

**Minutes of the Regular Meeting
of MassHousing
and a Special Meeting of the
Center for Community Recovery Innovations, Inc (CCRI)
held on
November 14, 2017**

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 14, 2017 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members Michael Dirrane, Chair
Rachel Madden, Designee of Kristen Lepore
Carolina Avellaneda
Lisa Serafin
Ping Yin Chai
Marc Cumsky

Members
Not Present Chrystal Kornegay
Andy Silins

Staff

Tim Sullivan	Bel Fallon
Beth Elliott	Ken Penta
Tom Lyons	Hana Migliorato
Chuck Karimbakas	Carmen Beato
Laurie Bennett	Lori Hindle
Maureen Burke	Dave Reeser
Meaghan McCarthy	Anne Marie MacPherson
Deb Morse	Gail Bishop
Ed Chase	Mircia Kelly
Lynn Shields	Hanna Schutt
Zan Bross	Katherine Miller
Ricky Ochilo	Casey Baines
Doug O’Brien	Megan Phillips
Mike Carthas	Kimberly Leone
Kathleen Evans	Amy Blouin
Bill Dunn	Steve Vickery
Keri Dailey	Joe Hughes
Jill Lavacchia	Paul Hagerty
Tom Perry	Christopher Burns
Christina Keophannga	Kaitlyn Mulcahy
Anna Reppucci	Peter Worden
Kathy Connolly	Beth DeFranzo
Matt Deych	Kelly Condon

Bradley Day
Paul Scola
Cynthia Lacasse
Karen Kelleher
Myra Carmona
Andrea Laing
Henry Mukasa
Tom Farmer
Paul McMorrow
Thomas Wolf
Leanne McGinty
Stephen Payson
Kevin Mello
Kelly Johnson
John W. McCormack
Rachel Carlson
George O'Toole

Amy Dominici
Nancy McDonald
Eric Gedstad
Monte Stanford
Patricia Weems
Nancy Slaney
Craig Merry
Carol McIver
Linda Bosse
David Keene
Bethany Wood
Mounzer Aylouche
Deepak Karamcheti
Paul Mulligan
Susan Sheffer
Mildren Mukasa

Guests

Michael McKeenan, Wells Fargo
Colin McNiece, Mintz Levin
Charles Carey, Mintz Levin
James Tansey, HPAD Bureau
Jeff Sula, RBC
Paul Haley, Barclays
Tim Santucci, Winn Companies
Lena Altomor, US Bank
Joe Tait, Raymond James
John Malpiede, Citi
Mike Koessel, Citi
Geoff Proulx, Morgan Stanley
Bob Rizzo, Holland & Knight
Paul Ladd, BofA, Merrill Lynch

Chairman Dirrane 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 10, 2017 are hereby approved and placed on record.

Chairman Dirrane began by discussing the upcoming departure of Tim Sullivan, MassHousing's Executive Director. Mr. Sullivan submitted his resignation and will be taking a position in investment banking at UBS where he will continue his commitment to housing. During Mr.

Sullivan's tenure at MassHousing, he served as Deputy Director, Financial Director as well as Executive Director. Mr. Dirrane commented that over the past 15 years, Mr. Sullivan has made a huge impact on MassHousing and leaves a tremendous legacy.

Chairman Dirrane went on to present the process for selecting a new Executive Director. The Human Resources (HR) Subcommittee of the Board is responsible for identifying candidates and for ultimately making a recommendation to the Board for a permanent Executive Director. The HR Subcommittee is chaired by Chairman Dirrane and includes Ping Yin Chai, the Vice Chair and Andy Silins, the Treasurer. Chairman Dirrane explained that the expectation is to do a first round of interviews and select a small number of potential finalists. Chairman Dirrane also invited Board members who are aware of candidates we should consider, or who would like to participate in the process, to inform Tom Lyons so that he can bring that information to the attention of the HR Subcommittee members.

Executive Director's Report

Mr. Sullivan began by expressing how proud he is of the many accomplishments he saw during his tenure at MassHousing. Although his time as Executive Director was not as long as he had expected, he is proud of all the work we have done. Mr. Sullivan stated that he believes we have reconnected with our mission and have focused on people and on innovation.

