

**Minutes of the Regular Meeting
of the Members of MassHousing and a
Special Meeting of the
Center for Community Recovery Innovations, Inc. (CCRI)
held on
December 12, 2023**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – and a Special Meeting of the Center for Community Recovery Innovations, Inc. (CCRI) was held on December 12, 2023 at One Beacon Street, Boston, MA 02108.

Members

Attending: Jeanne Pinado, Chair
Carolina Avellaneda, Vice Chair
Tom Flynn
Kaitlyn Connors, Designee of Matthew Gorzkowicz, ex officio
Herby Duverné
Edward Augustus, ex officio
Carmen Panacopoulos
Jerald Feldman

Members

Not

Attending: Patricia McArdle

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

VOTED: That the minutes of the Regular Meeting of the Members held on November 14, 2023 are hereby approved and placed on record.

Chair Pinado then called for a motion to recess the MassHousing meeting in order to convene a special meeting of The Center for Community Recover Innovations, Inc. (CCRI.) Upon a motion duly made and seconded it was

VOTED: to recess the MassHousing meeting to convene a special meeting of CCRI.

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

(Edward Augustus joined the meeting)

Vote Committing CCRI Funds

Nichole Mikshenas, Neighborhood Stabilization Program and CCRI Specialist, gave an overview of the background of The Center for Community Recovery Innovations, Inc. (CCRI.)

In 1983, MassHousing created the Tenant Assistance Program (TAP), the first effort of a housing agency in this country to address the effects of alcohol and drug use in housing. In subsequent years TAP grew to address a wide range of health, safety and social issues faced by housing management staff and residents. In 1994 The Center for Community Recovery Innovations, Inc. (CCRI) was established as a nonprofit subsidiary of MassHousing to further TAP's original purpose with a mission to develop creative strategies to address issues of addiction in housing communities. In furtherance of this mission, CCRI currently seeks to: increase the availability of affordable, alcohol and drug free housing in Massachusetts; promote intervention, recovery, and successful tenancies for residents experiencing addiction; and provide equitable recovery focused services and resources, geographically and for all populations, with a special focus on housing and services to women with children, adolescent/young women, youth, veterans, LGBTQ+ individuals, re-entering citizens, and/or other underserved populations.

The amount of funding per Fiscal Year remains unchanged at \$700,000. We have changed the way the program is set up based on feedback by the Members. Previously (since 2005) Priority One (Capital) grants were \$75,000 max per project (\$125,000 for projects housing women and children) and Priority Two grants were \$25,000 max per project. New for FY24 Priority One (Capital) grants Tier 1 are \$150,000 max to create new units of affordable sober housing (\$200,000 max for family units) and Tier 2 are \$100,000 max to preserve existing units of affordable housing. Priority Two (Innovation) are \$40,000 max per project.

In addition, we have changed "women and children" to "family." We have increased our outreach to reach more people. We received 13 applications this round, 7 of which are Priority One. Ms. Mikshenas also thanked the readers for their work reviewing applications.

There was discussion about whether organizations have an opportunity to come back and ask for more funds. Ms. Mikshenas stated that they if they don't ask for the maximum, they are welcome to come back and ask for more. Chair Pinado asked if SEMCOA was committed for 12 months if they have no location yet. Ms. Mikshenas replied we do give extensions if needed. Ms. Mikshenas noted that two of the applications are Priority Two – NamaStay Sober Yoga and Self-Esteem Boston Educational Institute. NamaStay Sober Yoga provides mediation and yoga classes to recovery centers; their instructors are also in recovery. The Self-Esteem Boston Education Institute is principally for women and includes three recovery homes.

Carmen Panacoupoulos asked the Adult & Teen Challenge and it was noted that the applicant is very active in fundraising and the grant leverages additional money which is expected to be over \$200,000.

Carolina Avellaneda asked how the homes define "men" and "women." Ms. Mikshenas said they are presently very traditional in definition, but discussions on that point are happening. The Mental

Health Association in Holyoke is having empathetic conversations related to that issue – they want to create a space where everyone feels safe.

