

**Minutes of the Regular Meeting
of the Members of MassHousing
and a Special Meeting of the
Center for Community Recovery Innovations, Inc. (CCRI)
held on
November 9, 2021**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on November 9, 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
Carolina Avellaneda
Ping Yin Chai
Patricia McArdle
Thomas Flynn
Jerald Feldman
Lisa Serafin

Members

Not

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

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 2:04 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 Annual Meetings held on October 12, 2021 are hereby approved and placed on record.

Executive Director's Report

Chrystal Kornegay began her report by summarizing the concept of the MassHousing Affiliate. Ms. Kornegay wanted to give an opportunity to ask questions and review issues and will come back in several months with a more advanced plan.

Thaddeus Miles presented the goals of the MassHousing Affiliate. The goals of the Affiliate are to leverage market, government and philanthropic capital sources for innovative and mission-oriented investment opportunities; facilitate change that supports growth and diversity in programmatic offerings; and expand the scope and impact of non-lending activities to allow for continued relevancy and greater responsiveness to changing needs.

Ms. Kornegay went on to explain the process to date. In 2018 the Community Services Department (CSD) undertook an assessment of its own programs. Building on that work, we discussed what we would need to do in order to remain relevant and access other sources of capital. It can be challenging for MassHousing because people look at our balance sheet and expect the Agency to cover all expenses. We need to create capital streams that we have not engaged before. The mission statement of the Affiliate is the Affiliate will use innovations, investments and collaborations to increase opportunities in the Commonwealth's affordable housing ecosystem. The vision statement of the Affiliate is the Affiliate amplifies partnerships and transactions to create a more just housing system in the Commonwealth.

Ms. Kornegay went on to say that, for instance, the board vote to contribute \$1 million to the Housing Navigator was a game changer in the industry. We want to find more ways to undertake and innovate.

Mr. Miles presented the guiding principles for the organizational structure of the Affiliate. The affiliate organization's potential structure allows for access to capital sources such as foundation grants, public charities, government programs (CDFI/CMF) and government grants and contracts. MassHousing is committed to maintaining current levels of funding for staffing and overhead. This will allow the affiliate organization to dedicate 100% of third-party funding to program uses and purposes.

Carolina Avellaneda asked if we could get a list of existing entities and also asked what the statutory authority was. Ping Yin Chai asked if the Affiliate would have its own budget and administration. Ms. Kornegay answered that we have considered these issues generally to date but the precise details remain to be developed.

Chairman Dirrane commented that CSD has been tremendous over the years, including Thaddeus and asked if this entity would be like CCRI and if we consider this to be a net increase in staffing. Ms. Avellaneda also asked if we have determined whether it would be an affiliate of CCRI. Ms. Kornegay responded that the Agency would remain committed to the entity. There may be some increase in staffing but it will likely be minimal, and at this is it not anticipated that it would have its own staff, similar to CCRI. We do not see the entity raising enough funds to cover its costs.

Chairman Dirrane noted that the Members may consider establishing an ad-hoc subcommittee.

Chairman Dirrane then called for a motion to recess the MassHousing meeting in order to convene a special meeting of The Center for Community Recovery Innovations, Inc. (CCRI.) Upon a motion duly made and seconded, by roll call vote of all the Members present, it was

VOTED To recess the MassHousing meeting.

Chairman Dirrane then called the Special Meeting of The Center for Community Recovery Innovations Inc. (CCRI) to order

Votes Committing CCRI Funds

Edward Chase first thanked the staff members who reviewed all the CCRI applications for their great work. Mr. Chase then presented ten applications that the Community Services Advisory Committee has endorsed for consideration by the CCRI Board of Directors.

South Middlesex Non-Profit Housing Corporation, Worcester

Requests funding to rehab nineteen units of affordable sober housing for women at Pax House in Worcester.

Recommendation: \$14,750. Commitment expires December 30, 2022.

Victory Programs, Inc., Boston

Requests funding for startup costs of the Victory Connector, a new respite, engagement and navigation service for individuals at Mass/Cass in Boston.

Recommendation: \$25,000. Commitment expires December 30, 2022.

Dismas House, Oakham

Requests funding to construct new sober affordable housing units in Oakham for six families and individuals who have experienced prison.

Recommendation: \$125,000. Commitment expires December 30, 2022.

Mental Health Association, Springfield

Requests funding to acquire and rehab Able House, an eight unit sober SRO home for men in Springfield.

