplated a later dedication of the the roadway to the Town as a public way, at which point the parties would be released from all obligations and liabilities under the Agreement.

The Borrower proposes conveying the Roadway Parcel as a donation to the Town, which recently voted to accept the dedication of River Lodge Road with the intent to maintain the roadway once the Roadway Parcel is released by MassHousing.

The conveyance of the Roadway Parcel will significantly benefit the Development by removing the obligation and cost of roadway maintenance from the Development’s operating and capital budgets, most notably snow plowing and trash removal, as well as repaving. The conveyance will have no negative impact on the tenants of the Development, and no relocation of any tenants, utilities or facilities will be required.

Note: The requirement for an appraisal to evaluate and support the proposed conveyance and release of collateral was deemed unnecessary and waived because (i) the value of the Roadway Parcel, as burdened by the Easement Agreement, is of limited market value, (ii) the land will be donated to the Town, at minor cost and with no sales proceeds to the Borrower, and (iii) the significant savings to be realized by the Development, in no longer being required to participate in the maintenance of the roadway.

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

**VOTED:** To approve the conveyance by Riverboat Village Associates Limited Partnership (the “Borrower”) of a parcel of land containing approximately 124,000 square feet of land (the “Roadway Parcel”) belonging to the Riverboat Village development (the “Development”) comprising a portion of a private access road known as River Lodge Road, to the Town of South Hadley, Massachusetts, to own and maintain as a public way, and to release the Roadway Parcel from the MassHousing mortgages, loan documents and/or restrictions of record, and that the Executive Director, Vice President of Multi-Family Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith subject to satisfaction of any conditions as such officers may require.

**CONDITIONS:**

1. The proposed documents for release and/or conveyance of the Parcel shall be subject to prior review and approval by MassHousing’s General Counsel, Director of Rental Management and Director of Rental Underwriting.
2. The Borrower shall provide an endorsement to the mortgagee title insurance policy(ies) for Riverboat Village, following release and conveyance of the Roadway Parcel, to confirm MassHousing’s continued priority liens on the Riverboat Village property.
3. The Borrower and its related entities shall be current and not in default on all MassHousing mortgage loans.

**King’s Beach Tower, Lynn**

Joe Hughes presented a proposal for approval for a Level 1 Transfer of Ownership for King’s Beach Tower, Lynn.

King’s Beach II Associates Limited Partnership, a special purpose entity controlled by Crowninshield Mass, LLC., an affiliate of the Crowninshield Management Corporation, is seeking MassHousing’s approval of the sale of King’s Beach Tower (the “Development”) to KBT, Limited Partnership, or other newly formed special purpose entity controlled by Redwood Housing Partners, LLC (the “Purchaser”). As part of the sale, the Purchaser will assume the MassHousing



mortgage loan and all related loan documents. The affordability mix described in Section A above will remain in place following the transfer of the Development.

King's Beach Tower is a 183-unit affordable senior apartment community in Lynn, Massachusetts. The property is a seven story masonry buildings originally built in 1977 and substantially renovated in 2004-2007.

The site has been well maintained and has had modest improvements in recent years, including masonry façade repairs. In 2015, a capital needs analysis was completed, and replacement reserves were determined to be sufficiently capitalized. There are no known immediate physical condition deficiencies at this time.

In 2016, MassHousing financed the Development with a first mortgage loan to the current owner in the original principal amount of \$22,119,000 under HUD's Federal Financing Bank Risk Share Program.

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

**VOTED:** That MassHousing approve the Level One Transfer of Ownership of King's Beach Tower in Lynn, Massachusetts from King's Beach II Associates Limited Partnership to KBT Limited Partnership, or other single-purpose entity controlled by Redwood Housing Partners, LLC, subject to the requirements of the Transfer of Ownership Policy approved by the Board on August 14, 2007 and further subject to any additional conditions required by the Director of Rental Management or General Counsel, and that the Executive Director, Vice President of Multi-Family Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith.


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 2:55 p.m. Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the MassHousing meeting at 2:55 p.m.

A true record.

Attest.

  
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Colin M. McNiece  
Secretary