

**Minutes of the Regular Meeting
of MassHousing
and a Special Meeting of the
Center for Community Recovery Innovations, Inc. (CCRI)
held on
November 12, 2019**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – and a special meeting of its affiliate – the Center for Community Recovery Innovations, Inc. (CCRI) – were held on November 12, 2019 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members Ping Yin Chai
Mark Attia, Designee of Michael Heffernan, ex officio
Carolina Avellaneda
Janelle Chan, ex officio
Jerald Feldman

**Members
Not Present** Michael Dirrane
Andris Silins
Patricia McArdle
Lisa Serafin

Staff

Chrystal Kornegay	Joseph Mullen
Colin McNiece	Mircia Kelly
Carol McIver	Karla Ocegueda
Maureen Burke	Barbara Boyea
Laurie Bennett	Mary Magliozzi
Antonio Torres	Gina Taymore
Sarah Hall	Christopher Burns
Kathleen Evans	Kaitlyn Mulcahy
Anna Reppucci	Hanna Schutt
Eric Gedstad	Charles Karimbakas
Cynthia Fernandes	Mounzer Aylouche
Norman Brown	Mark Teden
Zan Bross	Cynthia Lacasse
Ed Chase	Henry Mukasa
Francis Goyes	Rachel Madden
Kathy Connolly	Paul Hagerty
Lynn Shields	Thaddeus Darcy
Gary Brown	Quan Nguyen
Dan Gover	Gail Bishop
Deepak Karamcheti	Paul McMorrow
Daniel Staring	Sergio Ferreira

Paul Scola
Myra Carmona
Jen Foley
Lisa Fiandaca
Nancy McDonald
Stephen Payson
Kevin Mello
Bethany Wood
Nancy Slaney
Michael Carthas
Ricky Ochilo

Monique Gibbs
Shelby Rosenberg
Paul Mulligan
Thomas Norton
Susan Sheffer
Jeremy Meneses
Belmira Fallon
Max Glickman
Amanda Melick
Jennifer Rajala
Andrea Laing

Guests Charles Carey, Mintz
Paul Haley, Barclays
Pearse O’Baoill, WinnCompanies
Matt Engler, Wells Fargo
Jeff Sula, RBC
Gregory Borys, Morgan Stanley
Matt Page, Mintz
Paul Ladd, Bank of America Merrill Lynch
Mike Koessel, Citibank
Joe Tait, Raymond James
Alan Jaffe, Jeffries
Brandon Wolanski, Barclays
Robert Foggio, Jeffries

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

VOTED: That the minutes of the meeting held on October 8, 2019 are hereby approved and placed on record.

Acting Chairman Chai then called upon Chrystal Kornegay, Mass Housing’s Executive Director, for her monthly report to the Members.

Executive Director’s Report

Ms. Kornegay began by announcing MassHousing will soon be using board management software for accessing board materials. Laurie Bennett will coordinate the rollout of OnBoard and members can designate which device they prefer to receive their board materials. Carolina Avellaneda asked if previous minutes and materials would be available on the portal and Ms. Kornegay responded, yes.

As part of her “People Behind the Mission” Program, Ms. Kornegay introduced Norman Brown. Norman is a Program Compliance Specialist in Diversity and Inclusion and has been with MassHousing since 1989. Mr. Brown is also a MassHousing staff mentor for the STARR Mentors Program. Ms. Kornegay thanked Mr. Brown for his years of service to MassHousing.

Cyber Security Update

Rachel Madden began her cyber security update by reviewing improvements made by the IT department over the past year. Accomplishments included a streamlined IT management and divisional structure which reduced IT costs by \$1.5 million. Ms. Madden went on to discuss IT process improvements and customer satisfaction through improved customer service.

Ms. Madden continued by discussing the responsibility every MassHousing employee has for protecting information. All MassHousing staff have completed Security Awareness Training and all new hires will also complete this training. Extensive phishing training and testing has been completed by staff. Ms. Madden also mentioned MassHousing will be undergoing a Windows 10 upgrade.

Ms. Madden went on to state that beginning in 2018, IT has reported on the quarterly Due Diligence call. Ms. Madden explained investors want to know what cyber security measures we have in place and lenders often have questions about our cyber security. Reporting on our cyber security messages on the quarterly call helps to quell concerns.

Janelle Chan asked if we have been proactive with regard to a potential data breach. Paul Hagerty answered we are constantly looking at this issue.

Pay Equity Update

Myra Carmona gave a presentation on the MassHousing pay equity study which was recently completed by Gallagher, the same firm that did MassHousing’s benefits study in 2016. Ms. Carmona began her presentation by discussing the Equal Pay Act of 1963 which forbids wage discrimination on the basis of gender when employees perform equal work and perform jobs requiring equal skill under similar working conditions. In addition, Ms. Carmona discussed the Massachusetts Equal Pay Act which went in to effect on July 1, 2018 and forbids discrimination on the basis of gender for comparable work.

Ms. Carmona explained the goal of the pay equity study was to determine the existence of systemic pay disparities. The methodology utilized job value, seniority, gender, age and race. No concerns were found regarding pay differences with regard to gender and race.

Ms. Carmona concluded her presentation by stating MassHousing will continue to evaluate and review the quality of all new hires and we will continue to have annual diversion and including training for all staff.

CCRI Funding Recommendations

Acting Chairman Chai 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, it was

VOTED: To recess the MassHousing meeting.