MassHousing staff have endorsed nine applications for consideration by the CCRI Board of Directors:

1. **GAAMHA, Gardner:** Requests funding for renovations to preserve 12 units of affordable sober housing for women in Gardner. **Recommendation: \$100,000. Commitment expires June 30, 2025.**
2. **Steppingstone, Inc., New Bedford:** Requests funding for renovations to preserve 7 units of affordable sober housing for women and children in New Bedford. **Recommendation: \$37,000. Commitment expires June 30, 2025.**
3. **Mental Health Association, Holyoke:** Requests funding for renovations to preserve 16 units of affordable sober housing for LGBTQ+ individuals in Holyoke. **Recommendation: \$28,837. Commitment expires June 30, 2025.**
4. **Ethel Rose House of Refuge, New Bedford:** Requests funding for expansion to create 4 new units of affordable sober housing for women in New Bedford. **Recommendation: \$75,000. Commitment expires June 30, 2025.**
5. **SEMCOA, Inc. and High Point, New Bedford:** Requests funding to acquire property to create 4 new units of affordable sober housing for women and children in New Bedford. **Recommendation: \$200,000. Commitment expires June 30, 2025**
6. **Gandara Mental Health Center, Inc., Northampton:** Requests funding for renovations to preserve 8 units of affordable sober housing for men in Northampton. **Recommendation: \$27,000. Commitment expires June 30, 2025.**
7. **Adult & Teen Challenge Massachusetts, Worcester:** Requests funding for expansion to create 33 new units of affordable sober housing for men in Worcester. **Recommendation: \$30,000. Commitment expires June 30, 2025.**
8. **Self Esteem Boston Educational Institute, Boston/Lynn/Springfield:** Requests funding to support the delivery of Statewide Women’s Self Esteem Life Skill Development Programs for women and families with expanded online aftercare support. **Recommendation: \$30,500. Commitment expires June 30, 2025.**
9. **NamaStay Sober Yoga, Boston:** Requests funding to expand yoga and wellness classes to more recovery centers and sober living homes. **Recommendation: \$40,000. Commitment expires June 30, 2025.**

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 \$100,000.00 to GAAMHA, Inc., Gardner, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$37,000.00 to Steppingstone, Inc., New Bedford, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$28,837.00 to Mental Health Association, Inc., Springfield, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$75,000.00 to Ethel Rose House of Refuge, New Bedford, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$200,000.00 to SEMCOA, Inc. and High Point, New Bedford, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$27,000.00 to Gandara Mental Health Center, Inc., Northampton, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$30,000.00 to Adult & Teen Challenge Massachusetts, Worcester, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$30,500 to Self Esteem Boston Educational Institute Inc., Boston/Lynn/Springfield, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

FURTHER

VOTED: That CCRI approve a grant in the amount of \$40,000.00 to NamaStay Sober Yoga, Boston, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation

Noting that there was no other business requiring action or discussion, Chair Pinado adjourned the CCRI meeting and reconvened the MassHousing Meeting.

Bond Bill Presentation

Edward Augustus, Secretary of the Executive Office of Housing and Livable Communities, gave a presentation of the Affordable Homes Act, also known as the Housing Bond Bill, which was filed by Governor Maura Healey on October 18, 2023.

Secretary Augustus began his presentation by stating The Affordable Homes Act (AHA) is the largest housing investment in Massachusetts history and prioritizes the most vulnerable households. The proposed investment of \$4.12 billion is more than two times greater than the next largest Housing Bond Bill. Up to 80 percent of funds will benefit low-income households with up to 50 percent of proposed spending benefitting extremely low-income households or residents with disabilities.

Secretary Augustus continued by discussing numerous policy initiatives included in the AHA that support the Healey-Driscoll Administration's goals of affordable housing including ADU's by-right (five other New England states and California have already done this), local option transfer fees (Boston, Cape & Islands and Somerville will have a fee on transfers over \$1 million), public land disposition and tenant protections. In addition, the AHA will fund or enable more than 40,000 homes that otherwise would not be built – 22,000 new homes for low-income households, including 4,000+ homes for extremely low-income households as well as fund or enable 12,000+ new homes for middle-income households. The AHA will preserve, rehab, improve or support an additional 27,000+ units – 12,000+ low-income homes will be modernized and made more resilient, more energy efficient and safer. In addition, funding will provide for accessibility improvements for 4,500 homes and will support the decarbonization of 3,000 public housing units.

