

**Minutes of the Regular Meeting
of MassHousing
held on
December 12, 2017**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on December 12, 2017 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members Michael Dirrane, Chair
Rachel Madden, designee of Michael Heffernan, ex officio
Carolina Avellaneda
Lisa Serafin
Ping Yin Chai
Andy Silins
Sushil Tuli

Members
Not Present Marc Cumsky
Carolyn Kirk, ex officio

Staff	Laurie Bennett	Leanne McGinty
	Karen Kelleher	Carmen Beato
	Deb Morse	Mounzer Aylouche
	Anne Marie McPherson	Lisa Fiandaca
	Kathleen Evans	Stephen Payson
	Meaghan McCarthy	Anna Reppucci
	Kaitlyn Mulcahy	Paul Mulligan
	Kathy Connolly	Kevin Mello
	Deepak Karamcheti	John W. McCormack
	Gail Bishop	Bethany Wood
	Nick DiGeronimo	Carol McIver
	Kelly Condon	Dan Staring
	Craig Merry	Tina Keephannga
	Steve Vickery	Amy Dominici
	Joseph Mullen	Rachel Carlson
	Paul Hagerty	Nancy Slaney
	Thaddeus Miles	Hana Migliorato
	Daniel Barbanell	Zan Bross
	Charles Karimbakas	Hanna Schutt
	Sergio Ferreira	Mary Magliozzi
	Henry Mukasa	Mildred Mukasa
	Paul Scola	Belmira Fallon
	Cynthia Lacasse	Nancy McDonald
	Eric Gedstad	Thomas Wolf
	Monte Stanford	

Guests Jeff Sula, RBC
 Paul Haley, Barclays
 Pearse O’Baioill, Winn Companies
 April Ognibene, Beacon
 Howard Cohen, Beacon

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 November 14, 2017 are hereby approved and placed on record.

Chairman Dirrane began by welcoming Sushil Tuli to MassHousing. Mr. Tuli founded Leader Bank in 2002 and has guided Leader Bank to become one of the top community banks in Middlesex County. Since 1999, Mr. Tuli has served as Chairman of the Massachusetts Mortgage Bankers Association. In addition, Governor Charlie Baker recently appointed Mr. Tuli to the board of Massachusetts Capital Growth Corporation. Mr. Tuli is also a member of the Federal Reserve Bank of Boston’s Community Depository Institution Advisory Council and received the President’s Award from HomeStart, Inc. in 2015 for his dedication to combatting homelessness.

Mr. Tuli thanked Chairman Dirrane for his introduction and expressed it was an honor to be named as a member of MassHousing.

Acting Executive Director’s Report

Acting Executive Director Tom Lyons then provided updates on several programs. On December 11, 2017 the Baker Administration announced the Housing Choice Initiative. The Housing Choice Initiative will deliver more than \$10 million in incentives, grant funding and technical assistance per year enabling Massachusetts to realize a goal of creating 135,000 new housing units by 2025. In addition, MassHousing has committed \$2 million in new funding to help cities and towns deliver new housing that is consistent with their housing goals. Mr. Lyons then discussed the Rental Lending business line noting very strong progress toward our goals on the rental lending side. With regard to Single Family Lending, we are behind on our goals due to market conditions. With respect to PCBA, the existing contract has been extended until December 31, 2018, and draft documents for the new procurement have been released by HUD. Mr. Lyons also discussed proposed federal tax reform and stated we are in active engagement on these issues.

Rachel Madden thanked MassHousing for its support of the Housing Choice Initiative.

Chairman Dirrane announced that Sushil Tuli would be abstaining from the Vote Authorizing a Resolution and Certificate of Authorized Signatures for the Agency's Ginnie Mae/Home Ownership Lending Platform.

Revised Ginnie Mae Resolution

Paul Scola presented a revised Ginnie Mae Resolution. In October 2016, in connection with the submission of an application to become a Government National Mortgage Association residential mortgage lender and security issuer, the members approved a Resolution of Board of Directors and Certificate of Authorized Signatories (Form HUD 11702). Attached is a revised Form HUD 11702 which reflects the current staff and respective titles that will be administrating the program on behalf of the Agency. Upon a motion duly made and seconded, it was:

VOTED: To adopt the attached Government National Mortgage Association Resolution of Board of Directors and Certificate of Authorized Signatures attached hereto with the understanding that references in such Resolution to "Corporation" and "Board of Directors" shall mean the "MassHousing" and "the Members of MassHousing," as appropriate.

As noted above, Mr. Tuli did not participate in the discussion or vote on the revised Ginnie Mae resolution.

Chatham West I, Brockton

Kathleen Evans presented a proposal for Chatham West 1, Brockton. Chatham West I is a 300-unit townhouse development in Brockton. Two-hundred and seventy-two (272) units are covered by a Rental Assistance Demonstration ("RAD") project-based Section 8 contract; the remaining 28 households were ineligible for RAD. MassHousing provided a RAD Bridge Loan that is due May 1, 2019. Recognizing the need to minimize current demands for scarce resources, including subordinate debt and volume cap, Beacon Communities has presented a proposal that includes \$4,500,000 of public subordinate debt that will allow the Development to repay the MassHousing Bridge Loan, complete urgent capital improvements, maintain affordability, and provide vulnerable 13A Legacy households from the adjacent Chatham West II with a chance to secure a subsidized unit; the term of the deal is a period of no more than nine (9) years in anticipation of a future long-term preservation refinancing. The proposal is thus related to the financing proposal for Chatham West II and is for a transaction that includes a Workforce Housing subordinate loan and an Undesignated Opportunity Fund subordinate loan.

Beacon Communities intends to eventually execute a preservation refinancing using tax-exempt volume cap that includes both Chatham West I and the adjacent Chatham West II (a matured Section 13A property); however, due to volume cap scarcity and to provide the residents with assurances regarding their tenancy at these properties, Beacon and MassHousing have negotiated

a nine-year solution that will protect tenants in both Chatham West I and Chatham West II and position the property for such a preservation refinancing in the future.

MassHousing will provide two subordinate loans: a \$1,500,000 Workforce Housing loan will support the long-term restriction of the 28 non-RAD units for households with incomes between 61% and 80% of Area Median Income (AMI), and a \$3,000,000 Undesignated Opportunity Fund loan will support the long-term restriction of 60 of the RAD units for households below 80% of AMI for a period of twenty (20) years beyond the expiration of the existing RAD contract, at which point the units would have been unrestricted. 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 subordinate loan in an amount not to exceed \$3,000,000 to be funded from an undesignated portion of the Opportunity Fund approved by the Board on March 8, 2016 (the “Opportunity Fund”), subject to such terms and conditions as approved by the Executive Director or the Deputy Director, or their respective designees; and (b) a subordinate loan in an amount not to exceed \$1,500,000 to be funded from the portion of the Opportunity Fund designated and reserved for workforce housing programs, subject to the program guidelines adopted by the Board on July 12, 2016, and such terms and conditions as approved by the Executive Director or the Deputy Director, or their respective designees; in each case to be made to Beacon Chatham West Associates I Limited Partnership (the “Borrower”) as owner of the multifamily residential development in Brockton, Massachusetts, known as Chatham West I (the “Development”), to be made in accordance with the applicable general closing standards for loans previously approved by the Board and the general delegations of authority previously adopted by the Board (collectively, the “Loans”); and further subject to (1) compliance with all applicable laws and regulations and requirements of applicable financing programs; and (2) the following special conditions:

(a) affordability acceptable to the Executive Director or the Deputy Director is maintained,

(b) the Loans close simultaneously with the financing for the adjacent development, Chatham West II;

(c) the Loans shall be due and payable upon a future sale or refinance of the Development unless the required affordability will be maintained following such sale or refinance, in which case the Loans shall not be immediately due and payable, but will subordinated to the new financing, and if approved by MassHousing, extended (along with associated affordability restrictions; provided, however, that MassHousing’s disposition agreement shall not be subordinated).

FURTHER

VOTED: To authorize the subordination, and if approved by MassHousing, the extension of the Loans (and their associated affordability restrictions) to a new senior mortgage financing of the Development on terms and conditions acceptable to the Executive Director or the Deputy Director, or their respective designees, provided, however, that MassHousing's disposition agreement shall not be so subordinated; and to delegate to the Executive Director, the Deputy Director, or the General Counsel, or their respective designees, the authority to execute any and all documents necessary or convenient to accomplish the foregoing.

FURTHER

VOTED: To authorize the Executive Director and the Deputy Director, 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 loan 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 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

78 (or 26%) 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 1,254 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.7 %, and range between 97% and 100%. The subject property has operated as a mixed income property since approximately 1974 and has a historical vacancy rate of 5.18% over the past 6 years. Review of similar mixed income/subsidized portfolio properties (2,104 units) demonstrated a weighted average vacancy rate of approximately 1.96%.

REIS, Inc. data (2nd Qt. 2017) for the subject's South/SE Suburban submarket have projected a vacancy rate at 4.1% YTD (4.9% Boston Metro). This rate is projected to increase to 4.7% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in the

South/SE Suburban submarket have averaged approximately 4.7% 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 (4,137) indicates a 2nd Qt. 2017 vacancy rate of 6.5% and an average asking rent of \$1,705. However, the development when completed with the proposed renovations may more closely reflects 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 (11,797 units) indicates a 2nd Qt. 2017 vacancy rate of 3.3% and an average asking rent of \$1,412.

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 South/SE Suburban submarket is offering .48 months free rent and the Boston Metro is offering 1.13 months free rent.

According to the Department of Housing and Community Development's (DHCD) *Chapter 40B Subsidized Housing Inventory (12/5/14)*, the City of Brockton has 35,514 year-round housing units, 4,485 (12.6%) of which are subsidized for low/moderate income households.

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

U. S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 33,764 households in the City of Brockton, approximately 27.6% earned less than 30% of the HUD published 2017 AMI (\$81,000), approximately 43.5% earned less than 50% of the 2017 AMI, and nearly 51.8% earned less than 60% of the 2017 AMI, and 63.7% earned less than 80% of the 2017 AMI.

Based on the market data reviewed, a demand exists for the subject units, both the low-income and market rate units in the City of Brockton.

(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 change neither the current income mix of the Development nor that of its surrounding locality. Although it is a low-income development, it is located in an area that includes a mix of residential and numerous 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.

Chatham West II, Brockton

Kathleen Evans presented a proposal for Chatham West II, Brockton. Chatham West II is a 270-unit townhouse development in Brockton. Sixty-eight (68) units are covered by a Section 8 Project Based Rental Assistance contract; the remaining 202 units were subsidized through a Section 13A mortgage that matured in March 2017. Recognizing the need to minimize current demands for scarce resources, including subordinate debt and volume cap, Beacon Communities has presented a proposal to complete some improvements, maintain affordability, and protect vulnerable 13A Legacy households for a period of no more than nine (9) years in anticipation of a future long-term preservation refinancing. The proposal is thus related to the financing proposal for Chatham West I and is for a transaction that includes a \$100,000,000 13 A Tenant Protection subordinate loan forgivable in one-year increments.

Beacon Communities intends to eventually execute a preservation refinancing using tax-exempt volume cap that includes both Chatham West II and the adjacent Chatham West I (formerly financed under Section 236, and now a RAD property); however, due to volume cap scarcity and to provide the residents with assurances regarding their tenancy at these properties, Beacon and MassHousing have negotiated a nine-year solution that will protect tenants in both Chatham West I and Chatham West II and position the property for such a preservation refinancing in the future.

