

**Minutes of the Regular Meeting  
of the Members of MassHousing  
held on  
September 14, 2021**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on September 14, 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  
                     Mark Attia, Designee of Michael Heffernan, ex officio  
                     Carolina Avellaneda  
                     Ping Yin Chai  
                     Patricia McArdle  
                     Jennifer Maddox, ex officio  
                     Thomas Flynn  
                     Jerald Feldman

**Members**

**Not**

**Participating**      Lisa Serafin

**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 August 10, 2021 are hereby approved and placed on record.

(Jerald Feldman joined the meeting after the minutes were approved.)

## **Executive Director's Report**

Chrystal Kornegay began her report by presenting a Five-Year Review 2017 to 2021 and our strategies for growth and thanked Francis Goyes Flor for putting the presentation together. Over the past five years our total assets have increased by 18% and our net position has increased by 23%. Grant funding has added \$106 million to our income: \$4 million from the Federal Home Loan Bank of Boston; \$8 million from the Capital Magnet Fund and \$94 million Commonwealth funds.

Ms. Kornegay continued by stating investment in our information technology has increased by 17% over the past five years. Our strategic investment in IT meant we were highly ready to react efficiently during the pandemic. In addition, our personnel expenses have increased by 11% over the past five years. Although headcount is lower due to turnover and attrition, we are paying more per person for talent.

Ms. Kornegay went on to discuss the significant increase in production in Home Ownership. We have seen a 35% increase in production, a 16% increase in the number of loans and 196% increase in secondary market gains. Focusing on our mission, we have seen a 50% increase in borrowers of modest incomes and an 81% increase in minority borrowers. In the multifamily business line, although our loan count is smaller, we are doing bigger deals. We are focusing on our mission in multifamily production and have 70 developments financed through our Workforce Housing programs and \$119 million in total funds commitment to Workforce Housing.

Ms. Kornegay continued her presentation with an overview of MassHousing's goals for FY2022 through 2026. For lending activity FY2022 to FY2026, our goal is to grow 5-year lending and servicing activity by 10% over the previous five years. Our Working Capital goal is to generate at least \$150 million of excess revenue in the Operating Working Capital Fund. The goal for the future of the workplace is to transition to an effective and efficient Hybrid Work Model while maintaining and promoting MassHousing's mission and values including a 30% footprint reduction, 100% automated collections from customers and vendors, 100% data and business apps in the cloud and accessible remotely and 3 employer surveys in years 1, 3 and 5 to measure engagement.

Ms. Kornegay continued by discussing MassHousing's longstanding commitment to diversity and inclusion. Our goals going forward are 50% loans to people of color, 10%/5% multifamily projects/portfolio balances to minority-owner or senior principal borrowers, 75% of bonds under ESG, 25% of management level reflects diversity of the Commonwealth and 15% of Agency expenditures to M/WBE's and at least 6% MBEs.

Chairman Dirrane commended Ms. Kornegay and the team for their efforts to move MassHousing in the right direction. He also commented on efforts to expand the number of developers and building relationships with a pipeline of people of color. In the long term, we should see bigger deals which will generate more revenue for us to plow back into our mission of providing affordable housing. Chairman Dirrane also gave congratulations to Francis Goyes Flor for her work in putting this presentation together.

## Homeowner Assistance Fund (“HAF”) Update

Mounzer Aylouche gave an update on the Homeowner Assistance Fund (“HAF”).

The Homeowner Assistance Fund (HAF) was established by the United States Congress under section 3206 of the American Rescue Plan Act of 2021 (the ARPA). Under the HAF, the U.S. Treasury will provide financial assistance to eligible entities nationwide in an aggregate amount of approximately \$9.9 billion. The purpose of the (HAF) is to prevent mortgage delinquencies and defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing COVID related financial hardship after January 21, 2020. Funds from the HAF may be used for assistance with mortgage payments, homeowner’s insurance, utility payments, and other specified purposes. The law prioritizes funds for homeowners of lower income and those who are socially disadvantaged.