Recommendation: \$75,000. Commitment expires December 30, 2022.

Self Esteem Boston Educational Institute, Boston/Lynn/Springfield

Requests funding to support new 24 hour resiliency and recovery support services, and job readiness skills, preparing women in recovery for successful tenancies.

Recommendation: \$23,600. Commitment expires December 30, 2022.

Allston/Brighton CDC, Allston

Requests funding to create fourteen units of affordable sober housing for individuals in advanced recovery in Allston.

Recommendation: \$75,000. Commitment expires December 30, 2022.

Lowell House, Lowell

Requests funding to renovate a carriage house creating two additional sober housing units for women at Saving Grace in Lowell.

Recommendation: \$75,000. Commitment expires December 30, 2022.

Partners in Housing, Dartmouth

Requests funding to create ten units of affordable sober housing for seniors with mental health needs at Mendes Monteiro House in Dartmouth.

Recommendation: \$75,000. Commitment expires December 30, 2022.

North Star Family Services, Leominster

Requests funding to construct fourteen units of affordable supportive housing for families in Leominster.

Recommendation: \$125,000. Commitment expires December 30, 2022.

Gandara Center, Springfield

Requests funding to renovate eight units of sober housing for men at Miracle House in Springfield.

Recommendation: \$14,000. Commitment expires December 30, 2022.

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

VOTED: That the Center for Community Recovery Innovations, Inc. (“CCRI”), an affiliate of the Massachusetts Housing Finance Agency (the “Agency”), approve a grant in the amount of \$14,750 to South Middlesex Non-Profit Housing Corporation, Worcester, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$25,000 to Victory Programs, Inc., Boston, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$125,000 to Dismas House, Oakham, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000 to Mental Health Association, Springfield, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$23,600 to Self Esteem Boston Educational Institute, Boston/Lynn/Springfield, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000 to Allston/Brighton CDC, Allston, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000 to Lowell House, Lowell, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000 to Partners in Housing, Dartmouth, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$125,000 to North Star Family Services, Leominster, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$14,000 to Gandara Center, Springfield, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That the officers of CCRI and the Manager of the Agency's Community Services Department are hereby authorized and directed to do all acts and to execute and deliver any and all documents, certificates and other instruments necessary or desirable to effectuate the transactions contemplated by the foregoing votes.

Noting that there was no other business requiring action or discussion, Chair Dirrane asked if there was a motion to adjourn the CCRI meeting and reconvene the MassHousing Meeting. Upon a motion duly made and seconded, by roll call vote of all the Directors present, it was

VOTED: To adjourn the Special Meeting of Center for Community Recovery Innovations, Inc. (CCRI) and reconvene the regular MassHousing Meeting.

Vote to Amend MIF Committee

In June 2020 the Members re-established a Mortgage Insurance Fund Committee in furtherance of MIF's compliance with Fannie Mae's and Freddie Mac's updated Private Mortgage Insurance Eligibility Requirements (PMIERS) and best practices for oversight of the separation of functions. To further facilitate staff operations, introduce technology expertise to the committee, and in respect of the Commonwealth's Open Meeting Law, staff is recommending a modification to the committee structure to reassign the ex officio position currently assigned to the Comptroller to the Director of Information Technology.

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

VOTED: That the membership of the committee, designated as the "MassHousing MIF Committee", established by the Members on June 9, 2020, is hereby modified to replace the ex officio seat assigned to the Comptroller with an ex officio seat hereafter assigned to the Director of Information Technology.

Vote to Transfer FHLB Funds to CCRI

The Federal Home Loan Bank of Boston ("FHLBB") program, Helping to House New England, is an affordable housing assistance program available to the six New England HFA's that MassHousing has participated in for several years. The 2021 grant amount is \$100,000 (the "Grant") and is proposed to fund the Sober Housing Initiative as follows:

Sober Housing Initiative - The Center for Community Recovery Innovations, Inc. ("CCRI"), a nonprofit subsidiary corporation of MassHousing, promotes affordable sober housing and support services in the Commonwealth of Massachusetts (the "Sober Housing Initiative"). MassHousing intends to use the 2021 Grant to fund the Sober Housing Initiative. CCRI will continue to fund projects of similar tenor and scope as previously approved by CCRI, and funded with grant proceeds under the Helping to House New England Program.