MassHousing will provide a \$10,000,000 13A Tenant Protection Loan to support the continued tenancy of all remaining 13A Legacy households. These funds are sufficient to support the continued tenancy of current households with manageable annual rent increases at the level permitted under MGL 40T (CPI + 3.0%, which currently equates to 4.7%) by prefunding an amount equal to the trended difference between projected market rents and restricted rents. The Tenant Protection Loan will be structured as a nine-year subordinate loan funded at loan closing, and forgivable in one-year increments beginning on the first anniversary of the closing. At the time of a prepayment or refinance of the first mortgage, the remaining balance of the 13A Tenant Protection Loan may be extended and resubordinated or forgiven in full at the discretion of MassHousing.

As part of this transaction, Beacon agrees to rehouse income-eligible 13A Legacy households in units covered by income-based subsidy contracts (i.e., 272 RAD units at the adjacent Chatham West I and 68 PBRA units at Chatham West II) and make new unit offers to households that are able to pay the higher intended rent for the unit. This approach provides greater security for 13A Legacy households and positions the property for a future LIHTC transaction. 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 subordinate loan in an amount not to exceed \$10,000,000 to be funded from the portion of the Opportunity Fund approved by the Board on March 8, 2016, designated and reserved for preservation of the Section 13A portfolio, subject to such terms and conditions as approved by the Executive Director or the

Deputy Director, or their respective designees, to be made Beacon Chatham West Associates II Limited Partnership (the “Borrower”) as owner of the multifamily residential development known as Chatham West II (the “Development”), to be made in accordance with the applicable general closing standards for loans previously approved by the Board and the general delegations of authority previously adopted by the Board; such loan to be forgivable by one-ninth (1/9) of the original principal amount for each year that the loan remains outstanding and the Forgiveness Conditions (as defined below) are met; and further subject to (1) compliance with all applicable laws and regulations and requirements of applicable financing programs; and (2) the following special conditions:

- (a) affordability acceptable to the Executive Director or the Deputy Director is maintained;
- (b) the financing closes simultaneously with the financing for the adjacent development, Chatham West I.

For purposes of this vote, the “Forgiveness Conditions” are as follows:

- 1) Until April 30, 2028, every other vacant RAD unit at CWI is first offered to income-eligible 13A Legacy households who do not have rental subsidy (as noted above).
- 2) Every vacant PBRA unit at CWII is offered to income-eligible 13A households (as noted above).
- 3) Annual rent increases imposed on remaining 13A Legacy households awaiting such an offer are not in excess of the then applicable CPI + 3.0%
- 4) Turnover 13A Legacy units are offered to households at the intended income levels, within the intended affordability mix, and will be charged the intended rent.

**FURTHER
VOTED:**

To authorize the subordination, and if approved by MassHousing, the extension, of the loan authorized in the immediately preceding vote (and its associated affordability restriction(s)) to a new senior mortgage financing of the Development on terms and conditions acceptable to the Executive Director or the Deputy Director, or their respective designees, provided, however, that MassHousing’s disposition agreement shall not be so subordinated; and to delegate to the Executive Director, Deputy Director or General Counsel, or their respective designees, the authority to execute any and all documents necessary or convenient to accomplish the foregoing.

ATTACHMENT A STATUTORY 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

270 (or 100%) 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 1,254 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.7%, and range between 97% and 100%. The subject property has operated as a mixed income property since approximately 1974 and has a historical vacancy rate of 5.18% over the past 6 years. Review of similar mixed income/subsidized portfolio properties (2,104 units) demonstrated a weighted average vacancy rate of approximately 1.96%.

REIS, Inc. data (2nd Qt. 2017) for the subject's South/SE Suburban submarket have projected a vacancy rate at 4.1% YTD (4.9% Boston Metro). This rate is projected to increase to 4.7% over the next five years, while the Boston Metro is projected to increase to 5.8%. Vacancies in the South/SE Suburban submarket have averaged approximately 4.7% 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 (4,137) indicates a 2nd Qt. 2017 vacancy rate of 6.5% and an average asking rent of \$1,705. However, the development when completed with the proposed renovations 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 (11,797 units) indicates a 2nd Qt. 2017 vacancy rate of 3.3% and an average asking rent of \$1,412.

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 South/SE Suburban submarket is offering .48 months free rent and the Boston Metro is offering 1.13 months free rent.

According to the Department of Housing and Community Development's (DHCD) *Chapter 40B Subsidized Housing Inventory (12/5/14)*, the City of Brockton has 35,514 year-round housing units, 4,485 (12.6%) of which are subsidized for low/moderate income households.

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

U. S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 33,764 households in the City of Brockton, approximately 27.6% earned less than 30% of the HUD published 2017 AMI (\$81,000), approximately 43.5% earned less than 50% of the 2017 AMI, and nearly 51.8% earned less than 60% of the 2017 AMI, and 63.7% earned less than 80% of the 2017 AMI.

Based on the market data reviewed, a demand exists for the subject units, both the low-income and market rate units in the City of Brockton.

(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 change neither the current income mix of the Development nor that of its surrounding locality. Although it is a low-income development, it is located in an area that includes a mix of residential and numerous 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.

Orient Heights Phase Two

Deb Morse presented a proposal for Official Action Status (“OAS”) Orient Heights Phase Two in East Boston. The proposal is for the demolition of four existing buildings, new construction of 82 units with one- to five-bedroom units. This collective four-phase effort will yield 373 units of housing.

The Developer, Trinity Financial, Inc., is currently seeking OAS to protect its ability to reimburse any appropriate project expenditures with the proceeds of a future tax-exempt financing. The tax-exempt bond proceeds from MassHousing will be used as project financing for the demolition and new construction of Orient Heights Phase Two (“Phase Two”). This is part of a comprehensive, four-phase master-planned redevelopment for the entire Orient Heights development. Phase One is under construction and consists of the demolition of 90 units in four midrise buildings and a central boiler plant, and the construction of 120 units in a series of clustered townhouses and midrise buildings along Waldemar Avenue. Construction on Phase One began at the end of 2016 and is anticipated to be completed the first quarter of 2018. Upon completion, the collective four-phase effort will yield 373 units of housing, 331 of which will be restricted as affordable to low-income households. Upon a motion duly made and seconded, it was

VOTED: (i) that the Agency grant Official Action Status and consider the application for a conduit loan commitment for the multifamily development known as “Orient Heights Phase Two”, (the “Development”) at such time as it is submitted; (ii) that this vote serve as a declaration of official intent under Treasury Regulations Section 1.150-2 for the Agency 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 is anticipated to be in a principal amount of \$26,000,000 and shall not be in excess of \$30,000,000 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. 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.

Residences at Cedar Dell - Dartmouth

Deb Morse presented a proposal for the Residences at Cedar Dell in Dartmouth.

Residences at Cedar Dell is a 78-unit elderly apartment development consisting of one two-story building that was constructed under the MassHousing Elder Choice program in 2004. The development contains 78 units of independent and assisting living units ranging from studios to two-bedroom units. The development is located at 628 Old Westport Road in Dartmouth. There is currently a LIHTC use restriction in place that restricts 20% of the units to 50% of AMI. This restriction will remain in place until 2050.

The Borrower is seeking MassHousing's commitment for a new loan of approximately \$10,367,200, or such other amount as evidenced in the HUD Firm Commitment, in permanent first mortgage financing under the MAP/Ginnie Mae Program. The new loan will be insured by the Federal Housing Administration under HUD's Section 232/223(f) Program, under the provisions of Section 207, pursuant to Sections 232 and 223(f) of the National Housing Act, and the Regulations thereunder now in effect. The new loan will be MassHousing's first mortgage loan under the Section 232/223(f) Program, which is a mortgage insurance program for residential healthcare facilities, including nursing homes, assisted living facilities and board and care facilities. As with traditional 223(f) Program loans, MassHousing's credit risk will be approximately 1% of the loan amount as a result. The Borrower will prepay the existing mortgage loan obligations to MassHousing as authorized under and subject to the conditions set forth in the vote taken by the Board on October 14, 2014 providing prepayment approval for certain MassHousing Multifamily Mortgages. The new loan will also be subject to the General Conditions for the MAP/Ginnie Mae Program approved by the Board on November 12, 2014, and MassHousing and the MAP Lender Partner will at all times comply with the terms of HUD's identity-of-interest guidance provided in HUD's letter to MassHousing dated June 13, 2014. Upon a motion duly made and 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 CBRE HMF, Inc. of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Sections 232/ and 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$10,367,200, 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 \$15,550,800 nor less than \$5,183,600 to LCB Cedars

at Dartmouth, LLC (the “Borrower”) for Residences at Cedar Dell in Dartmouth, MA (the “Development”) and (2) to make the FHA-insured first mortgage loan to the Borrower for the Development in the approximate amount of \$10,367,200, subject to the limitation that the final amount of such loan shall not be more than \$15,550,800 nor less than \$5,183,600 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 Sections 232 and 223(f) of the National Housing Act, to LCB Cedars at Dartmouth, LLC for Residences at Cedar Dell in Dartmouth.

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 (i.e. at 80% of Area Median Income), as specified in the Act, at the adjusted rentals shown in the rent schedule below.

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

The 2016 **Executive Office of Elder Affairs (EOEA)** survey (2015-16 data) of Massachusetts Assisted Living Residences (ALRs) revealed the following in their *Assisted Living Residences Survey Summary Report* (*The statements in italics reflect A&M's observations*):

- 241 ALR's were surveyed, and 133 responded.

- 70% ALR’s with a mix of traditional and special care units range in size from 71 to 124 units (w/ appx. 38% ranging from 71 to 90 units). *The subject property reflects these parameters.*
- Over 85% of ALR’s with a mix of traditional and special care units range in occupancy from 100% to 71% (w/ appx. 46% ranging from 71% to 90% occupied). *The subject’s historic occupancy appears to fall within this range, albeit the financials available for review are incomplete.*
- The **average** monthly fees included **\$4,854/mo. for traditional assisted living units**, and **\$6,546/mo. for special care units**. *The subject’s underwriting rents, as indicated in Rental Origination **Rental Loan Commitment** proposal reflects the following:*

Underwriting Rents						
Market	\$3,300	\$5,200	\$5,400	\$6,600	\$5,300	\$6,600
LIHTC	N/A	\$2,358	\$2,358	\$2,358	N/A	N/A

*Although site/project specific, the market rate **Underwriting Rents** appear to be with a range of reasonableness (albeit, further market research is required) relative to the survey rents, particularly given that these rents are 1.5 to 2 years old. Further, the LIHTC **Underwriting Rents** are projected to be approximately \$1,000 to \$4,000+ per unit less than the market rate rents, and appx. \$2,500 to appx. \$4,100 less than the survey rents.*

- 44.4% of the ALR’s surveyed set aside units for low-income residents, identified in the survey as “at or below 80% of the area median income”, with the mean response of units set-aside at 24.9 units.

The subject property has operated as an assisted living property since 2005. Although the subject’s historical financials are incomplete in MH’s FOA system, our review of five (5) similar mixed income/subsidized portfolio properties (435 units) demonstrated a weighted average vacancy rate of approximately of 13.78% (i.e. 86.2% Occupied).