Mr. Aylouche went on to explain MassHousing will analyze its portfolio to find eligible homeowners and will work with them directly to bring their loans current. In addition, MassHousing is working with Massachusetts Housing Partnership (MHP) to formulate what works best for the people of Massachusetts. Massachusetts has been allocated \$178.5 million to assist distressed homeowners. MassHousing has requested a total of \$50 million.

Mr. Aylouche stated that there are 2,045 homeowners in distress in MassHousing’s portfolio. Of these 2,045 homeowners, 340 are delinquent and non-responsive. We are focusing on outreach to assist these homeowners. There are 15 loans re-delinquent post forbearance plan and 729 homeowners who have exited a forbearance plan and who are now current. There are currently 961 homeowners in forbearance. The top five locations of these homes are Springfield, Worcester, Brockton, Boston and Lynn and 30% of these homeowners are socially disadvantaged. Mr. Aylouche concluded his report by stating we will continue to reach out to borrowers.

Chairman Dirrane asked how the agency’s current delinquency rate compares to last year’s delinquency rate. Kevin Mello reported the delinquency rate has dropped and at the present time the delinquency rate is 7.98%.

Chairman Dirrane also asked if staff have heard of any other new programs or other federal funds available to help with our portfolio. Chrystal Kornegay replied there is emergency rental assistance coming through DHCD and MHP to prevent evictions. In addition, the SHERA program will provide funds directly to landlords. And on the Homeownership side, there have been a slew of proposals to make changes to tax credits, etc. including a proposal for a national downpayment assistance program as well as a tax credit for homeownership production.

Mark Attia added there is a \$2.9 billion proposal before the Massachusetts legislature. \$1 billion of this is dedicated to the production of housing, \$500 million to homeownership products and \$500 million to rental/workforce housing.

Chairman Dirrane asked if the government moratorium on evictions is still in place. Chrystal Kornegay replied the eviction moratorium was lifted last October. At that time, Governor Baker allocated \$171 million for eviction prevention.

Jennifer Maddox added Massachusetts has received \$768 million and last month \$46 million was disbursed.

Jerry Feldman commented that this is a phenomenal amount of outreach.

Jennifer Maddox added Massachusetts continues to get money out the door to assist people.

Ping Yin Chai asked what other agencies have received HAF funds. Ms. Kornegay replied we have not received the money yet but we have requested it. Each state received 10% of its allocation and will have to submit a plan as to how that money will be spent before receiving the remainder of the allocation.

Mark Attia thanked the agency in advance for their efforts as we ramp up this program.

### **Housing Navigator Update**

Rachel Madden presented an update on the Housing Navigator. Housing Navigator was created because the Massachusetts affordable housing search process did not keep up with technology and the changing housing landscape. 60% to 70% of lottery and waitlist applicants do not meet basic eligibility.

In October 2019 the MassHousing Board voted to commit \$1 million to support the development and rollout of the Housing Navigator and \$2 million was raised from additional sourcing. Housing Navigator Massachusetts, Inc. (HNMI), an independent non-profit, was founded in 2019. The HNMI board has representation from DHCD, MHP and MassHousing.

Ms. Madden continued by saying the site had almost 12,000 views in the first month. Going forward, HNMI will continue to engage owners for property verification with the goal of listing 100% of buildings with 20 or more units by the Fall. Unless we have actual details of a property, we will not put it on the site.

Ping Yin Chai ask if there are any plans to share this portal with other states and Ms. Madden replied that we would be open to sharing.

Chairman Dirrane asked for a marketing plan to get this information out. Ping Yin Chai asked if there is anything in place to protect this proprietary information. Colin McNiece replied that we have considered that but HNMI is an independent 501(3)(c) entity and would ultimately have to pursue any protections.

## Loan Committee

### Woodland Cove Phase III, Wareham

Sarah Hall presented a proposal for a Commitment of a Permanent Taxable Loan and Commitment of a Workforce Housing Subordinate Loan for Woodland Cove Phase III in Wareham.

Woodland Cove Phase III is one of three phases of new construction to be completed on an eight-acre site in Wareham. Woodland Cove Phase III will consist of 24 new construction income-restricted rental units, including 18 Workforce Housing units, in one three-story building. Phases I and II will include 63 new construction income-restricted rental units, including seven Workforce Housing units. Phase III will be built at approximately the same time as Phase I, which received a commitment for permanent and Workforce Housing loans in July 2021. Phase II was recently awarded DHCD funds and Dakota expects to submit an application for financing for that phase in the coming months.