Mr. Sullivan continued by discussing MassHousing's ambitious long-term goals for both Rental and Single Family. MassHousing has received 4 ratings upgrades in the past 12 months. In the past 3 years we have financed more rental housing since the 1990's. We have also made significant strides in improving diversity and inclusion policies. Mr. Sullivan added that we have been aggressive with our Workforce Housing policies as well as our commitment to veterans' housing.

Mr. Sullivan acknowledged and thanked Karen Kelleher, MassHousing's Deputy Director, as well as the members of the MassHousing Board. He thanked the Board for their engagement and positivity and particularly acknowledged Chairman Dirrane. Mr. Sullivan thanked Chairman Dirrane for his support, friendship and leadership. Mr. Sullivan continued by recognizing Tom Lyons, who is proposed to be MassHousing's Acting Executive Director. Mr. Sullivan concluded by thanking everyone for their service and cooperation.

CCRI Funding Recommendations

Chairman Dirrane called for a motion to recess the MassHousing meeting in order to conduct a special meeting of MassHousing's affiliate: the Center for Community Recovery Innovations, Inc. (CCRI). Upon a motion duly made and seconded, 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.

Ed Chase presented a series of recommendations committing CCRI funds to six proposals that were endorsed by the Community Services Advisory Committee. These awards, totaling \$399,009, would provide funding to acquire and renovate McDevitt House in Brockton, a house for eight young women in recovery who are graduates of transitional sober living; renovate an affordable forty-unit SRO on Essex Street in Lynn; construct the New Life Center for Recovery in Springfield, a four-unit residence (multi-bedroom apartments) for families in recovery on land acquired from the diocese of Springfield; renovate the Green House in Worcester, a building of thirty affordable sober housing units; creating nineteen new SRO units of affordable sober housing in Leominster for men in recovery; and funding to acquire and renovate the Next Door for Women in Recovery in Greenfield, a house for six women.

Lisa Serafin asked about the context in which the CCRI funds are awarded. Mr. Chase explained CCRI has \$700,000 in funds available per year and allocates funds three times annually. Carolina Avellaneda asked if requests are funded in full. Mr. Chase explained that not all requests are funded in full, but that in this round, five out of six requests are fully funded.

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 \$75,000 to EMH Recovery, Brockton, 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 \$26,509 to Bridgewell, Lynn, 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 \$125,000 to Greater New Life Christian Center, Springfield, 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 \$22,500 to Community Healthlink, 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 \$75,000 to South Middlesex Nonprofit Housing Corporation, Leominster, 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, 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 three foregoing votes.

With no other CCRI business, Chairman Dirrane 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

Van Brodie Mill – 4% - Lawrence

Deb Morse presented a proposal for a tax-exempt loan for Van Brodie Mill-4% in Lawrence. Trinity Financial is interested in converting a dilapidated building into 102 new units of mixed-income housing, including 19 units of workforce housing. The project is located midway between Lawrence and Methuen, close to a commuter rail stop.

The property is comprised of four adjacent land parcels containing two interconnected mill buildings ("Van Brodie Mill") and two smaller buildings. The property is located within the 34-acre Arlington Mills Smart Growth Overlay District. The project will be developed using a bifurcated condominium structure, which will split the project into two separate components, one financed with 9% low-income housing tax credits (LIHTCs) and another financed with 4% LIHTCs. Although the 4% project and the 9% project will be developed together, each is a separate project with a separate ownership structure, and only this proposal addresses the 4% component ("Van Brodie Mill 4%"), which will include 56 units of mixed-income rental housing

The property is currently owned by affiliates of a Philadelphia-based private equity firm, Versa Capital Management ("Versa"). Over the past several years, Versa has been working to dispose of the Van Brodie Mill property, along with other properties in the area. At closing, condominium units A and B will be transferred to the borrower, Trinity Van Brodie Four Limited Partnership, with a limited liability company wholly owned by Trinity Financial, Inc., Trinity Van Brodie Four GP LLC, serving as the managing member. Trinity Van Brodie Nine Limited Partnership will acquire Unit C of the condominium.