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

VOTED: To authorize MassHousing's expenditure of the Federal Home Loan Bank of Boston's Helping to House New England program funds for calendar year 2021, in the amount of \$100,000, to fund The Center for Community Recovery Innovations, Inc.'s Sober Housing Initiative described herein.

FURTHER VOTED:

To authorize the Executive Director, Financial Director, and General Counsel, each acting singly, to execute and deliver any and all contracts and other documents, and to take, or direct that Agency staff take, such other actions, necessary or advisable to effectuate the foregoing.

Loan Committee

Bridle Path, Randolph

Sarah Hall presented a proposal 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 Ginne Mae MBS for Bridle Path in Randolph.

Bridle Path Apartments consists of 104 units in three 3-story buildings in Randolph, MA. The proposed loan will provide funds to repay existing MassHousing debt and the associated prepayment penalty, recapitalize the replacement reserve account, complete \$2,093 per unit in repairs, pay all transaction costs, and provide equity to Bridle Path Preservation Associates Limited Partnership.

The Development is located less than a mile from Route 28 and is also serviced by the MBTA's Commuter Rail, providing transit to Boston's South Station via the Holbrook/Randolph Rail Station. Bus routes operated by the MBTA, and Brockton Area Transit also service the town. The Development is in close proximity to a concentration of recreational and retail uses to the west of the property.

Built in 1984, Bridle Path Apartments consists of three three-story apartment buildings containing 104 age-restricted units in Randolph. The property features one central community room and two smaller community rooms used by residents for group activities.

Of the 104 units at the Development, 103 benefit from a project-based Section 8 contract which runs until June 4, 2034. In conjunction with the proposed refinance, the Borrower plans to terminate the existing contract and execute a new twenty-year contract as part of HUD's Mark-Up-To-Market program. The new contract will include a "preservation tail" equal to the remaining term on the existing contract (13 years), meaning that the new contract will run through 2054.

Additionally, there is a tax credit use restriction requiring 103 of the 104 units to be rented to households earning no more than 60% of AMI, including 11 units that must be rented to households earning 30% or less 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 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 \$20,240,000, 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 \$27,324,000 nor less than \$13,156,000 to Bridle Path Preservation Associates Limited Partnership (the "Borrower") for Bridle Path Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower for Bridle Path Apartments in the approximate amount of \$20,240,000 subject to the limitation that the final amount of such loan shall not be more than \$27,324,000 nor less than \$13,156,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages granted by the Board 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 Bridle Path 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:

One hundred three units (99%) 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 October 20, 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 1,147 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.9%, and range between 92% and 100%. None of the comparables were offering concessions. The subject property has operated as a Section 8 property since approximately 1979 and has an average vacancy rate of .954% over the past 5 years. 4th Qtr. 2021 CoStar data for the subject's Quincy/Milton/Randolph submarket (11,490 units) has an overall vacancy rate at 3.3 % YTD, which is a decrease of 3.84 % from one year ago. CoStar data for the Boston market (244,759 units) has an overall vacancy rate of 4.2% YTD, which is a decrease of 3.29 % from one year ago. The Quincy/Milton/Randolph Submarket vacancy rate is projected to increase to 4.7% over the next five years, while the Boston market is projected to increase to 5%.

CoStar, submarket data for the Quincy/Milton/Randolph 4-5 Star building type (3,857 units) indicates a 4th Qtr. 2021 vacancy rate of 3.2 % and an average asking rent of \$2,582, while submarket data for the subject's 3 Star building type (4,893 units) indicates a 4th Qtr. 2021 vacancy rate of 4.1% at an average asking rent of \$2,202 and 1-2 Star buildings (2,740 units) indicates a 4th Qtr. 2021 vacancy

rate of 2.1% at an average asking rent of \$1,691. 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.

Randolph Housing Authority (RHA) owns/manages 236 State one bedroom units of Elderly (60+) and Disabled housing. They do not have any family housing or Section 8 Housing Choice Vouchers. The representative of RHA said they did not provide waitlist list information for the housing. They do participate in the CHAMP (Common Housing Application for Massachusetts Programs).