The Woodland Cove Phase III site is located on a 0.82-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 III will consist of 24 new construction rental units in one three-story elevator building and will include 40 surface parking spaces. Of the 24 units, six will be affordable to households earning up to 80% of AMI pursuant to the Comprehensive Permit, and the eighteen Workforce 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 \$4,736,500, to be made to WC3 Owner, LLC or another single-purpose entity controlled by Dakota Partners, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Woodland Cove Phase III” (the “Development”) and located in Wareham, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**FURTHER VOTED:** To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$1,800,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing’s Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

## STATUTORY FINDINGS AND DETERMINATIONS

### Statutory Findings:

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

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

Six units (25%) 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 August 13, 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%.

Third quarter 2021 CoStar data for the subject's [South Plymouth County](#) (7,782 units) has an overall vacancy rate at 3.1% YTD, which is a decrease of .07% from one year ago. CoStar data for the Boston market (242,901 units) has an overall vacancy rate of 6.0% YTD, which is an increase of 1.8% from one year ago. The South Plymouth county submarket vacancy rate is projected to decrease to 2.4% over the next five years, while the Boston market is projected to decrease to 5.4%.

CoStar, submarket data for the 4-5 Star building type (1,858 units) indicates a 3rd Qtr. 2021 vacancy rate of 2.9% and an average asking rent of \$2,582, while submarket data for the subject's 3 Star building type (2,699 units) indicates a 3rd Qtr. 2021 vacancy rate of 5.4% at an average asking rent of \$1,990 and 1-2 Star buildings (3,225 units) indicates a 3rd Qtr. 2021 vacancy rate of 1.2% at an average asking rent of \$1,587. 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                                    | 5       | 16      | 3       |
| Net SF/Unit  | 700     | 1,000   | 1,100   |
| Elev./Non-Elev.                                    | E       | E       | E       |
| <b>Market Rate Rent</b><br>(10% Rate 20 Year Term) | \$2,663 | \$2,942 | \$3,237 |

|  |                   |         |         |
|--|-------------------|---------|---------|
| <b>MHFA Below Market Rent</b><br>(Cost-Based Rent) | \$1,684           | \$1,963 | \$2,258 |
| <b>MHFA Adjusted Rent</b>                          | 30% of 80% of AMI |         |         |
| <b>Underwriting Rents</b>                          |                   |         |         |
| Comprehensive Permit 80% AMI                       | \$1,511           | \$1,803 | \$2,074 |
| Workforce Housing 90% AMI                          | \$1,800           | \$2,000 | \$2,350 |

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.

### **Pine Commons, Brockton**

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 transaction will be the refinancing of Pine Commons, which consists of 168 units in 19 buildings in Brockton. The loan will provide funds to complete \$30,000 per unit in repairs, repay existing debt, fully fund the replacement reserves, pay all transaction costs and provide equity out to the borrower. The Brockton MBTA Station is less than five miles from the subject property. The property benefits from being proximate to Route 24, providing access to major thoroughfares such as Interstate 93, Interstate 495 and Interstate 95.

Pine Commons consists of 19 three-story apartment buildings containing 168 mixed-income rental housing units in Brockton. The property is located within a larger development containing 402 units called Pine Estates. The development also includes 2 two-story maintenance and daycare buildings, a single-story clubhouse featuring a community room, property management office, resident services office, computer center, outdoor swimming pool, playground and basketball court. These facilities are shared among three separate properties (Pine Gardens, Pine Commons, and Pine Homes), which are all managed by the same management entity.