Secretary Augustus gave an overview of the Housing Bond Bill. The \$4 billion in capital authorizations will support public housing, existing housing production and preservation programs and new initiatives. Tax credits like CITC (Community Investment Tax Credit) and the new Homeownership Production Tax Credit will increase housing production and development. Legislation and executive orders will reduce barriers to housing production and preservation, strengthen protections for tenants, provide new tools for local communities and develop new housing policies for seniors and those with the lowest incomes.

Chrystal Kornegay and Chair Pinado both stated that this new bill brings many new resources and policy changes.

Loan Committee

Salem Schools Redevelopment, Salem

Bill Dunn presented a proposal for Official Action Status, Commitment of a Tax-Exempt Permanent Loan, Commitment of a Tax-Exempt Equity Bridge Loan, Commitment of a Workforce Housing Loan and Approval for the Use of Low-Income Housing Tax Credits for Salem Schools Redevelopment in Salem.

The loan being considered will support the proposed Salem Schools Redevelopment (the “Development”) which involves the adaptive reuse and rehabilitation of two former Catholic school buildings located on separate, non-contiguous parcels. North Shore Community Development Coalition Inc. (“NSCDC” or the “Sponsor”) has requested financing that will support the creation of two mixed-income rental buildings, which will together provide sixty-one (61) units of rental housing in the Gateway City of Salem.

One property, the Hawthorne building, will provide income-restricted housing with an artist preference, while the second, the Federal building, will provide income-restricted, age-restricted housing for individuals over sixty-two (62) years of age.

The Development will be located on two non-contiguous parcels, totaling 1.46 acres in combined area (together, the “Site”), located on 13 Hawthorne Boulevard (the “Hawthorne Site”) and 160 Federal Street (the “Federal Site”). Both parcels are conveniently situated within walking distance of downtown Salem and offer proximity to various amenities such as restaurants, shops, and cultural attractions, as well as commuter rail stations providing access to the metropolitan Boston region.

The Hawthorne Site is within walking distance of the Salem Common, the Peabody Essex Museum, and the Punto Urban Art Museum. The Federal Site is located next to the Council on Aging Community Life Center and is approximately one mile from Mass General Brigham Salem Hospital, a major healthcare facility that provides a wide range of medical services to the community.

The Development involves the conversion of two (2) existing vacant school buildings, the Hawthorne building and the Federal building, situated approximately one (1) mile from one another, to create a total of sixty-one (61) affordable residential units. The Hawthorne building will include twenty-nine (29) units, including studios, one-bedroom, and two-bedroom units, and an artist preference will apply to all units. The Hawthorne building will also include a community art space, seven (7) on-site parking spaces and twenty-nine (29) exclusive-use parking spaces for residents in a nearby municipal garage. The Federal building will offer a total of thirty-two (32) units, including studio, one-bedroom, and two-bedroom units, all of which will be age restricted to households with at least one- member aged sixty-two (62) or older. Residents will have access to thirty-nine (39) on-site parking spaces. The Development plan includes enhanced energy efficiency measures such as repointing historic masonry and increasing insulation. Water conservation will be achieved with the use of low-flow fixtures. For improved air quality, interior

paints and sealants with no volatile organic compounds (VOCs) will be employed and kitchen exhausts will be ducted externally, promoting better air circulation and overall resident well-being.

Salem Schools LLC (the “Mortgagor Entity”, “Borrower” or “Lessee”) has entered into two (2) ninety-nine (99) year ground leases with the Roman Catholic Archbishop of Boston (“the Lessor”), one for each site.

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 “Salem Schools Redevelopment” (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 that such loan (a) be funded with proceeds of tax- exempt debt issued in the future and (b) reimburse, in accordance with Treasury Regulations Section 1.150-2, up to \$23,790,000 of costs of the Development paid prior to the issuance of such debt or the making of such loan; provided that this vote does not require the Agency to make any expenditure, incur any indebtedness or proceed with the Development.

Official Action Status Findings

In accordance with the vote of the Members of MassHousing dated October 10, 2023, staff makes the following Official Action Status findings for the Development:

1. The mortgagor or sponsor has acceptable multifamily housing development experience and acceptable credit history.
2. The mortgagor, sponsor or an affiliate under common control has demonstrated evidence of site control, which may include a deed, a ground lease, a purchase option, a contract of sale, or designation under a public land disposition process.
3. The site is acceptable for the proposed housing (if the loan would finance new construction).
4. There is a need for the proposed housing in the community where the site is located.

