

**Minutes of the Regular Meeting  
of the Members of MassHousing  
held on  
August 10, 2021**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on August 10, 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  
                     Carolina Avellaneda  
                     Jennifer Maddox, ex officio  
                     Mark Attia, Designee of Michael Heffernan, ex officio

**Members  
Not  
Participating**              None

**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 (Carolina Avellaneda abstained as she did not attend the previous meeting,) it was:

**VOTED:**              That the minutes of the meeting held on July 13, 2021 are hereby approved and placed on record.

## Loan Committee

### 140 Clarendon, Boston (Back Bay)

Kathleen Evans presented a proposal for Official Action Status, Commitment of Tax-Exempt Permanent Loan, Commitment of Tax-Exempt Equity Bridge Loan and Approval for the Use of Low-Income Housing Tax Credits for 140 Clarendon. The proposed financing of 140 Clarendon (the “Development”) will support the renovation of the historic YWCA building located in the Back Bay neighborhood of Boston. The existing thirteen-story building was constructed in the late-1920s and has served as the YWCA’s headquarters for nearly one hundred years. In 2003-2006, the YWCA undertook a major rehabilitation of the property and created single room occupancy (SRO) and one-bedroom apartments, market rate apartments, and a budget hotel. In addition, there are other cultural and education uses in the building. The Sponsor’s proposal will preserve the mix of uses, while converting the 66-room hotel and 118 apartments into 210 affordable studio and one-bedroom apartments. Of the 210 units, 111 will be designated permanent supportive housing for residents coming out of homelessness.

140 Clarendon is located in the Back Bay neighborhood of Boston. The development is a short walk to the Orange and Green MBTA lines, and is near retail amenities, parks, social service organizations, religious facilities and employment centers.

The thirteen-story brick building was designed in the classical tradition, with its primary elevation facing northeast towards Clarendon, and its secondary elevation facing Stuart. The Sponsor’s proposal will support substantial rehabilitation of the historic building, and will ultimately house a mix of residential, commercial, educational and cultural uses. The residential component will convert the existing 66-unit hotel and 118 apartments into 210 affordable studio and one-bedroom apartments.

There are a total of six commercial units, totaling 28,000 sq. ft. of rentable space. These tenants include the Lyric Stage Company, YWCA office, Viga Italian Eatery, Honovan Cleaning (tailor), and the Snowden School. Additionally, discussions to extend the lease with the Resource Connection (non-profit employment agency) are underway. Renovations will include on-site offices for Beacon Residential Management, service provider space, and resident amenity space.

Upon a motion duly made, and seconded, by roll call vote of all the present Members, 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 “140 Clarendon” (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 \$73,297,500 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. Beacon Communities Development LLC (the “Developer”) has acceptable multifamily housing development experience and acceptable credit history.
2. The Developer has demonstrated an arms'-length evidence of site control either by an option agreement, a purchase and sale agreement, a deed, a contract of sale for the site, and/or other legal evidence of site control, with the land price and/or ground lease rent evident.
3. The proposed site of the Development is acceptable for the intended housing.
4. There is a need for the proposed housing in the community.

**VOTED:** To approve the findings and determinations set forth below and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$41,985,000, 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 \$16,653,000, in each case to be made to 140 Clarendon LL Limited Partnership or another single-purpose entity controlled by Beacon Communities Corp.(the “Borrower”) as owner of the multifamily residential development known as “140 Clarendon” (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:** 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 “140 Clarendon” (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 Operations, the General Counsel or the designee of any of the foregoing, each acting singly, to set the amount of 4% Credits to be used in connection with the Development applying the standards set forth in the immediately preceding vote.

**FURTHER VOTED:** To authorize the Executive Director and the Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the Borrower to enter into, or assume, mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to MassHousing's first mortgage loan, and other MassHousing debt as determined by the Executive Director or the Vice President of Multifamily Programs, and (2) such subordinate mortgage loans shall be subject to MassHousing's requirements pertaining to subordinate mortgages, in a manner acceptable to MassHousing's General Counsel or his designee.

## **STATUTORY FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

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

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

210 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 July 15, 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 606 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.4%, and range between 94% and 100%. One out of the five comparables reviewed was offering rental concessions of two months free rent to prospective tenants.

CoStar data for the subject's Back Bay/South End Submarket (10,194 units) has an overall vacancy rate at 4.1% YTD, which is a decrease of 2.70% from one year ago. CoStar data for the Boston market (240,822 units) has an overall vacancy rate of 5.9% YTD, which is a decrease of 1.63% from one year ago. The Back Bay/South End Submarket vacancy rate is projected to decrease to 3.5% over the next five years, while the Boston market is projected to decrease to 5.3%.

CoStar, submarket data for the 4-5 Star building type (4,103 units) indicates a 3rd Qtr. 2021 vacancy rate of 4% and an average effective rent of \$4,130, while submarket data for the subject's 3 Star building type (3,075 units) indicates a 3rd Qtr. 2021 vacancy rate of 4.3% at an average asking rent of \$3,213 and 1-2 Star buildings (3,016 units) indicates a 3rd Qtr. 2021 vacancy rate of 4.1% at an average asking rent of \$2,574. 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 has 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 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 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	0	1
Number of Units	169	41
Net SF/Unit	235	480
Elev./Non-Elev.	E	E
<b>Market Rate Rent</b> (10% Rate 20 Year Term)	\$5,234	\$5,509

<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$3,361	\$3,636
<b>MHFA Adjusted Rent</b>	30% of Income	
<b>Underwriting Rents</b>		
BHA Section 8	\$2,651	\$2,926
Pine Street Inn Section 8	\$2,651	\$2,926

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.

### **The Preserve, Walpole**

Joe Hughes presented a proposal for The Preserve, Walpole, for Approval for Level 1 Transfer of Ownership. Hilltop Preserve Limited Partnership, a special purpose entity controlled by The Gatehouse Group, Inc., is seeking MassHousing’s approval of the sale of The Preserve (the “Development”) to SREIT Preserve Walpole, LLC, or other newly formed special purpose entity controlled by Starwood Real Estate Income Trust, Inc. (the “Purchaser”). As part of the sale, the Purchaser will assume the MassHousing mortgage loan and all related loan documents. The affordability mix will remain in place following the transfer of the Development.

The Preserve is a 300-unit mixed-income family apartment community in Walpole, Massachusetts. The property has three- and four-story walk-up buildings originally built in 2004.

The site has been well maintained and has had modest improvements in recent years, including stairwell repair and hot water tank replacement. 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 \$35,900,000 under HUD’s Federal Financing Bank Risk Share Program.

The current management agent for the Development is Gatehouse Management, Inc., an affiliate of the owner.

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

**VOTED:** That MassHousing approve the Level One Transfer of Ownership of The Preserve in Walpole, Massachusetts from Hilltop Preserve Limited Partnership to SREIT Preserve Walpole, L.L.C., or other single-purpose entity controlled by Starwood

Real Estate Income Trust, Inc., 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 2:10 p.m. Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the MassHousing meeting at 2:10 p.m.

A true record.

Attest.

  
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Colin M. McNiece  
Secretary