Pine Commons is subject to a Project-Based Voucher (“PBV”) Contract for 148 of its 168 units. The contract originally commenced on February 1, 2013. On December 13, 2019, the contract was amended to modify the original term of the contract from 15 to 20 years. In addition, the contract requires an automatic 20-year extension at the end of the initial term. Thus, the initial term will expire on January 31, 2033 and will automatically be extended until January 31, 2053 (effective term of 32 years). Pine Commons is subject to a Tax Credit Regulatory Agreement, two Affordable Housing Restrictions, a MassHousing Regulatory Agreement, and a Disposition Agreement. The



existing Disposition Agreement and MassHousing Regulatory Agreement will be terminated at closing and a new Disposition Agreement and MassHousing Regulatory Agreement will be executed. The underlying LIHTC/Affordable Use Restrictions are 100% met through the units subsidized by the PBV contract. The twenty remaining units are 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 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 \$24,865,900, 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 \$33,568,965 nor less than \$16,162,835 to Pine Commons Limited Partnership (the “Borrower”) for Pine Commons and (2) to make the FHA-insured first mortgage loan to the Borrower for Pine Commons in the approximate amount of \$24,865,900 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$33,568,965 nor less than \$16,162,835 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 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 Pine Commons.

## 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:**

One-hundred and forty-eight units (88%) 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 August 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 (appx. 790 units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the 5 developments reviewed averaged appx. 98.4%, and range between 96.0% and 100%. The subject property has been operated as a mixed development since approximately 1977 and based on historic data the development and has average a vacancy rate of 2.54% over the last five years. My review of similar mixed income/subsidized portfolio properties (1,097 units) demonstrated a weighted average vacancy rate of approximately 3.356%.

3rd Qtr. 2021 CoStar data for the subject's South Plymouth County (7,839 units) has an overall vacancy rate at 2.8% YTD, which is a decrease of .16 % from one year ago. CoStar data for the Boston market (243,228 units) has an overall vacancy rate of 5.7% YTD, which is a decrease of 2.16% from one year ago. The South Plymouth County submarket vacancy rate is projected to stay the same at 2.8% over the next five years, while the Boston market is projected to decrease to 5.2%.

CoStar, submarket data for the 4-5 Star building type (1858 units) indicates a 3<sup>rd</sup> Qtr. 2021 vacancy rate of 2.9% and an average asking rent of \$2,595, while submarket data for the subject's 3 Star building type (2,620 units) indicates a 3<sup>rd</sup> Qtr. 2021 vacancy rate of 4.7% at an average asking rent of \$1,985- and 1-2-Star buildings (3,225 units) indicates a 3<sup>rd</sup> Qtr. 2021 vacancy rate of 1.2% at an average asking rent of \$1,583. 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 (12/20/21), the City of Brockton has 35,514 year-round housing units, 4,609 (13%) of which are subsidized for low/moderate income households.

Further, the Brockton Housing Authority (BHA) owns/operates 1,624 units of Federal public housing (323 – family and 1,303 – elderly/disabled) and 373 units of State public housing (93 family, 281 elderly/disabled and 22 congregate). Per the Brockton Housing Authority, they maintain 4,477 households on their public housing wait lists (3,027 – elderly; 2,788 – family; 5 – congregate). The Brockton Housing Authority tenant-based assistance programs (e.g., Housing Choice Vouchers) includes 1877 vouchers. Brockton participates the Massachusetts Section 8 Housing Choice Waiting list which is currently open. Per the representative of BHA, they participate in the Section 8 Centralized Waiting list and believe there are over 100,000 applicants on that list statewide.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 31,817 households in the City of Brockton 69.7% earned less than the HUD published 2021 AMI (\$106,000), approximately 43.7% earned less than 50% of 2021 AMI, approximately 50.1% earned less than 60% of the 2021AMI and approximately 61.3% earned less than 80% of the 2021 AMI.

### **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

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

### **4. No Undue Concentration of Low-income Households**

The financing herein proposed 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                                 | 2                 | 3       |
| Number of Units                                    | 138               | 30      |
| Net SF/Unit  | 869               | 1,171   |
| Elev./Non-Elev.                                    | NE                | NE      |
| <b>Market Rate Rent</b><br>(10% Rate 20 Yr. Term)  | \$2,534           | \$2,929 |
| <b>MHFA Below Market Rent</b><br>(Cost-Based Rent) | \$1,626           | \$2,022 |
| <b>MHFA Adjusted Rent</b>                          | 30% of 80% of AMI |         |
| <b>Underwriting Rents</b>                          |                   |         |
| Project-Based Section 8                            | \$1,630           | \$2,085 |
| Unrestricted                                       | \$1,586           | \$1,876 |

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

**Pine Gardens, Brockton**

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 Pine Gardens, Brockton.