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Randolph has 11,980 year-round housing units, 1,294 (10.8%) 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 56,541 households in the City of Randolph approximately 82.2% earned less than the HUD published 2021 AMI (120,800), approximately 65.6% earned less than 50% of 2021 AMI, approximately 73.1 % earned less than 60% of the 2021 AMI, and approximately 77.7% 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	86	18
Net SF/Unit	625	825
Elev./Non-Elev.	E	E
Market Rate Rent	\$2,993	\$3,183
(insert)		
MHFA Below Market Rent	\$1,800	\$1990
(Cost-Based Rent)		
MHFA Adjusted Rent	30% of 80% of AMI	
Underwriting Rents		
Project-Based Section 8	\$1,800	\$2,025
Unrestricted	-	\$1,402

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.

Worcester Courthouse, Worcester

Greg Watson presented a proposal for an increase of \$2,000,000 to the tax-exempt permanent loan authorization from \$12,200,000 to \$14,200,000 and an increase of \$2,906,000 to the tax-exempt equity bridge loan authorization from \$18,000,000 to \$20,960,000.

On February 12, 2019, the Agency approved a tax-exempt permanent first mortgage of \$12,200,000 and a bridge loan of \$19,100,000 for the acquisition and rehabilitation of Worcester

Courthouse, a 117-unit mixed income development in a historic county courthouse in downtown Worcester (please see Exhibit A).

At construction closing, the projected amount of tax-exempt proceeds required to meet the 50% test had decreased; as such, the tax-exempt bridge loan was reduced to \$18,000,000.

Subsequently, the project encountered significant cost overruns related to unforeseen conditions, design changes required by the National Park Service (the “NPS”), the impact of COVID-19 and related soft costs. Unforeseen conditions included the discovery of ledge, poor masonry and structural conditions, and difficulty coordinating drywall and framing. Although the project was not shut down due to COVID-19, an enormous amount of delay and inefficiency was attributed to the pandemic, along with direct costs such as additional security, cleaning, and personal protective equipment

Project Costs increased substantially during construction by more than \$10,000,000 over the budget approved as part of the February 2019 Commitment.

These additional costs were a result of a very unique adaptive reuse of a complex structure. Specifically, the historic nature of the courthouse building made it challenging to adequately plan for unforeseen conditions encountered during construction and significant delays to the project led to greater costs for general conditions and acceleration costs, as well as the materials and supply chain issues that continue to persist throughout the pandemic.

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

VOTED: To authorize (a) an increase of \$2,000,000 in the tax-exempt permanent loan previously authorized by the Members on February 12, 2019, from \$12,200,000 to a principal amount of up to \$14,200,000 to be made to Trinity Worcester Courthouse Limited Partnership or another single- purpose entity controlled by Trinity Financial, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Worcester Courthouse” (the Development”) and located in Worcester, 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 (a) an increase of \$2,906,000 in the tax-exempt bridge loan previously authorized by the Members on February 12, 2019, from \$18,000,000 to a principal amount of up to \$20,906,000 to be made to Trinity Worcester Courthouse Limited Partnership or another single- purpose entity controlled by Trinity Financial, Inc. (the “Borrower”) as owner of the multifamily residential development known as “Worcester Courthouse” (the Development”) and located in Worcester, 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

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:

64 units (54%) 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 October 14, 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 (1,301 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over that past three years. Current occupancy rates of the six developments reviewed averaged approximately 97.8%, and range between 92% and 100%. 4th Qtr. 2021 CoStar data for the subject's Outlying Worcester County Submarket (12,735 units) has an overall vacancy rate at 2.3% YTD, which is a decrease of 0.55% from one year ago. CoStar data for the Worcester market (26,947 units) has an overall vacancy rate of 2.72% YTD, which is a decrease of .54% from one year ago. Outlying Worcester County Submarket vacancy rate is projected to increase to 2.7% over the next five years, while the Worcester market is projected to increase to 3.1%.

CoStar, submarket data for the 4-5 Star building type (962 units) indicates a 4th Qtr. 2021 vacancy rate of 5.3% and an average asking rent of \$1,818, while submarket data for the subject's 3 Star building type (4,688 units) indicates a 4th Qtr. 2021 vacancy rate of 1.6% at an average asking rent of \$1,491 and 1-2 Star buildings (7,085 units) indicates a 4th Qtr. 2021 vacancy rate of 2.4.% at an average asking rent of \$1,295. 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.