Dartmouth Housing Authority (DHA) owns and/or operates one property of State Chapter 667 Housing for Elderly/Disabled with a total of 44 one bedroom units, none of the units are classified as handicap accessible. They also own and/or manage one Federally funded, State-aided with a total of 80 one-bedroom units, of which 8 units are fully handicapped accessible apartments. The preferences for these units are as follows: elderly resident veteran, non-elderly resident veteran, veteran elderly non-resident, veteran non-elderly non-resident, resident elderly, resident non-elderly, elderly non-resident and non-elderly non-resident. Per the DHA the estimated waiting list time are veteran, elderly residents have about a year wait and non-elderly and non-residents can have as long as a seven year wait. They also own one property that is exclusively for Veterans with 9 efficiency units. The preference for these units is homeless Veterans. These units are part of the MRVP program and are administered by Housing Solutions for Southeastern Massachusetts. DHA administers 197 Section 8 Housing Choice Vouchers (HCV) which are issued on an “available funding” basis. Per the representative of DHA, they used the Section 8 Housing Choice Voucher Centralized Waiting list and the representative estimated that it was over a three year wait to obtain a HCV.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/5/2014), the town of Dartmouth has 11,775 year round housing units, 929 (7.9%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2011-2015 American Community Survey (ACS) indicates that of the 11,163 households in the Town of Dartmouth, approximately 31.3% earned less than the HUD published 2017 AMI (\$62,200), approximately 26.9% earned less than 50% of 2017 AMI, approximately 31.6% earned less than 60% of the 2017 AMI and approximately 34.1% earned less than 80% of the 2017 AMI.

In addition, the following observations were made based on a brief review of **2011-2015 American Community Survey** data for the **Population 65 Years and Over in the United States – Bristol County** (**Note:** *These observations should not be construed as a Market Study for the subject property or an assessment of the development's long- or short-term feasibility. Further, Bristol County data has been selected as the best information available within the allotted time frame for analysis to assist you in making your statutory findings, and should not be assumed to reflect the subject's primary and/or secondary market areas, or the criteria to define a qualified population.*).

Bristol County data includes:

- There are 24,126 (46.8%) households (51,552 total 65+ HH) over 65 living alone.
- There are 29,155 (36.3%) individuals (80,317 total 65+ Individuals) over 65 with a disability.
- There are 8,514 (10.6%) individuals over 65 living below the poverty level, and an additional 9,959 individuals over 65 living between 100% and 150% of the poverty level.
- There are 8,183 (52.2%) over 65 renter-occupied housing units (15,676 total 65+ renter-occupied units) that pay 30% or more of their income for housing (31-40% - moderate cost burden; 41%-50% - high cost burden; also, 50%+ - severe cost burden).

(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 financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality. Although it is a low-income development, it is in an area that includes a mix of residential and numerous 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, other public agencies (e.g. local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Redwood Terrace, Lowell

Henry Mukasa presented a proposal for Redwood Terrace in Lowell. Redwood Terrace is a 151-unit family apartment community in Lowell. The current Owner, a Winn affiliate, refinanced with MassHousing into a new permanent loan in 2016. The purpose of the new loan was primarily to secure a lower interest rate, address current and future capital needs and fund an equity take-out for the Owner. The property has been in the MassHousing portfolio since 2002. Winn Pondview Limited Partnership (the "Borrower"), requests MassHousing's approval of a Level One Transfer of Ownership. Under the proposed transfer, the Borrower will sell the development to Redwood Terrace LLC, a previously formed, single-purpose, sole asset entity. Upon a motion duly made and seconded, it was:

VOTED: That MassHousing approves the Level One Transfer of Ownership of Redwood Terrace as described above, subject to the requirements of the Transfer of Ownership Policy approved by the Board on August 14, 2007 and further subject to any additional conditions required by the Director of Rental Management or the General Counsel.

Chairman Dirrane made a motion to adjourn the meeting at 2:21 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:21 p.m.

A true record.

Attest.



Beth M. Elliott
Secretary



Carol G. McIver
Assistant Secretary