The Brockton MBTA Station is less than five miles from the subject property. The property benefits from being proximate to Route 24, providing access to major thoroughfares such as Interstate 93, Interstate 495 and Interstate 95.

Built in 1971, Pine Gardens consists of 13 three-story apartment buildings containing 120 mixed-income housing units. The property is located within a larger development containing 402 units called

Pine Estates. The development also includes 2 two-story maintenance and daycare buildings, a single-story clubhouse featuring a community room, property management office, resident services office, computer center, outdoor swimming pool, playground and basketball court. These facilities are shared among three separate properties (Pine Gardens, Pine Commons, and Pine Homes), which are all managed by the same management entity.

Pine Gardens is subject to a Project-Based Voucher (“PBV”) Contract for 101 of its 120 units. The Contract originally commenced on February 1, 2013. On December 13, 2019, the contract was amended to modify the original term of the contract from 15 to 20 years. In addition, the contract requires an automatic 20-year extension at the end of the initial term. Thus, the initial term will expire on January 31, 2033 and will automatically be extended until January 31, 2053 (effective term of 32 years). Pine Gardens is subject to a Tax Credit Regulatory Agreement, two Affordable Housing Restrictions, a MassHousing Regulatory Agreement, and a Disposition Agreement. The existing Disposition Agreement and MassHousing Regulatory Agreement will be terminated at closing and a new Disposition Agreement and MassHousing Regulatory Agreement will be executed. The underlying LIHTC/Affordable Use Restrictions are 100% met through the units subsidized by the PBV contract. The nineteen remaining units are 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 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 \$16,113,300, 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 \$21,752,955 nor less than \$10,473,645 to Beacon Pine Gardens Limited Partnership (the “Borrower”) for Pine Gardens and (2) to make the FHA-insured first mortgage loan to the Borrower for Pine Gardens in the approximate amount of \$16,113,300 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$21,752,955 nor less than \$10,473,645 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 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 Pine Gardens.

## 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:**

One-hundred and one 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, August 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 (appx. 790 units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the 5 developments reviewed averaged appx. 98.4%, and range between 96.0% and 100%. The subject property has been operated as a mixed development since approximately 1977 and based on historic data the development and has average a vacancy rate of 1.89% over the last five years. My review of similar mixed income/subsidized portfolio properties (850 units) demonstrated a weighted average vacancy rate of approximately 4.3%.

3<sup>rd</sup> Qtr. 2021 CoStar data for the subject's South Plymouth County (7,839 units) has an overall vacancy rate at 2.8% YTD, which is a decrease of .16 % from one year ago. CoStar data for the Boston market (243,228 units) has an overall vacancy rate of 5.7% YTD, which is a decrease of 2.16% from one year ago. The South Plymouth County submarket vacancy rate is projected to stay the same at 2.8% over the next five years, while the Boston market is projected to decrease to 5.2%.

CoStar, submarket data for the 4-5 Star building type (1858 units) indicates a 3<sup>rd</sup> Qtr. 2021 vacancy rate of 2.9% and an average asking rent of \$2,595, while submarket data for the subject's 3 Star building type (2,620 units) indicates a 3<sup>rd</sup> Qtr. 2021 vacancy rate of 4.7% at an average asking rent of \$1,985 and 1-2 Star buildings (3,225 units) indicates a 3<sup>rd</sup> Qtr. 2021 vacancy rate of 1.2% at an average asking rent of \$1,583. 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 (12/20/21), the City of Brockton has 35,514 year-round housing units, 4,609 (13%) of which are subsidized for low/moderate income households.

Further, the Brockton Housing Authority (BHA) owns/operates 1,624 units of Federal public housing (323 – family and 1,303 – elderly/disabled) and 373 units of State public housing (93 family, 281 elderly/disabled and 22 congregate). Per the Brockton Housing Authority, they maintain 4,477 households on their public housing wait lists (3,027 – elderly; 2,788 – family; 5 – congregate). The Brockton Housing Authority tenant-based assistance programs (e.g., Housing Choice Vouchers) includes 1877 vouchers. Brockton participates the Massachusetts Section 8 Housing Choice Waiting list which is currently open. Per the representative of BHA, they participate in the Section 8 Centralized Waiting list and believe there are over 100,000 applicants on that list statewide.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 31,817 households in the City of Brockton 69.7% earned less than the HUD published 2021 AMI (\$106,000), approximately 43.7% earned less than 50% of 2021 AMI, approximately 50.1% earned less than 60% of the 2021AMI and approximately 61.3% earned less than 80% of the 2021 AMI.