To access the 4% LIHTC equity, the Borrower must utilize tax-exempt proceeds in the funding of the project. To meet this requirement, the Borrower has requested MassHousing's involvement as issuer of the tax-exempt obligations in order to meet the 50% Test in connection with the Borrower's intended use of 4% LIHTC.

It is anticipated that TD Bank will make a construction loan to the Development to finance construction. At that time, MassHousing will issue bonds for the deal at a public sale, backed by a TD Bank Letter of Credit. Additionally, one or more of the TD Bank equity funds or a substitute direct investor will be admitted as the investor limited partner into the Borrower. The investor will provide federal LIHTC equity over the course of an agreed-upon contribution schedule. The Borrower will pay the costs of the public issue and all negative arbitrage.

After construction completion, but prior to placing the buildings in service, MassHousing will make a loan to the Borrower from the proceeds of the bond issue for a term of approximately eight months. Such loan will be secured by a mortgage and repaid from tax credit equity. 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 permanent loan commitment for the multifamily development known as "Van Brodie Mill 4%" (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 \$14,000,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

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

1. Trinity Financial, Inc. ("Developer") has acceptable multifamily housing development experience and acceptable credit history.
2. The Developer has demonstrated an arms'-length evidence of site control either by an option agreement, a purchase and sale agreement, a deed, a contract of sale for the site, and/or other legal evidence of site control, with the land price and/or ground lease rent evident.

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

FURTHER

VOTED: That the amount of 4% Credits as set by the Executive Director, the Deputy Director, 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 Deputy Director, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing to set the amount of 4% Credits to be used in connection with the Development applying the standards set forth in the immediately preceding Board vote.

FURTHER

VOTED: To approve the findings and determinations contained in Attachment A hereto and to authorize the issuance of multifamily Tax-Exempt obligations, with the proceeds of such issuance to be lent to Trinity Van Brodie Four Limited Partnership, or another single-purpose entity controlled by Trinity Financial, Inc. (the "Borrower"), as owner of the multifamily residential development known as "Van Brodie Mill – 4%" (the "Development") and located in Lawrence, Massachusetts, in accordance with the applicable Conduit Loan Closing Standards approved by the board on September 12, 2017 and delegations of authority previously approved by the Board, 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: This transaction must close simultaneously with Van Brodie 9%.

FURTHER

VOTED: That MassHousing approves, as the structure requires, that the tax-exempt bonds or notes be secured by a mortgage lien, cash collateral, or a letter of credit in form and substance and by an issuing institution acceptable to the General Counsel or her designee, in each case in the full amount of the tax-exempt debt issued by the Agency for the Development, and that this vote serves as the resolution required for alternative security under Section 1.4 of Mass. Gen. Laws ch. 23A App., §1-1 et seq.

FURTHER

VOTED: To authorize the Executive Director and Deputy Director, and their respective designees, 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, if applicable and (2) if applicable, 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 her designee.

ATTACHMENT A

FINDINGS AND DETERMINATIONS

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:

(1) *Provision of Low-income Set-aside Units*

At least 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 1,521 units) in the area revealed a strong rental market. Current occupancy rates of the comparables reviewed averaged approximately 98.3 %, and range between 95% and 100%.

REIS, Inc. data (2nd Qt. 2017) for the subject's North Shore/Merrimack River Valley submarket have projected a vacancy rate at 3.0% YTD (4.9% Boston Metro). This rate is projected to increase to 3.5% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in the North Shore/Merrimack River Valley submarket have averaged

approximately 3.5% over the last five years, while the Boston Metro vacancy rate has averaged 4.5%.

Further, REIS, Inc. submarket data for the subject's Class A building type (14,204 units) indicates a 2nd Qt. 2017 vacancy rate of 4.3% and an average asking rent of \$2,060. However, the development when completed may more closely reflect a Class B/C property type in both the vacancy rate and market rent potential. REIS, Inc. submarket data for the Class B/C building type (19,362 units) indicates a 2nd Qt. 2017 vacancy rate of 2.1% and an average asking rent of \$1,506.