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

Ed Chase presented eleven applications that the Community Services Advisory Committee has endorsed for consideration by the CCRI Board of Directors. Carolina Avellaneda asked how many applications were received. Mr. Chase answered a total of 12 applications were received and 1 application was denied. Ms. Avellaneda asked if there were still funds available and whether additional applications are expected. Mr. Chase responded that more applications are expected in December. Ms. Avellaneda inquired if the organizations receiving funding had also received CCRI funding in the past. Mr. Chase replied we have funded certain organizations again that have done well in the past and the funding, including multiple awards, is tracked.

Coalition for a Better Acre, Lowell

Requests funding to demolish, and then construct a new building creating twenty-seven new sober affordable apartments for families and individuals in Lowell. Partners include the City of Lowell, DHCD, and Lowell House.

Recommendation: \$125,000. Commitment expires December 31, 2020.

Housing Support, Inc., Amesbury

Requests funding to conduct due diligence and pre-development activities leading to the creation of ten new efficiency units and improvements to the existing fourteen units of affordable sober housing for women in Amesbury.

Recommendation: \$25,000. Commitment expires December 31, 2020.

Opening Heaven's Door Ministries, Worcester

Requests funding to rehab and preserve seven units of affordable sober housing for men in Worcester. Scope of work includes bathrooms, kitchens and windows.

Recommendation: \$75,000. Commitment expires December 31, 2020.

Victory Programs, Inc., Boston

Requests funding to replace a chiller coolant system for a building providing affordable sober housing for twenty-four men in Boston.

Recommendation: \$23,995. Commitment expires December 31, 2020.

Providence Ministries for the Needy, Inc., Holyoke

Requests funding to provide building upgrades and renovations including bathrooms, preserving twenty-four units of affordable sober housing for men in Holyoke.

Recommendation: \$70,600. Commitment expires December 31, 2020.

Oak Hill CDC, Worcester

Requests funding for outreach and assessment to connect low income recovery and sober homes with utility reduction measures.

Recommendation: \$25,000. Commitment expires December 31, 2020.

Mental Health Association, Westfield

Requests funding to help renovate and preserve seven units of SRO housing for men and women with co-occurring illness. Scope of work includes painting and carpeting, wheelchair access, driveway and porch repair, and kitchen renovation.

Recommendation: \$62,000. Commitment expires December 31, 2020.

Self Esteem Boston Educational Institute, Boston, Lynn, and Leeds

Requests funding to deliver weekly recovery and wellness support services to women veterans in Leeds, and women and children in Lynn and Boston, resulting in more successful tenancies in permanent housing.

Recommendation: \$18,000. Commitment expires December 31, 2020.

South Middlesex Non-Profit Housing Corporation, Framingham

Requests funding to rehab and preserve twenty-two SRO units of affordable sober housing for women in recovery. Scope of work includes new windows, roof and porch, and repairs to steps, fire escape and chimney.

Recommendation: \$47,500. Commitment expires December 31, 2020.

Father Bill's & Mainspring, Brockton

Requests funding to substantially rehabilitate an abandoned building creating six sober affordable SRO units for men and women in Brockton. Partners include South Shore Bank and the City of Brockton.

Recommendation: \$75,000. Commitment expires December 31, 2020.

SAGE Housing, Inc., Greenfield

Requests funding to acquire and rehab a house creating eleven new units of affordable sober housing for men in Greenfield. Partners include the city of Greenfield, the regional Opioid Task Force, GAAMHA, and Greenfield Savings Bank.

Recommendation: \$75,000. Commitment expires December 31, 2020.

Upon a motion duly made and seconded 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 \$125,000 to Coalition for a Better Acre, Lowell, for the purposes described in the application endorsed by the Agency's Community Services Advisory Committee (the "Advisory Committee"), subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$25,000 to Housing Support, Inc., Amesbury, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000 to Opening Heaven's Door Ministries, Worcester, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$23,995 to the Victory Programs, Inc., Boston, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$70,600 to Providence Ministries for the Needy, Inc., Holyoke, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$25,000 to the Oak Hill CDC, Worcester, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$62,000 to the Mental Health Association, Westfield, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$18,000 to Self Esteem Boston Educational Institute, Boston, Lynn and Leeds, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$47,500 to the South Middlesex Nonprofit Housing Corporation, Framingham, for the purposes described in the

application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000 to Father Bill's & Mainspring, Brockton, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000 to SAGE Housing, Inc., Greenfield, for the purposes described in the application endorsed by the Advisory Committee, subject to the contingencies and requirements set forth in the Advisory Committee's 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.

With no other CCRI business, Acting Chairman Chai asked if there was a motion to adjourn. Upon a motion duly made and seconded, it was voted to adjourn the CCRI meeting and resume the MassHousing meeting.

Loan Committee

Pac 10 Lofts Phase Two - Lawrence

Kathleen Evans presented a proposal for Official Action Status, Commitment of Tax-Exempt Permanent Loan, Commitment of Tax-Exempt Equity Bridge Loan, Commitment of Subordinate Opportunity Fund Loan and Approval for use of Low-Income Housing Tax Credits for Pac 10 Lofts Phase Two in Lawrence.

The site is located 1.5 miles from Routes 495 and 93 and a commuter rail stop is located just one mile away. It comprises the mid-level floors of a building that also includes Pac 10 Lofts Phase One. Pac 10 Lofts is an adaptive re-use and historic renovation of a former six-story mill building in Lawrence. The project will be completed in two phases and create a total of 276 units once completed. Pac 10 Lofts Phase Two is the second phase of Pac 10 Lofts and is the subject of this proposal. Pac 10 Lofts Phase Two will include 96 units with 160 parking spaces. The project will create 63 new low-income apartments, 16 at 30% of AMI, 47 at 60% AMI, 22 workforce housing units at 80% AMI or below, and eleven market units. The original owner of the building formed a two-unit condominium in December 2017. Unit 1, which encompasses Phase One's property, was purchased by Taom Pacific I LLC, and Unit 2, which encompasses Phase Two's property, was purchased by Taom Pacific II LLC. A deed for Unit 2 has been provided.

Phase One is roughly 75% complete, with permanent conversion expected to occur no later than June 30, 2020. The project experienced a setback soon after construction commencement. Reed Community Partners and its General Contractor responded effectively, but this resulted in a three-month construction and the need for an additional bridge loan from MassHousing in the amount of \$1,330,000.

Since that time, Reed attempted to catch up to the construction schedule, even having as many as 150 workers at the site. Reed Realty is now expecting substantial completion in December 2019. In September 2019, MassHousing extended the Projected Date for Closing under the Rate Lock Agreement to match the anticipated conversion date of June 30, 2020. Leasing of the Phase One units is at 30%.

The MassHousing commissioned appraisal is currently underway and the final report is expected around November 15, 2019. Preliminary staff review is complete.

The workforce housing units (with income eligibility at 80% of AMI) and the unrestricted market rate units are underwritten at 80% of AMI. According to the borrower's analysis, these 80% rents are at a 23% discount to the actual market. This will be confirmed with a MassHousing commissioned market study and appraisal.

The Developer has included in its financing proposal a request for the use of 4% Low-Income Housing Tax Credits (the "4% Credits"). The 4% Credits may be utilized as a result of the funding of the Loan with tax-exempt bonds or notes of MassHousing which are to be issued under Section 142 of the Internal Revenue Code of 1986, as amended (the "Code") and are subject to a volume cap allocation under Section 146 of the Code.

Use of the 4% Credits must be approved by DHCD as the "housing credit agency" under Section 42 of the Code who must make the determination required under Section 42(m)(1)(D) of the Code that the development and financing proposal meets the requirements of the Commonwealth's Qualified Allocation Plan. In addition, MassHousing, as the issuer of tax-exempt obligations which generate the 4% Credits must determine under Section 42(m)(2)(D) of the Code that the amount of 4% Credits does not exceed the amount necessary for the financial feasibility and long-term viability of the development. Such determination shall be made applying the standards set forth in the proposed Board vote herein, as required by Section 42(m) (2) (B) of the Code. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth immediately following this vote and authorize (i) the Agency to grant Official Action Status and consider the application for a loan commitment for the multifamily development known as "Pac 10 Lofts Phase Two" in Lawrence, Massachusetts (the "Development") at such time as it is submitted; (ii) that this vote serve as declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of tax-exempt debt by the Agency not be in excess of \$17,496,000 in principal

amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest to occur of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

OFFICIAL ACTION STATUS FINDINGS

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

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

VOTED: To approve the findings and determinations set forth below and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$10,076,000, such first loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$7,420,000, in each case to be made to Taom Pacific II, LLC or another single-purpose entity controlled by Reed Community Partners, LLC (the "Borrower") as owner of the multifamily residential development known as "Pac 10 Lofts Phase 2" and located in Lawrence, 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:

1. The underwriting rents and Workforce Housing units AMI tier are subject to a final third-party market study acceptable to MassHousing and may be adjusted accordingly.
2. While MassHousing's general closing standard is that it shall not be obligated to fund the Permanent Loan and the Bridge Loan until the Development reaches a level of stabilized occupancy of at least ninety percent (90%) and a debt service coverage ratio of 1.10 for ninety (90) days, if necessary to meet the 50% test at the appropriate time, MassHousing may fund the Permanent Loan and the Bridge Loan once the Development has reached stabilized occupancy of at least 80% and a debt service coverage ratio of 1.10 where debt service coverage

is defined as actual annualized rental revenue plus a lease up deficit escrow in an amount and subject to conditions satisfactory to MassHousing less the greater of: (a) underwritten operating expenses or (b) actual annualized operating expenses.

**FURTHER
VOTED:**

To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$2,200,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing's Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

**FURTHER
VOTED:**

That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing, to be used in connection with the multifamily development located in Lawrence, Massachusetts and known as Pac 10 Lofts Phase 2 will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

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

**FURTHER
VOTED:**

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

**FURTHER
VOTED:**

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

STATUTORY FINDINGS AND DETERMINATIONS

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

1. Provision of Low-income Set-aside Units

85 units (88%) in the Development will be affordable to low-income and moderate-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 1,593 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.3 %, and range between 93% and 100%. The subject property has been operated as an unrestricted development since 1980 and based on historic data the development has average a vacancy rate of 1.005% over the last six years. My review of similar mixed income/subsidized portfolio properties (1,097 units) demonstrated a weighted average vacancy rate of approximately 3.36%.

REIS, Inc. data (2nd Qtr. 2019) for the subject's North Shore/Merrimack River Valley submarket have projected a vacancy rate at 4.9% YTD (5.1% Boston Metro). This rate is projected to increase 5.0% over the next five years, while the Boston Metro is projected to increase to 5.5%. Vacancies in the North Shore/Merrimack River Valley submarket have averaged approximately 3.4% over the last five years, while the Boston Metro vacancy rate has averaged 4.7%

Further, REIS, Inc. submarket data for the subject's Class A building type (14,799 units) indicates a 2nd Qtr. 2019 vacancy rate of 8.1% and an average asking rent of \$2,164. REIS, Inc. submarket data for the Class B/C building type (20,040 units) indicates a 2nd Qtr. 2019 vacancy rate of 2.6% and an average asking rent of \$1,766. However, the development when completed may more closely reflects a Class B/C property type in both the vacancy rate and market rent potential.

None of the comparables reviewed offered concessions, however the use of concessions continues in the Boston Metro and the 2nd Qtr. 2019 REIS, Inc. data indicates that the North Shore/Merrimack River Valley submarket is offering 38 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (09/14/17), the City of Lawrence has 27,092-year-round housing units, 4,057 (15%) 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 down 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 down 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 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 2013-2017 American Community Survey (ACS) indicates that of the 25,807 households in the City of Lawrence, approximately 82.1% earned less than the HUD published 2019 AMI (\$102,100), approximately 59.7% earned less than 50% of 2019 AMI, approximately 67.1% earned less than 60% of the 2019 AMI and approximately 77.2% earned less than 80% of the 2019 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed does not lead to the undue concentration of low-income households. Although it is a low-income development, it provides housing opportunities for several household incomes.

5. Elimination of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	56	8	32
Net SF / Unit	677	1060	1350
Market Rate Rent (10% Rate 20 Year Term)	3,050	3,449	3,643
MHFA Below Market Rent (Cost-Based Rent)	1,709	2,109	2,303
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
Section 8			1,838
MRVP		1,378	1,593
60% AMI	944		1,268
80% AMI	1,238	1,539	1,778
Market	1,238	1,539	1,778

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.

Daniel F. Burns Apartments - Cambridge

Kathleen Evans presented a Commitment of a Tax-Exempt Permanent Loan and Commitment of a Tax-Exempt Syndication Bridge Loan for Daniel F. Burns Apartments in Cambridge. Daniel F. Burns Apartments consists of two six-story midrise buildings with 198 units of low-income, Section 8 project-based voucher housing for elderly and disabled tenants, located on a 1.44-acre parcel on Churchill Avenue off of Massachusetts Avenue in the North Cambridge neighborhood. The buildings were constructed in the early 1970s and first occupied in November 1973 and are made of pre-cast concrete connected by a bridge on the second floor. There are two surface parking lots on the site as well as a small courtyard for resident use.

Over the past 45 years since original construction, the buildings have undergone several small to moderate renovations and upgrades to address immediate emergency repair needs and quality of life concerns. This has included a 2006 renovation which converted 29 studio units into one-bedroom units by enclosing the balconies and created two ADA units, a roof replacement in 2011, elevator modernization and mechanical upgrades. None of these upgrades have been comprehensive enough to address inherent design deficiencies including substantial building envelope issues, aging mechanical and plumbing systems, excessive water and energy consumption, and aging and inefficient interiors.

The proposed scope of work is substantial at \$364,842 per unit and is expected to meet existing building standards for EnergyStar and Enterprise Green Communities. The scope of work includes: building envelope improvements, improvements to the building ventilation system, installation of a central A/C system, roof repair, boiler replacement, replacement of most interior components including kitchens and bathrooms. The common areas both inside and outside of the building will be renovated. Renovations will also include conversion of 121 studio units to one-bedroom units and add eight new ADA-compliant units.

The third-party appraisal is underway. To the extent that the conclusions in the report impact underwritten rents, or loan-to-value, the loan size will be adjusted accordingly.

Currently, ten of the existing residents at the Development have incomes over 60% of AMI, but below 80% of AMI. In order for these units to be eligible for tax credits, the Sponsor plans to use Income Averaging. Given that all 198 units benefit from the project-based voucher contract, the average income at the Development will be well below 60%. The use of Income Averaging is subject to approval by DHCD.

The Development is expected to reach substantial completion in June 2022, and to achieve 90% occupancy and 1.10 debt service coverage in October 2022. As such, MassHousing would typically target January 2023 for a permanent loan closing.

However, in order to claim 4% credits in 2022, the Sponsor has requested, and MassHousing has agreed to fund the tax-exempt permanent loan before the end of CY 2022 provided that construction has been completed. The fully amortizing permanent loan may be uninsured for a period of some months.

The transaction is expected to be financed with proceeds from a sustainable bond aligned with the United Nations' sustainable development goals for eliminating poverty, affordable and clean energy, sustainable cities and communities and responsible consumption and production. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth below and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$43,720,000, such first loan to be insured under the HUD HFA Risk Sharing Program upon completion of final cost certification approval by MassHousing and the Department of Housing and Community Development; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$1,280,000, in each case to be made to Burns Apartments LLC or another single-purpose entity controlled by Cambridge Housing Authority (the "Borrower") as owner of the multifamily residential development known as "Daniel F. Burns Apartments" (the "Development") and located in Cambridge, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None

**FURTHER
VOTED:**

That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing, to be used in connection with the Development will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

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

FURTHER

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

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

FURTHER VOTED: That MassHousing authorizes the Executive Director or her designee to permit the owner and management agent of the Development to use as its tenant selection plan an Administrative Plan prepared and approved by Cambridge Housing Authority, subject to review and approval by MassHousing's Director of Rental Management.

STATUTORY FINDINGS

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

6. Provision of Low-income Set-aside Units

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

7. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 783 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.6%, and ranged between 93.4% and 100%.

REIS, Inc. data (2nd Qtr. 2019) for the subject's Cambridge/Watertown/Waltham submarket has a vacancy rate at 6.3% YTD (5.1% Boston Metro). This rate is projected to increase to 6.9% over the next five years, while the Boston Metro is projected to increase to only 5.5%. Vacancies in the Cambridge/Watertown/Waltham submarket have

averaged approximately 5.8% over the last five years, while the Boston Metro averaged slightly better at 4.7%.

REIS, Inc. submarket data for the Class A building type (17,46 units) indicates a 2nd Qtr. 2019 vacancy rate of 7.1% and an average asking rent of \$3,784. REIS, Inc. submarket data for the subject's Class B/C building type (17,652 units) indicates a 2nd Qtr. 2019 vacancy rate of 5.7% at an average asking rent of \$2,256. The development when renovated will more closely reflect the Class B/C property type, and would be reflected in both the vacancy rate and market rent potential. One of the comparable properties was offering ½ month free rent, while the submarket is offering .82 free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the City of Cambridge has 46,690 year-round housing units, 6,911 (14.8%) of which are subsidized for low/moderate income households.

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

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

U. S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 44,234 households in the City of Cambridge, approximately 60.7% earned less than the HUD published 2019 AMI (\$113,3000), approximately 35.7% earned less than 50% of 2019 AMI, approximately 41.4% earned less than 60% of the 2019 AMI, and approximately 49.8% earned less than 80% of the 2019 AMI.

8. 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.

9. No Undue Concentration of Low-income Households

The financing herein proposed will not lead to the undue concentration of low-income households. Although it is a low-income development, the buildings are located adjacent

to market-rate developments and are in areas that include a mix of residential and retail uses.

10. Elimination of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Number of Bedrooms	1	2
Number of Units	197	1
Net SF/Unit	525	600
Elev./Non-Elev.	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$4,893	\$5,306
MHFA Below Market Rent (Cost-Based Rent)	\$2,677	\$3,090
MHFA Adjusted Rent	30% of Income	
Underwriting Rents		
Rental Assisted PBV	\$1,891	\$2,304

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.

35 Village Hill Road, Northampton

Kathleen Evans presented Commitment of a Taxable Permanent Loan and Commitment of a Workforce Housing Loan for 35 Village Hill Road, Northampton. Village Hill is a 126-acre public/private redevelopment of a former mental health hospital decommissioned in the 1990's as part of the Commonwealth's Surplus Property Program. A redevelopment team led by The Community Builders was selected through the competitive RFP process, and subsequently developed a master plan including over 200 residential units that was accepted as the basis for redevelopment of the campus.

Of the planned units, approximately 50% were envisioned as single-family residences and other 50% multifamily. Hilltop Apartments, a 33-unit affordable historic rehabilitation, was completed in 2005 and Hillside Place, a 40-unit affordable development was constructed in 2007. Since that

time, all of the new units created were high-end single family residences for purchase; in fact, no additional affordable units were created until Christopher Heights, an assisted-living facility, opened its doors in 2016.

The construction of 35 Village Hill Road is expected to be followed by North Commons, a 53-unit affordable development currently seeking DHCD funding.

TCB, together with Valley Community Development Corporation, will develop a 12-unit mixed-income, mixed-use, new construction family rental housing building on the Village Hill campus in Northampton. TCB will control the day-to-day operations, and Valley CDC will act as co-developer. Additionally, there will be approximately 2,300 square feet of first floor commercial space, including new management offices for TCB.

This development will feature ten workforce housing units targeting households with a range of incomes from 80% up to 120% AMI. There will also be two Facilities Consolidation Fund (FCF) units which will provide housing for clients of the Department of Mental Health (DMH) and the Department of Developmental Services (DDS). These units will be supported by Project Based Section 811 rental subsidy.

Designated Master Developer and Second Amendment to Land Disposition Agreement between MassDevelopment and TCB. Upon a motion duly made and seconded, 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 \$1,842,000, to be made to 35 Village Hill Road LLC or another single-purpose entity controlled by The Community Builders, Inc. (the “Borrower”) as owner of the multifamily residential development known as “35 Village Hill Road” (the “Development”) and located in Northampton, 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:

1. The underwriting rents and Workforce Housing units AMI tier are subject to a final third-party market study acceptable to MassHousing and may be adjusted accordingly.
2. Receipt of project-based Section 811 rental subsidy contract to support DHCD FCF units.
3. Approval of Owner’s operating expenses to support first mortgage loan.

FURTHER VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$1,000,000 (1) to be funded

from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing's Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

**FURTHER
VOTED:**

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

STATUTORY FINDINGS AND DETERMINATIONS

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

1. Provision of Low-income Set-aside Units

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

2. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 528 units) in the area revealed a strong rental market. Current occupancy rates of the five comparable properties reviewed averaged approximately 99.2% and range between 96% and 100%. My review of similar mixed income/subsidized portfolio properties (1,294 units) demonstrated a weighted average vacancy rate of approximately 3.5%.

There is no submarket data for Northampton, therefore Springfield Metro area data was used. REIS, Inc. data (2nd Qtr. 2019) for the subject's Springfield metro area have projected a vacancy rate at 1.8% YTD, while the Boston Metro is 4.3%. This rate is projected to increase to 2.1% over the next five years, while the Boston Metro is projected to increase to 4.7%. Vacancies in the Springfield metro area have averaged approximately 1.9% over the last five years, while the Boston Metro vacancy rate has averaged 3.9%.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Northampton has 12,604 year

round housing units, 1,356 (10.8%) of which are subsidized for low/moderate income households.

In addition the Northampton Housing Authority (NHA) manages 2 Federally assisted properties consisting of 50 family units and 60 elderly/disabled units. The family units are broken does as follows; 24 two bedroom units, 22 three bedroom units and 4 four bedroom units. Per the representative of NHA the wait list for the family units is as follows, 123 applicants for two bedroom, 42 applicants for the three bedroom units and 9 applicants for the four bedroom. Regarding the federally assisted elderly/disabled units, the units are broken down as follow; 55 one bedroom, and 5 two-bedroom units. Per the representative of NHA the wait list for the elderly/disabled units are follows, 270 applicants for one bedroom units and 7 applicants for the two-bedrooms.

NHA also manages 5 State assisted properties comprised of 80 family units and 377 elderly/disabled units. The family units are broken does as follows; 42 two-bedroom units, 36 three-bedroom units and 2 four bedroom units. Per the representative of NHA, there are 2,494 applicants on the wait list for the state-assisted family units. All the elderly/disabled units are one bedroom units and per the representative there are 1,023 on the Elderly/Disabled list, 359 on the Elderly only wait list and 664 on the Disabled only wait list.

Per the representative of NHA, the waiting list has been closed since 2014 and there are 236 applicants on the waiting list.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 11,406 households in the City of Northampton, approximately 57.7% earned less than the HUD published 2019 AMI (\$76,000), approximately 37.1% earned less than 50% of 2019 AMI, approximately 43.1% earned less than 60% of the 2019 AMI and approximately 54.7% earned less than 80% of the 2019 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed will not lead to the undue concentration of low-income households. Although it is a low-income development, the building is located adjacent to market-rate developments and are in areas that include a mix of residential and retail uses.

5. Elimination of Unsafe or Unsanitary Dwelling Units

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Although staff is not aware of units within the same market area that require demolition or compulsory repair, by preserving the affordable housing

proposed here, those in need of affordable housing will not be forced to accept residence in substandard units. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

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

Number of Bedrooms	0	1	2
Number of Units	2	6	4
Net SF/Unit	561	704	901
Elev./Non-Elev.	N/E	N/E	N/E
Market Rate Rent (10% Rate 20 Yr. Term)	\$1,934	\$2,012	\$2,409
MHFA Below Market Rent (Cost-Based Rent)	\$1,100	\$1,178	\$1,575
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
Workforce at 120%		\$1,350	\$1,575
Workforce at 80%	\$1,100	\$1,350	\$1,575
FCF (Section 811)		\$834	

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.

Hamilton Canal – Parcels 8 & 9 - Lowell

Sarah Hall presented a Commitment of Permanent Taxable Loan and Commitment of Workforce Housing Subordinate Loan for Hamilton Canal, Parcels 8 and 9 in Lowell. The subject site consists of two underutilized, city-owned parcels within the 17-parcel Hamilton Canal Innovation District, a master-planned area adjacent to downtown Lowell. The project site is vacant, containing only the preserved remnants of a historic mill building that was once on the site. Parcels 8&9 sit on the Lower Pawtucket Canal.

When complete, the project will consist of a single three-story building with 125 residential units, an indoor recreation area, an outdoor courtyard, a roof deck, and a small commercial space. A key architectural feature of the Project will be a 3-story connector over the City's new bridge spanning the Lower Pawtucket Canal. This connection to the bridge will provide the Parcels 8 & 9 with direct access to a new City-owned parking garage and to downtown Lowell.

Parcels 8&9 will be a mixed-income community: 12 units will be affordable to households at or below 30% AMI, 14 will be affordable to households at or below 50% AMI, 13 units will be at or below 60% AMI, 54 will be workforce units, restricted up to 100% of AMI, and 32 will be unrestricted market-rate.

The workforce housing units with income eligibility up to 100% of AMI are underwritten at levels affordable to households at 75-85% of AMI (depending on unit size), while the market rents are between 90% and 100% of AMI (again, depending on unit size). These underwritten rents are based on an October 2019 market study. MassHousing has allowed income limits that are at or near market in emerging neighborhoods and Gateway Cities in order to support efforts to increase income diversity and offer a wider marketing window. Lowell is a Gateway City that has seen significant rent increases in recent years and the city has prioritized truly mixed-income and mixed-use development throughout the HCID.

The Sponsor has requested a \$5 million Workforce Housing loan, which is above the current per-project limit of \$3 million. Given that the per unit amount of Workforce debt is less than \$100,000 (just under \$93,000 per workforce unit) and that this project presents an opportunity for downtown revitalization in a Gateway City, staff feels that exceeding the per project cap is warranted. Upon a motion duly made and seconded, 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 \$20,225,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to Hamilton Canal Limited Partnership or another single-purpose entity controlled by WinnDevelopment Company Limited Partnership (the "Borrower") as owner of the multifamily residential development known as "Hamilton Canal – Parcels 8&9" (the "Development") and located in Lowell, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations

and requirements of applicable financing programs, and (2) the following special conditions:

1. The underwriting rents and Workforce Housing units AMI tier are subject to a final third-party market study acceptable to MassHousing and may be adjusted accordingly.

**FURTHER
VOTED:**

To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$5,000,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing's Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

**FURTHER
VOTED:**

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

STATUTORY FINDINGS AND DETERMINATIONS

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

11. Provision of Low-income Set-aside Units

Thirty-nine units (31%) 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.

12. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (appx. 1,165 units) in the area revealed a strong rental market. Current occupancy rates of the five comparable developments reviewed had an average occupancy of approximately 95.2 %, and range between 93.3% and 99%. My review of similar mixed income/subsidized portfolio properties (1,241 units) demonstrated a weighted average vacancy rate of approximately 1.6%.

REIS, Inc. data (2nd Qtr. 2019) for the subject's North Shore/Merrimack River Valley submarket have projected a vacancy rate at 4.9% YTD (5.1% Boston Metro). This rate is projected to decrease to 5.0% over the next five years, while the Boston Metro is projected to increase to 5.5%. Vacancies in North Shore/Merrimack River Valley submarket have averaged approximately 3.4% over the last five years, while the Boston Metro has averaged 4.7%

REIS, Inc. submarket data for the Class A building type (16,303 units) indicates a 2nd Qtr. 2019 vacancy rate of 5.7% and an average asking rent of \$2,288 and, REIS, Inc. submarket data for the subject's Class B/C building type (16,130 units) indicates a 2nd Qtr. 2019 vacancy rate of 5.4% at an average asking rent of \$1,778. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type, and is reflected in both the vacancy rate and market rent potential. None of the comparables reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The 2nd Qtr. 2019, REIS, Inc. data indicates North Shore/Merrimack River Valley is offering .38 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the City of Lowell had 41,308 year round housing units, 5,180 (12.5%) of which are subsidized for low/moderate income households.

The City of Lowell Consolidated Plan (7/1/15 – 6/30/20) the Lowell Housing Authority (LHA) owns/operates 1,699 units of Federal public housing (824 – family and 875 –elderly/disabled), and 198 units of state public housing. Per the LHA, they maintain 4,566 households on their public housing wait lists (1,061 – Disabled; 304 – Elderly; 2,788 – Family; 413 – Single). They also administer a total of 1,246 Housing Choice Vouchers (HCV), 43 Massachusetts Rental Voucher Program Vouchers (MRVP), and 50 Lowell Rental Assistance Fund Program Vouchers (LRAP). Per the representative of Lowell Housing Authority there are 1,328 applicants on the HCV waiting list, 1,051 on the MRVP waiting list and 558 applicants on the LRAP waiting list.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 38,965 households in the City of Lowell, approximately 75.8% earned less than the HUD published 2019 AMI (107,600), approximately 53.3% earned less than 50% of 2019 AMI, approximately 60.4% earned less than 60% of the 2019 AMI and approximately 67.4% earned less than 80% of the 2019 AMI.

13. 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.

14. No Undue Concentration of Low-income Households

The financing herein proposed does not lead to the undue concentration of low-income households. As a truly mixed-income development, the range of AMI tiers is from 30% AMI to 100% AMI, along with a portion of the units to be rented at unrestricted market rates.

15. Elimination of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	0	1	2
Number of Units	15	63	47
Net SF/Unit	555	775	1090
Elev./Non-Elev.	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	\$3,208	\$3,502	\$3,997
MHFA Below Market Rent (Cost-Based Rent)	\$1,795	\$2,089	\$2,585
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
Rental-Assisted PBV	\$1,172	\$1,274	\$1,454
Tax Credit at 50% AMI	\$766	\$917	\$1,073
Tax Credit at 60% AMI	\$996	\$1,064	\$1,250
Worforce Housing 100% AMI	\$1,400	\$1,598	\$2,045
Market	\$1,500	\$1,709	\$2,400

Utility Allowance	\$83	\$92	\$138
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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.

Michael E. Haynes Arms - Boston

Antonio Torres presented Official Action Status, Commitment of a Conduit Loan and Commitment of a Workforce Housing Loan for Michael E. Hayes Arms in Roxbury. The proposal will utilize approximately 6,050 square feet of vacant land that is under control of the City’s Department of Neighborhood Development (and for which Cruz Development has been designated developer by DND) plus abutting properties located at 2-10 Clifford Street and 274-276 Warren Street (both owned by Cruz Development Corporation). Together the Project consists of 7 contiguous parcels in Roxbury.

The proposed building will be four-stories, consistent with buildings found on Warren Street, and will include two levels of parking for a total of 71 spaces, as well as 5,700 square feet of first floor office space for the Cruz Companies (Development, Construction and Property Management). The Development will consist of nine (9) workforce housing units restricted up to 120% of AMI, seven (7) workforce housing units restricted up to 80% of AMI, 33 tax credit units restricted up to 60% of AMI and six (6) tax credit units restricted up to 30% of AMI. Designated Developer by Department of Neighborhood Development (DND). Additionally, the Sponsor previously acquired and has deeds to the remaining parcels.

The Borrower has proposed the use of Income Averaging, which is subject to approval by DHCD.

For this conduit transaction, MassHousing will rely on the primary lender’s appraisal as an intended user to determine Market rents, workforce housing unit demand and value.

The proposed building includes commercial space, underground garage parking and steel construction. Site work includes extensive excavation and disposal.

The Developer requested use of 4% Low-Income Housing Tax Credits (the “4% Credits”) for this transaction. The 4% Credits may be utilized as a result of funding the Loan with tax-exempt bonds or notes of MassHousing which are to be issued under Section 142 of the Internal Revenue Code of 1986, as amended (the “Code”) and are subject to volume cap allocation under Section 146 of the Code.

Use of the 4% Credits must be approved by DHCD as the “housing credit agency” under Section 42 of the Code who must make the determination required under Section 42(m)(1)(D) of the Code that the development and financing proposal meets the requirements of the Commonwealth’s Qualified Allocation Plan. In addition, MassHousing, as the issuer of tax-exempt obligations which generate the 4% Credits must determine under Section 42(m)(2)(D) of

the Code that the amount of 4% Credits does not exceed the amount necessary for the financial feasibility and long-term viability of the development. Such determination shall be made applying the standards set forth in the proposed vote herein, as required by Section 42(m) (2) (B) of the Code. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a loan commitment for the multifamily development known as “Michael E. Haynes Arms” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of debt by the Agency not be in excess of \$17,418,509 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

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

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

Loan Commitment

Staff has reviewed the development proposal for conduit financing and recommends the following votes for approval by the Agency Members.

VOTED: To approve the findings and determinations set forth below and to authorize the issuance of multifamily tax-exempt obligations in an estimated principal amount of

\$17,418,509, in one or more series pursuant to one or more indentures and/or financing agreements with such terms, interest rates, redemption provisions and maturity schedules as shall be approved by any of the Executive Director, General Counsel, Financial Director, Comptroller, or Manager of Finance and Bond Compliance, acting singly, and any officer or employee of MassHousing acting in such capacity or otherwise authorized to perform specific acts or duties by resolution of MassHousing (each an “Authorized Officer”), each Authorized Officer, acting singly, being authorized to execute and deliver such agreements and any other documents, instruments, and agreements necessary to effectuate the purposes of a conduit financing, with the proceeds of such issuance to be lent to Michael E. Haynes Arms, LLC or another single-purpose entity controlled by Cruz Development Corporation (the “Borrower”) as owner of the multifamily residential development known as “Michael E. Haynes Arms” (the “Development”) and located in Boston, Massachusetts, and in accordance with the applicable Conduit Loan Closing Standards approved by the Members of MassHousing on September 12, 2017 and delegations of authority previously approved by the Members of MassHousing, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

1. The Sponsor must resolve to the satisfaction of the Director of Rental Management and Director of Rental Underwriting the elevator repair requirements set forth in the letter dated October 22, 2019 from MassHousing to Cruz Management Company with respect to the development known as Taurus at Fountain Hill.

**FURTHER
VOTED:**

That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, each acting singly, prior to loan closing, to be used in connection with the multifamily development located in Boston (Roxbury), Massachusetts and known as “Michael E. Haynes Arms” (the “Development”) will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

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

construed to be a representation or warranty as to the feasibility or viability of the Development.

FURTHER

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

FURTHER

VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$1,600,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing's Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

FURTHER

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

STATUTORY FINDINGS AND DETERMINATIONS

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

(1) The affordability of rents for 20% of the units:

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

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

In-house data for larger market and mixed-income complexes (approximately 1,969 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties

reviewed averaged approximately 98.8%, and range between 95.3% and 100%. A review of similar mixed income/subsidized portfolio properties (486 units) demonstrated a weighted average vacancy rate of approximately .843%.

REIS, Inc. data (1st Qtr. 2019) for the subject's Boston City submarket has a vacancy rate at 6.1% YTD (5.2% Boston Metro). This rate is projected to increase to 6.4% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in the Boston City submarket have averaged approximately 6.1% over the last five years, while the Boston Metro is slightly lower at 4.8% over the last five years.

REIS, Inc. submarket data for the Class A building type (9,556 units) indicates a 1st Qtr. 2019 vacancy rate of 6.2% and an average asking rent of \$2,995 and, REIS, Inc. submarket data for the subject's Class B/C building type (8,570 units) indicates a 1st Qtr. 2019 vacancy rate of 6.0% at an average asking rent of \$1,920. The development when completed along with the proposed amenities, more closely reflects the Class B/C property type and is reflected in both the vacancy rate and market rent potential. The 1st Qtr. 2019 REIS, Inc. data indicates that the Boston City submarket is offering .83 months free rent.

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

According to the Boston Housing Authority's (BHA) 5-year plan (2015-2019), the BHA owns and operates 63 family and elderly/disabled developments with a total of 10,343 units. The BHA also administers 14,481 Housing Choice Vouchers. In addition, the City of Boston's Annual Plan (FY2018) indicated that BHA maintain the following wait lists: There are 1,102 households on the Section 8 tenant-based assistance wait list, including 840 families with children, 256 families with disabilities and 40 elderly families. The BHA also had Single applicants on the waiting list. In addition, there were instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at this time. They also maintain a Public Housing Wait list with 34,949 including 14,720 families with children, 9,524 families with disabilities and 4,154 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open. Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 263,229 households in the City of Boston approximately 70.2% earned less than the HUD published 2019 AMI (\$113,300), approximately 48.0% earned less than 50% of 2019 AMI, approximately 54.8 % earned less than 60% of the 2019 AMI and approximately 61.9% earned less than 80% of the 2019 AMI.

(3) Inability of Private Enterprise Alone to Supply Affordable Housing

MassHousing staff has completed an analysis of the market rate rents, as defined by Agency statute, which absent MassHousing financing, would be required to support the development and

operations of the Development. Based on the substantial difference between these market rents (shown in the Rent Schedule below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

(4) No Undue Concentration of Low-income Households

The financing herein proposed will not lead to the undue concentration of low-income households. Although it is a low-income development, it will provide housing opportunities for a variety of household incomes. Also, it is located adjacent to market-rate developments and are in areas that include a mix of residential and retail uses.

(5) Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule				
Number of Bedrooms	0	1	2	3
Number of Units	3	11	36	5
Net SF/Unit	657	714	956	1,419
Elev. (E) / Non-Elev. (N)	E	E	E	E
Market Rate Rent				
(10% Rate 20-year term)	\$2,989	\$3,438	\$3,795	\$4,029
MHFA Below Market Rent				
(Cost-based Rent)	\$1,710	\$2,160	\$2,517	\$2,750
MHFA Rent Adjusted		30% of adjusted gross income		
Underwriting Rents				
Tax Credit at 30%	\$546	\$567	\$673	
Tax Credit at 50%	\$940			
Tax Credit at 60%		\$1,200	\$1,433	\$1,648

Workforce at 80%		\$1,544	\$1,841	
Workforce at 120%		\$1,900	\$2,400	\$2,700
Utility Allowance	\$45	\$66	\$87	\$108

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.

Acting Chairman Chai asked if there was any other old or new business for the Members' consideration. Ms. Avellaneda asked as a matter of new business that a schedule of future committee meetings be provided to all the board members and that staff report back at a future meeting with recommendations for board trainings and education.

Hearing no further business, Acting Chairman Chai asked for a motion to adjourn the meeting at 2:48 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:48 p.m.

A true record.

Attest.

Colin M. McNiece
Secretary