### **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

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

### **4. No Undue Concentration of Low-income Households**

The financing herein proposed 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                                 | 2             | 3       |
| Number of Units                                    | 114           | 6       |
| Net SF/Unit  | 867           | 1,118   |
| Elev./Non-Elev.                                    | NE            | NE      |
| <b>Market Rate Rent</b><br>(10% Rate 20 Yr. Term)  | \$2,434       | \$2,926 |
| <b>MHFA Below Market Rent</b><br>(Cost-Based Rent) | \$1,611       | \$2,103 |
| <b>MHFA Adjusted Rent</b>                          | 30% of Income |         |
| <b>Underwriting Rents</b>                          |               |         |
| Project-Based Section 8                            | \$1,619       | \$2,085 |
| Unrestricted                                       | \$1,568       | \$2,139 |

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.

**Gosnold Grove, Falmouth**

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 Gosnold Grove, Falmouth.

The transaction will be a refinancing of Gosnold Grove, which contains 33 units in two buildings on 2.74 acres of land in Falmouth that was formally used as a hotel. The loan will provide funds to payoff existing debt, complete minor repairs, fully fund the replacement reserves, and withdraw equity.

Gosnold Grove consist of 33 units in two buildings on 2.74 acres of land in Falmouth, MA.



Gosnold Grove is comprised of two two-story buildings originally constructed as a hotel in 1960 and renovated and converted to use as multifamily housing in 1978. On-site amenities include community rooms with kitchens, two green houses, laundry rooms, and management and resident services offices.

All 33 units are restricted to households earning no more than 60% AMI and all are covered by a project-based Section 8 contract.

PRI Gosnold Grove, LLC is the current owner and will retain ownership of Gosnold Grove.

Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of \$4,480,000. The proceeds will be used to repay approximately \$1,935,690 in existing MassHousing first mortgage debt. The transaction will also include the completion of approximately \$347,502 in repairs, fully fund the replacement reserves with \$465,000 (\$14,091 per unit) and fund an equity takeout of approximately \$1,589,797.

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 \$4,480,000, 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 \$6,048,000 nor less than \$2,800,000 to PRI Gosnold Grove, LLC (the “Borrower”) for Gosnold Grove and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$4,480,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$6,048,000 nor less than \$2,800,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

**FURTHER VOTED:**

That the Massachusetts Housing Finance Agency, acting through its officers 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 Gosnold Grove.

## 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:**

125 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 August 27, 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 (571) 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%. The subject property has operated as an Section 8 property since approximately 1981 and the average vacancy rate for the property for the past 5 years is 1.95%. My review of similar mixed-income/subsidized portfolio properties (1,750 units) demonstrated a weighted average vacancy rate of approximately 1.54%.

3rd Qtr. 2021 CoStar data for the subject's South Plymouth County (7,839 units) has an overall vacancy rate at 2.8% YTD, which is a decrease of .16 % from one year ago. CoStar data for the Boston market (243,228 units) has an overall vacancy rate of 5.7% YTD, which is a decrease of 2.16% from one year ago. The South Plymouth county submarket vacancy rate is projected to stay the same at 2.8% over the next five years, while the Boston market is projected to decrease to 5.2%.

CoStar, submarket data for the 4-5 Star building type (1858 units) indicates a 3rd Qtr. 2021 vacancy rate of 2.9% and an average asking rent of \$2,595, while submarket data for the subject's 3 Star building type (2,620 units) indicates a 3rd Qtr. 2021 vacancy rate of 4.7% at an average asking rent of \$1,985 and 1-2 Star buildings (3,225 units) indicates a 3rd Qtr. 2021 vacancy rate of 1.2% at an average asking rent of \$1,583. 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.

The Falmouth Housing Authority (FHA) manages 222 one bedroom Federal Public Elderly Housing Units and 54 State Public Housing one bedroom units. Per the representative of FHA,

there are 536 applicants on the waiting list for both the state and federal properties. FHA also administers 253 Section 8 HCVP, 115 Project Based Vouchers, 31 Mainstream Vouchers, 79 DIAL Vouchers (Disabled Independent Adult Living), 7 SRO, 27 MRVP, 2 DMHRS, 1 FYI (Foster Youth Initiative), 20 CRHI (Cape Regional Housing Initiative). Per the representative of FHA there are 1,049 applicants on the Section 8/Mainstream Waitlist.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the town of Falmouth has 14,870 year round housing units, 1,070 (7.2%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 13,531 households in the Town of Falmouth, approximately 56.8% earned less than the HUD published 2021 AMI (\$89,300), approximately 35.2% earned less than 50% of 2021AMI, approximately 41.9% earned less than 60% of the 2021 AMI and approximately 52.3% earned less than 80% of the 2021 AMI.

### **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

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

### **4. No Undue Concentration of Low-income Households**

The financing herein proposed 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:**

|  | 1 BR              | 2 BR      | 3 BR      | 4 BR      |
|--|-------------------|-----------|-----------|-----------|
| Number of Bedrooms                                 | 1 BR              | 2 BR      | 3 BR      | 4 BR      |
| Number of Units                                    | 2                 | 20        | 9         | 2         |
| Net SF/Unit  | 580               | 900       | 1,300     | 1,508     |
| Elev./Non-Elev.                                    | Non-Elev.         | Non-Elev. | Non-Elev. | Non-Elev. |
| <b>Market Rate Rent</b>                            | \$2,232           | \$2,532   | \$2,832   | \$3,032   |
| <b>MHFA Below Market Rent</b><br>(Cost-Based Rent) | \$1,400           | \$1,700   | \$2,000   | \$2,200   |
| <b>MHFA Adjusted Rent</b>                          | 30% of 80% of AMI |           |           |           |
| <b>Underwriting Rents</b>                          |                   |           |           |           |
| Project-Based Section 8 (Market Rents)             | \$1,400           | \$1,700   | \$2,000   | \$2,200   |

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.

**Valebrook Apartments, Lawrence**

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 Valebrook Apartments in Lawrence.

The transaction will be a refinancing of Valebrook Apartments, which contains 151 units in four buildings on 2.4 acres of land in Lawrence. The loan will provide funds to complete repairs, fully fund the replacement reserves, and withdraw equity. Valebrook Apartments consists of four buildings on 2.4 acres of land in Lawrence, MA.

The property is comprised of three (3) three-story townhome buildings and one age-restricted seven-story apartment building. Constructed in 1980, the subject property contains 114 one-bedroom, 21 two-bedroom, 3 three-bedroom and 13 four-bedroom units. 134 units are age-restricted.

150 of the 151 units are covered by a project-based Section 8 HAP contract that will be in place for at least 29 years. One non-revenue unit is being used as an employee unit. Valebrook Associates is the current owner and will retain ownership of Valebrook Apartments.

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 \$19,500,000, 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 \$26,325,000 nor less than \$12,675,000 to Valebrook Associates (the “Borrower”) for Valebrook Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$19,500,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$26,325,000 nor less than \$12,675,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages adopted by the Agency on October 14, 2014 and subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Agency 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 Valebrook Apartments.

## 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:**

150 units (99.3%) 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 August 23, 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 1,005 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.8 %, and range between 95% and 100%. The subject property has been operated as a Section 8 development since approximately 1975, and based on historic data the development has an average vacancy rate of .45% over the last five years. My review of similar mixed income/subsidized portfolio properties (1,097 units) demonstrated a weighted average vacancy rate of approximately 3.356%.

3rd Qtr. 2021 CoStar data for the subject's Lawrence/Haverhill submarket (8,656 units) has an overall vacancy rate at 4.7% YTD, which is a decrease of .15 % from one year ago. CoStar data for the Boston market (242,815 units) has an overall vacancy rate of 5.7% YTD, which is a decrease of 2.11% from one year ago. The Lawrence/Haverhill submarket vacancy rate is projected to decrease to 3.7% over the next five years, while the Boston market is projected to increase to 5.2%.

CoStar, submarket data for the 4-5 Star building type (2,767 units) indicates a 3rd Qtr. 2021 vacancy rate of 6.1% and an average asking rent of \$1,876, while submarket data for the subject's 3 Star building type (2,486 units) indicates a 3rd Qtr. 2021 vacancy rate of 6.5% at an average asking rent of \$1,704 and 1-2 Star buildings (3,403 units) indicates a 3rd Qtr. 2021 vacancy rate of 2.3% at an average asking rent of \$1,416. 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 Lawrence has 27,092 year round housing units, 4,017 (14.8%) of which are subsidized for low/moderate income households.

In addition, the Lawrence Housing Authority (LHA) manages 1,056 Federally assisted units comprised of 546 family units and 510 elderly/disabled units. The family units are broken does as follows; 111- one-bedroom units, 266- two- bedroom units, 137 -three-bedroom units and 32- four bedroom units. Per the representative of LHA the wait list for the family units is as follows, 213 applicants for one-bedroom, 363 applicants for the two-bedroom units 213 applicants, for the three bedroom 78 applicants for the four- bedroom. Regarding the federally assisted elderly/disabled units, the units are broken down as follow; 81 studios, 504- one-bedroom, and 36-two-bedroom units. Per the representative of LHA the wait list is as follows;1,526 studios and one-bedroom units and 29 applicants for the two-bedrooms.

LHA also manages 522 State assisted units comprised of 451 family units and 71 elderly/disabled units. The family units are broken does as follows; 24- one-bedroom units, 247 -two- bedroom units, 170- three-bedroom units and 10-four- bedroom units. Per the representative from LHA, the wait list for the state-assisted family units are as follows; 902 applicants for one -bedroom, 1,525 applicants for two bedrooms, 980 applicants for three bedrooms and 247 applicants for four-bedrooms. Lastly, LHA manages 71 state-assisted elderly/disabled one-bedroom units, per LHA, there are 1,909 applicants on the wait list.

Regarding Section 8 Housing Choice Vouchers, the Lawrence Housing Authority is authorized to administer 998 Section 8 vouchers. Per the representative of LHA they participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting list and the anticipated wait time is from 5 to 10 years.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 25,959 households in the City of Lawrence, approximately 78.7% earned less than the HUD published 2021 AMI (\$105,400), 55.5% earned less than 50% of 2021 AMI, approximately 62.6% earned less than 60% of the 2021 AMI and approximately 87.7% 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                 | 1-NR  | 2       | 3       | 4       |
|--|-------------------|-------|---------|---------|---------|
| Number of Units                                    | 113               | 1     | 21      | 3       | 13      |
| Net SF/Unit  | 575               | 575   | 840     | 1,376   | 1,904   |
| Elev./Non-Elev.                                    | Elev.             | Elev. | Elev.   | Elev.   | Elev.   |
| <b>Market Rate Rent</b>                            | \$2,251           | N/A   | \$2,451 | \$2,991 | \$3,341 |
| <b>MHFA Below Market Rent</b><br>(Cost-Based Rent) | \$1,460           | N/A   | \$1,660 | \$2,200 | \$2,550 |
| <b>MHFA Adjusted Rent</b>                          | 30% of 80% of AMI |       |         |         |         |
| <b>Underwriting Rents</b>                          |                   |       |         |         |         |
| Project-Based Section 8 (Market Rents)             | \$1,460           | N/A   | \$1,660 | \$2,020 | \$2,550 |
| Project-Based Section 8 (80% AMI Rents)            | \$1,460           | N/A   | \$1,660 | \$2,020 | \$2,260 |

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




Chairman Dirrane asked if there was any other old or new business for the Members' consideration. He noted that next month is the annual meeting of the Agency and any Members interested in a particular office or committee should express their interest. There was no other old or new business.

Chairman Dirrane asked for a motion to adjourn the meeting at 2:40 p.m. Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the MassHousing meeting at 2:40 p.m.

A true record.

Attest.

  
\_\_\_\_\_  
Colin M. McNiece  
Secretary