None of the comparables reviewed offered concessions, however the use of concessions continues in the Boston Metro and the 2nd Qt. 2017 REIS, Inc. data indicates that the North Shore/Merrimack River Valley submarket is offering .58 months free rent and the Boston Metro is also offering 1.13 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/05/14), the City of Lawrence 27,092 year-round housing units, 3,907 (14.4%) of which are subsidized for low/moderate income households.

In addition, the City of Lawrence's Comprehensive Housing Study (FY2015) indicated that Lawrence Housing Authority (LHA) manages 1,056 federally assisted units and 522 state assisted units. There are 2,818 applicants including 2,192 Lawrence residents on the federally assisted wait list and 3,000 applicants on state assisted wait list. The Lawrence Housing Authority also manages approximately 1,000 Section 8 Housing Choice Vouchers. Regarding Housing Choice vouchers, Lawrence participates in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting list. They participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List and the anticipated wait time is from 5 to 10 years.

U.S. Census data (per the 2011-2015 American Community Survey) indicates that approximately 81.4% of the households in the City of Lawrence earned less than the 2017 area median income (AMI) of \$87,600, 65.3% earned less than 60% of the AMI, 58.1% earned less than 50% of the of the AMI and 38.7% earned less than 30% of the 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 will not lead to the undue concentration of low-income households. Although it is a low-income development, it is located in an area that includes 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.

Van Brodie Mill – 9% - Lawrence

Deb Morse presented a proposal for a taxable uninsured permanent loan and \$1.9 million in subordinate workforce housing funds for Van Brodie Mill-9% in Lawrence. The 9% low-income housing development (Van Brodie Mill-9%) is the other component related to the previously voted Van Brodie Mill-4%.

Van Brodie Mill 9% and Van Brodie Mill 4% will be constructed simultaneously. The 100 residential units located within condominium units B and C will be distributed throughout the Van Brodie Mill building, and the 2 residential units located within condominium unit A will be located in the former incinerator building.

At closing, the condominium unit C will be transferred to the Borrower, Trinity Van Brodie Nine Limited Partnership, with a limited liability company wholly owned by Trinity Financial, Inc., Trinity Van Brodie Nine GP LLC, serving as the managing member.

The Development will include a mix of studio, one-, two- and three-bedroom apartments. The rents for 27 of the units will be affordable to households earning less than 60% of the area median income (AMI): 7 units will be restricted at 30% of the AMI and 20 units will be restricted at 60% of the AMI. The remaining 19 units will be workforce housing units restricted at 70% of the AMI. Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations contained in Attachment A hereto and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$1,250,000 to be made to Van Brodie Nine Limited Partnership or another single-purpose entity controlled by Trinity Financial, Inc (the “Borrower”) as owner of the multifamily residential development known as “Van Brodie Mill – 9%” (the “Development”) and located in Lawrence, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, 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: This transaction must close simultaneously with Van Brodie Mill 4%.

**FURTHER
VOTED**

To authorize a subordinate loan in a principal amount not to exceed \$1,900,000, to be made to the Borrower for the Development and (1) to be funded from that portion of the Opportunity Fund approved by the Board on March 8, 2016, designated and reserved for workforce housing programs, and (2) subject to the terms and conditions of MassHousing's Workforce Housing Guidelines adopted by the Board on July 12, 2016, and subject to any applicable delegations of authority previously approved by the Board.

**FURTHER
VOTED:**

To authorize the Executive Director and Deputy Director, and their respective designees, 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 her designee.

**ATTACHMENT A
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:

At least 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 1,521 units) in the area revealed a strong rental market. Current occupancy rates of the comparables reviewed averaged approximately 98.3 %, and range between 95% and 100%.

REIS, Inc. data (2nd Qt. 2017) for the subject's North Shore/Merrimack River Valley submarket have projected a vacancy rate at 3.0% YTD (4.9% Boston Metro). This rate is projected to increase to 3.5% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in the North Shore/Merrimack River Valley submarket have averaged approximately 3.5% over the last five years, while the Boston Metro vacancy rate has averaged 4.5%.

Further, REIS, Inc. submarket data for the subject's Class A building type (14,204 units) indicates a 2nd Qt. 2017 vacancy rate of 4.3% and an average asking rent of \$2,060. However, the development when completed may more closely reflect a Class B/C property type in both the vacancy rate and market rent potential. REIS, Inc. submarket data for the Class B/C building type (19,362 units) indicates a 2nd Qt. 2017 vacancy rate of 2.1% and an average asking rent of \$1,506.

None of the comparables reviewed offered concessions, however the use of concessions continues in the Boston Metro and the 2nd Qt. 2017 REIS, Inc. data indicates that the North Shore/Merrimack River Valley submarket is offering .58 months free rent and the Boston Metro is also offering 1.13 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/05/14), the City of Lawrence 27,092 year-round housing units, 3,907 (14.4%) of which are subsidized for low/moderate income households.

In addition, the City of Lawrence's Comprehensive Housing Study (FY2015) indicated that Lawrence Housing Authority (LHA) manages 1,056 federally assisted units and 522 state assisted units. There are 2,818 applicants including 2,192 Lawrence residents on the federally assisted wait list and 3,000 applicants on state assisted wait list. The Lawrence Housing Authority also manages approximately 1,000 Section 8 Housing Choice Vouchers. Regarding Housing Choice vouchers, Lawrence participates in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List. They participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List and the anticipated wait time is from 5 to 10 years.

U.S. Census data (per the 2011-2015 American Community Survey) indicates that approximately 81.4% of the households in the City of Lawrence earned less than the 2017 area median income (AMI) of \$87,600, 65.3% earned less than 60% of the AMI, 58.1% earned less than 50% of the AMI and 38.7% earned less than 30% of the 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 is located in an area that includes market rate developments and it is located in an area that includes 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.

Heritage House, Newburyport

Meaghan McCarthy presented a proposal to accept the assignment of an HUD-issued Firm Commitment for FHA-insurance; make the first mortgage loan, and to finance such loan through the issuance of a Ginnie Mae MBS.

Heritage House is a 101-unit development restricted to elderly and non-elderly disabled tenants. It consists of one 6-story mid-rise building that was constructed in 1980. The development contains 80 one-bedroom and 21 two-bedroom units. The development is located at 32 Low Street in Newburyport. This funding will allow for significant health and wellness improvements including a new fitness center and additional health and wellness personnel.

The development is currently in the MassHousing mortgage portfolio.

The development is a 40B property, which requires that 20% of the units remain affordable to those earning up to 80% of AMI, which is consistent with the requirements of MassHousing financing. In addition, 100 units at the development are covered by a Project-Based Section 8 HAP contract. The new contract will include the “Preservation Exhibit”, which requires the owner to renew the contract for a period of 20-years plus the remaining term of the existing contract (approximately 13.5 years), which will preserve the affordability of these units for at least 33 years. There is also one non-revenue unit at the development.

Upon a motion duly made seconded, it was

VOTED: To approve the findings and determinations contained in Attachment A 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 \$14,553,100, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than \$ 21,829,650 nor less than \$7,276,550 to Low Street Associates Limited Partnership (“Borrower”) for Heritage House and (2) to make the FHA-insured first mortgage loan to Low Street Limited Partnership for Heritage House in the approximate amount of \$14,553,100 subject to the limitation that the final amount of such loan shall not be more than \$21,829,650 nor less than \$7,276,550 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.

VOTED: That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on March 12, 2013, 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 Low Street Limited Partnership for Heritage House.

ATTACHMENT A

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) Provision of Low-income Set-aside Units

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

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

A strong market need for the affordable units is demonstrated by the large number of low-income persons in the City of Newburyport in relation to the number of subsidized housing units.

In-house data for larger market and mixed-income complexes (approximately 775 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.3 %, and range between 94.5% and 100%. My review of similar mixed income/subsidized portfolio properties (1,714 units) demonstrated a weighted average vacancy rate of approximately 1.15%. The property has operated as a Section 8 Elderly Restricted property since 1980 and the 6-year historical vacancy rate is .215%

REIS, Inc. data (2nd Qt. 2017) for the subject's North Shore/Merrimack River Valley submarket have projected a vacancy rate at 3.0% YTD (4.9% Boston Metro). This rate is projected to increase to 3.5% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in the North Shore/Merrimack River Valley submarket have averaged approximately 3.5% over the last five years, while the Boston Metro vacancy rate has averaged 4.5%.

Further, REIS, Inc. submarket data for the subject's Class B/C building type (19,362) indicates a 2nd Qt. 2017 vacancy rate of 2.1% and an average asking rent of \$1,506. The development when renovated will closely reflect a Class B/C property type in both the vacancy rate and market rent potential. REIS, Inc.

One of the comparables reviewed was offering one month free rent, and the use of concessions continues in the Boston Metro and the 2nd Qt. 2017 REIS, Inc. data indicates that the North Shore/Merrimack River Valley submarket is offering .58 months free rent and the Boston Metro is also offering 1.13 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/05/14), the City of Newburyport had 8,015-year-round housing units, 606 (7.6%) of which are subsidized for low/moderate income households.

Further, the Newburyport Housing Authority (NHA) owns and manages 100 units of State-aided Elderly/Disabled housing which are one-bedroom units and 42 units of State-aided family units consisting of 24 two-bedroom units and 18 three-bedroom units. There are 255 applicants on the State-aided Elderly/Disabled waiting list and 234 applicants on the State -aided Family waiting list with 140 applicants on the two-bedroom list and 94 applicants on the three- bedroom waiting list. They also own and manage 50 one-bedroom units of Federal Public Housing and there are 83 applicants on the waiting list. In addition, Newburyport Housing Authority currently owns and maintains 16 units (2 homes) of 689-C State-aided Special Needs Housing for the mentally challenged and 8 units (1 home) of 689-3 State-aided Special Needs Housing for the mentally ill. The NHA contracts with private vendors, who pay a monthly rent to the NHA, to operate the facilities. The vendors are also responsible for client intake and eligibility.

NHA also administers 102 Section 8 Housing Vouchers. Per the NHA, they participate in the centralized waiting list administered through the state and wait time is over nine years. The wait list is open and per the representative of NHA applicants who live or work in Newburyport have a preference.

U.S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 7,555 households in the City of Newburyport, approximately 57.7% earned less than the HUD published 2017 AMI (\$103,400), approximately 31.1% earned less than 50% of 2017 AMI, approximately 37.4% earned less than 60% of the 2017 AMI and approximately 48.6% earned less than 80% of the 2017 AMI.

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

Based on information provided by the MAP Lender Partner, 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 development will continue a 37-year history of serving low-income households, and is located within walking distance of the town's downtown district with quick access to the town's public services including local schools, healthcare service providers, and various commercial and retail stores.

(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.

New Business

Chairman Dirrane announced that as Timothy Sullivan has resigned as Executive Director of MassHousing effective on or about November 14, 2017, it is appropriate at this time to appoint an Acting Executive Director to serve the Agency in such capacity until such time as a permanent Executive Director is hired by the Board. Upon a motion duly made and seconded, it was

VOTED: To appoint Thomas J. Lyons as the Acting Executive Director of MassHousing, with all powers attendant to the position of Executive Director.

Chairman Dirrane continued by discussing Mr. Lyons' history of service with the Agency. Mr. Lyons has been with MassHousing for 15 years, having previously served as the Director of the New England Center for Homeless Veterans and as the Veterans Commissioner for the City of Boston. Over the past several years, Mr. Lyons has served as the Managing Director of Government Affairs and Communications and prior to that served as the manager of MassHousing's Community Services Department. Most recently, Mr. Lyons has expanded the depth and breadth of our external facing operations. For example, under Tom's leadership, the Agency has initiated Gateway City tours where MassHousing can directly engage the mayors on what MassHousing can do to help deliver for their local housing agendas. Chairman Dirrane further commented that, given the potential for tax reform to negatively impact the Agency, Mr. Lyons will also provide important continuity and leadership as we engage on making the case for the tax credit program and for private activity bonds.


Rachel Madden commented that Mr. Lyons is a great choice for Acting Executive Director.

Chairman Dirrane made a motion to adjourn the meeting at 2:30 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:30 p.m.

A true record.

Attest.



Beth M. Elliott
Secretary



Carol G. McIver
Assistant Secretary