Based on information obtained from the City of Worcester's Five-Year Consolidated Plan, draft plan (2020-2025), the Worcester Housing Authority (WHA) has over 3,000 public housing units. There is also 3,934 leased housing units in the City, overall the WHA maintains the following housing stock:

- 3000 public housing units

- 3934 leased housing units (3595 federal, 339 state)
- 24 separate developments
- 4 elderly only developments
- 12 elderly/young disabled
- 8 family developments
- Largest development is GBV (federal) Curtis (state) combination total 962 units
- 15 transitional housing units (15 state)
- 42 beds 689 developments (adults and adolescents with special needs)
- 423 DMH/DMR leased units (341 federal, 82 state)

The WHA administer close to 4,000 Section 8 Housing Choices Vouchers and since 2006, the WHA has been a member of the Mass NAHRO, Section 8 Voucher Centralized Waiting list which is currently open, with a wait of up to 10 years for the HCV. Per the consolidated plan, there are more than 12,300 families on the WHA combined public and leased housing waiting lists and the demand keeps growing. Approximately 10,650 applicants are on the waiting list for the Section 8 housing vouchers. WHA participates in the – Section 8 Centralized Waiting List, which remains open indefinitely.

According to the Department of Housing and Community Development’s (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Worcester has 74,383 year-round housing units, 10,017 (13.5%) 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 71,595 households in the City of Worcester, approximately 73.4% earned less than the HUD published 2021 AMI (\$98,800), approximately 50.7% earned less than 50% of 2021 AMI, approximately 57.2% earned less than 60% of the 2021 AMI and approximately 68.2% 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 housing opportunities for several tiers of household incomes and does not lead to an 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	2	3
Number of Units	23	52	31	11
Net SF/Unit	500	700	950	1150
Elev./Non-Elev.	E	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$1,577	\$1,834	\$1,961	\$2,319
MHFA Below Market Rent (Cost-Based Rent)	\$1,069	\$1,326	\$1,452	\$1,811
MHFA Adjusted Rent	30% of Income			
Underwriting Rents				
Market Rate	\$0	\$1,735	\$2,150	\$2,950
Workforce Housing	\$1,320	\$1,648	\$2,042	\$2,430
LIHTC 80% AMI	\$1,142	\$1,210	\$1,441	\$1,660
LIHTC 60% AMI	\$841	\$888	\$1,055	\$1,213
MRVP	\$790	\$864	\$1,088	\$1,312
Utility Allowance	\$60	\$78	\$104	\$125

*Underwritten rents for the LIHTC units are net of utility allowances.

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.

JJ Carroll, Brighton

Sarah Hall presented a proposal for a modification of 13A preservation loan commitment for JJ Carroll.

On June 8, 2021, the Agency approved a tax-exempt permanent first mortgage of \$32,691,000, a bridge loan of \$10,000,000, and a subordinate 13A Preservation Loan of \$3,600,000 for the redevelopment of the J.J. Carroll public housing development in Boston's Brighton neighborhood (please see exhibit A). The loan commitment proposal presented at that time contemplated that all three MassHousing loans would be funded following construction completion and stabilized occupancy and that construction would be financed with a combination of a third-party construction loan, tax credit equity, and soft debt. The sponsor has maximized the amount of the third-party construction loan and needs additional debt during the construction period. As such, the Sponsor has requested that the 13A Preservation Loan be used as a construction source instead of being funded at stabilization.

Prior to starting construction, 2Life must relocate all current J.J. Carroll tenants, demolish the existing buildings, and complete environmental remediation and other site work to prepare for redevelopment of the site. The new building will be built to Passive House standards, will include elements of Universal Design, and will have 11,000 square feet of commercial space for the PACE center.

The ground lease payment to the Boston Housing Authority will be \$5,000,000, of which \$4,750,000 will be loaned back to the property in the form of a seller note. Each of these costs, along with the associated soft costs (eg. legal, architecture and engineering), are considered extraordinary development costs.

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

VOTED: To authorize that the subordinate mortgage loan to 2Life JJ Carrol LLC for the multifamily residential development known as "J.J. Carroll Redevelopment" in an amount not to exceed \$3,600,000 that was previously approved by the Members of MassHousing on June 8, 2021 be advanced as a construction source, subordinate to a third-party construction loan, subject to such terms and conditions as approved by the Executive Director or Vice President of Multifamily Programs, or their respective designees, each acting singly, and to any applicable delegations of authority previously approved by the Members

Chairman Dirrane asked if there was any other old or new business for the Members' consideration. There was no other old or new business.

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



Colin M. McNiece
Secretary