Mortgage Loans

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 \$2,220,000, 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 \$22,000,000, in each case to be made to Salem Schools LLC or another single-purpose entity controlled by North Shore Community Development Coalition (the "Borrower") as owner of the multifamily residential development known as "Salem Schools Redevelopment" (the "Development") and located in Salem, 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.

VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$500,000 (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.

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.

4% Low-Income Housing Tax Credits

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 Salem, Massachusetts and known as “Salem Schools Redevelopment” (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.

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:

56 units (92%) in the Development will be affordable to low-income persons and families, as specified in the Act, at rents that do not exceed the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

The market needs data reflects the information available to A&M staff as of the date of collection September 26, 2023. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the indicated collection date.

In-house data for larger market and mixed-income complexes (946 approximate units) in the area revealed a strong market, with increasing rental and occupancy rates over that past three years. Current occupancy rates of the five developments reviewed averaged approximately 96.6%, and range between 94% and 100%. None of the comparables were offering concessions.

3rd Qtr. 2023 CoStar data for the subject's North Shore Submarket (13,667 units) has an overall vacancy rate at 4.3% YTD, which is an increase of 0.95% from one year ago. CoStar data for the Boston market (269,009 units) has an overall vacancy rate of 5.3% YTD, which is an increase of .57% from one year ago. The North Shore Submarket vacancy rate is projected to increase to 4.4% over the next five years, while the Boston market is projected to stay at 5.3%.

CoStar, submarket data for the 4-5 Star building type (4,720 units) indicates a 3rd Qtr. 2023 vacancy rate of 5.4% and an average asking rent of \$2,747, while submarket data for the subject's 3 Star building type (5,053 units) indicates a 3rd Qtr. 2023 vacancy rate of 4.4% at an average asking rent of \$2,260 and 1-2 Star buildings (3,894 units) indicates a 3rd Qtr. 2023 vacancy rate of 3.0% at an average asking rent of \$1,592. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

Per the representative of the Salem Housing Authority, (SHA), the authority own/operate 7 State funded elderly/disabled public housing developments consisting of 12 studios, 449 one-bedroom units, and 2 two-bedroom units and they also own/operate 7 State subsidized family developments consisting of 5 one-bedroom units, 102 two-bedroom units and 102 three-bedroom units.

Regarding Federal funded public housing, SHA owns 2 Federally funded elderly/disabled developments consisting of 30 one-bedroom units and 4 federally funded family developments consisting of 5 two bedrooms units, 3 three bedrooms units and 1 four-bedroom unit. There are 547 applicants of the waiting

list. Per the representative of SHA, there are 7,807 applicants on the elderly/disabled wait list and 27,205 applicants on the family wait list. SHA also administer 1,339 Section 8 Vouchers and SHA participates in the Centralized Section 8 waiting list and per the latest information available there are approximately 194,590 applicants are on the centralized waiting list.

According to the Executive Office of Housing and Livable Communities' (EOHLC) - Chapter 40B Subsidized Housing Inventory (06/29/23), the City of Salem has 20,235 year-round housing units, 20,605 (10.21%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 19,745 households in the City of Salem, approximately 80.6% earned less than the HUD published 2023 AMI (\$149,300), approximately 51.7% earned less than 50% of 2023 AMI, approximately 57.6% earned less than 60% of the 2023 AMI and approximately 68.8% earned less than 80% of the 2023 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed will change neither the current income mix of the Development nor that of its surrounding locality.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	0	1	2
Number of Units	18	37	6
Net SF/Unit	448	639	938
Elev./Non-Elev.	Y	Y	Y
Market Rate Rent	\$4,065	\$4,049	\$4,494
MHFA Below Market Rent (Cost-Based Rent)	\$3,186	\$3,171	\$3,616
MHFA Adjusted Rent	30% of 60% of AMI		
Underwriting Rents			
Federal – S8	\$2,050	\$2,310	\$2,800
Hawthorne – MRVP	\$2,000	\$2,160	\$2,720
Federal – 60%	\$1,530	\$1,641	\$1,969
Hawthorne – 60%	\$1,424	\$1,506	\$1,787
Hawthorne – 80%	--	\$1,735	--


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.

Chair Pinado asked if there was any other old or new business for the Members’ consideration.

There being no other old or new business, the meeting adjourned at 2:36 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary