

**Minutes of the Regular Meeting
of the Members of MassHousing
held on
December 13, 2022**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – was held on December 13, 2022. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, as amended, no Members were physically present and the meetings were conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members (by roll call):

Members Jeanne Pinado, Chair
 Jerald Feldman
 Tom Flynn
 Mark Attia, Designee of Michael Heffernan, ex officio
 Carmen Panacopoulos
 Jennifer Maddox, ex officio
 Patricia McArdle

**Members
Not
Participating** Carolina Avellaneda
 Michael Dirrane

Staff *Due to the remote convening, a list of MassHousing staff participating or observing the meeting was not available*

Guests *Due to the remote convening, a list of guests observing the meeting was not collected*

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, by roll call vote of all the present Members, it was:

VOTED: That the minutes of the Regular Meeting of the Members and a Special Meeting for the Center for Community Recovery Innovations, Inc. (CCRI) held on November 8, 2022 are hereby approved and placed on record.

Executive Director’s Report

Chrystal Kornegay began by announcing she has been asked to be a member of the Healey/Driscoll Transition Committee.

Ms. Kornegay went on to report on the success of the MassDreams program which was funded through ARPA. After a soft launch in September 2022, a total of \$41,127,252 was awarded to 1,256 borrowers. With the initial program funds awarded, the program was suspended in November 2022. Ms. Kornegay added that the Massachusetts legislature and Treasury have agreed that the grants will not be considered income and will be a non-taxable event. 55% of the grants were to BIPOC borrowers and 73% of the grants went to borrowers who were below 100% AMI.

Ms. Kornegay continued by discussing the recently passed Economic Development Bill which awarded \$350 million to MassHousing. \$100 million of those funds will be allocated to Workforce Housing. These funds bring the total Workforce Housing funding to \$215,200,000 since its inception. In addition to the financings that have already closed, nearly all of the funds have been allocated to active deals or deals in the DHCD pipeline. Additional funding will be requested from the new administration to keep the program going.

Chair Pinado asked if there are any circumstances where a borrower would have to pay back the MassDREAMS grant or if there are any strings attached to these grants. Mounzer Aylouche replied that the grants must be used for owner-occupied primary residences.. Ms. Kornegay also noted that the program requires a MassHousing or MHP first mortgage. Mark Attia added that the process through appropriation and program design has been an exhaustive and was A&F compliant as well as DHCD compliant and comported with federal guidance. The MassDreams program was a product of that collaboration.

Patricia McArdle asked if the \$65 million total amount for the program has been allocated and for clarity between grant awards and the amount allocated to MassHousing. Mr. Aylouche answered that some loans will drop out and we have been keeping in very close contact with A&F and DHCD as far as the final numbers. Our share has been spent.

Carmen Panacopoulos asked if there was a concentration of where homes were purchased by the 55% of BIPOC borrowers. Mr. Aylouche responded that the top three locations were Boston, Worcester and Springfield, but there were also a number of borrowers purchasing homes in Maynard, Rehoboth and Milton.

Mark Attia commented on how much work it took to craft a program that led to homeownership opportunities through the ARPA program. Massachusetts was careful to lend the money in communities that had been disproportionately impacted by the pandemic. The Massachusetts program has been a model around the country.

Ms. Kornegay congratulated the Homeownership staff for all their hard work with this program, especially given the recent rise in interest rates and housing prices over the last 12 to 18 months. Jennifer Maddox added her congratulations to the MassHousing team and commented that this program is a game changer.

Ms. Kornegay continued her report by announcing a new values refresh for MassHousing. We will continue with the hybrid work model and going forward the operational and administrative

services staff will no longer work on site on Fridays. We will also be having in-person values refresh meetings and will report the updated information at the end of the fiscal year.

Vote to Affirm Delegated Authority in Contracted Housing Programs

Colin McNiece presented a proposal to affirm delegated authority in contracted housing programs. Over the past several months the Commonwealth's Department of Housing and Community Development has engaged the Agency to help administer several housing production and preservation programs authorized by state appropriation bills:

- the Neighborhood Stabilization Program, which provides grants to municipalities and non-profit organizations for to redevelop abandoned and blighted properties into homeownership opportunities or redevelop small rental properties to promote neighborhood revitalization;
- a version of the Commonwealth Builder program funded with ARPA funds, which provides grants to developers for the production of new affordable homeownership units;
- the Sober Homes Fire Sprinklers System Program, which provides grants to certified sober homes for the installation of fire sprinkler systems; and the ARPA-1 Rental Loan Program, which provides soft debt to developers for the production of new affordable rental units.

Additionally, DHCD is expected to engage the Agency later this month to administer its Gateway Housing Rehab Program, which provides grants for the rehabilitation of distressed or blighted 1-4 family buildings in the Commonwealth's Gateway cities and similarly situated municipalities.

The expected role of Agency staff in administering these programs varies widely. For example, under its DHCD contract for the ARPA-1 Rental Program, the Agency will play no role in project selection and is expected to act primarily as financial intermediary and nominal signatory of loan documents. For the version of the Commonwealth Builder Program funded by ARPA, Agency staff are responsible for project selection, funding and, through outside contractors, affordability monitoring.

As part of its administration duties for these "Contracted Housing Programs," the Agency is required to execute various grant and loan documents to establish enforceable obligations of developers, municipalities and other grantees or borrowers using the funds to develop, rehabilitate or improve eligible residential structures. Agency staff may also be responsible from time to time for enforcing contractual obligations of grantees and borrowers through court remedies, including foreclosure. In some cases the Agency may sign documents explicitly as agent for DHCD or as administrator of a program, as directed by DHCD, and in some circumstances, notably when documents are recorded with Land Court, it is helpful to have direct evidence of signing authority instead of relying on our more general delegations.

To ensure there is clear evidence of signing authority for staff executing legal documents in connection with these Contracted Housing Programs, Agency staff recommended the following votes.

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

VOTED: That the Executive Director, Vice President of Multifamily Programs and General Counsel, each acting singly, are hereby authorized to execute and deliver on behalf of the Agency, in its own capacity or as agent or administrator for the Commonwealth of Massachusetts Department or its Department of Housing and Community Development (“DHCD”), all documents, agreements, and instruments, in such forms as approved by General Counsel or an attorney designated thereby, deemed necessary or appropriate to administer on behalf of the Commonwealth or DHCD any housing production, rehabilitation or safety or environmental enhancement financing program for which the Commonwealth or DHCD has contractually engaged the Agency, including, without limitation, the Neighborhood Stabilization Program, Commonwealth Builder Program, Sober Homes Fire Sprinklers System Program, ARPA-1 Rental Loan Program and Gateway Housing Rehab Program (each a “Contracted Housing Program”), which documents, agreements, and instruments may include, without limitation: commitment letters, grant agreements, loan agreements, regulatory agreements, affordability monitoring services agreements, affordability restrictions, certificates and environmental indemnity agreements.

FURTHER VOTED: That the Executive Director, Vice President of Multifamily Programs and General Counsel, each acting singly, are hereby authorized to execute and deliver on behalf of the Agency, in its own capacity or as agent or administrator for the Commonwealth or DHCD, all documents, agreements, and instruments, in such forms as approved by General Counsel or an attorney designated thereby, relating to the default, workout, modification, foreclosure, purchase or sale, or other transaction affecting any loan or grant made under any Contracted Housing Program.

FURTHER VOTED: That the Executive Director may also authorize and direct that other Agency staff to execute and deliver all or a specified subset of such documents as may be specified by the Executive Director.

Loan Committee

Water Works II, Somerville

Greg Watson presented a proposal for Official Action Status, Commitment of Construction/Permanent Tax-Exempt Loan, Commitment of Tax-Exempt Equity Bridge Loan, Approval for the use of Low-Income Housing Tax Credits and approval to use admissions and continued occupancy policy for Water Works II in Somerville.

The proposed financing will support the construction of Water Works II (the “Development”), a proposed 21-unit elderly and disabled housing development. The Development will be the second and final phase of a senior housing campus following the 25-units at Water Works I, developed and owned by the Somerville Housing Authority (“SHA”). All 46 units will be age restricted to residents 62 years of age and older. The Development is also adjacent to Capen Court, a 95-unit elderly and disabled development owned and managed by the SHA, and Alewife Brook Park, a 99-unit VNA Senior Living Community

The Sponsor acquired the undeveloped parcel from the Commonwealth of Massachusetts with the provision that it be used for affordable housing purposes and has since received approval for the current land use under the Comprehensive Permit process. The SHA has extensive experience operating affordable rental housing developments of similar scale, including Water Works I and Capen Court. This is the SHA’s first loan with MassHousing as a sponsor or developer.

The Development will be constructed on a 17,769 square-foot parcel (the “Site”) located at 2 Capen Court, accessed via the rotary intersection of Alewife Brook Parkway (Route 16) and Mystic River Parkway. The Site is located amidst three existing elderly and disabled developments, Capen Court and Water Works, Phase I (both of which are owned and managed by the Sponsor), and Alewife Brook Park, a 99-unit development owned and managed by the Visiting Nurses Association (the “VNA”); the VNA also provides services to residents of the SHA campus. The connection to the broader senior housing campus, provides the opportunity to share services among local and regional providers. The Site will benefit from additional amenities connected with the other properties within the campus, including access to open space. This development is located close to MBTA transportation and a variety of nearby shopping, retail, and service destinations.

Construction of the Development will result in 21 new rental units for elderly or disabled households. This proposal represents the final phase of the 141-unit affordable senior housing campus developed by the SHA, which also includes Capen Court and Water Works Phase I. The proposed construction scope of work involves demolition of an existing underutilized brick maintenance building and the construction of a new three-story modular apartment building.

All 21 units will be subject to both affordability and age restrictions. All 21 units will be set-aside for households earning up to 30% of the area median income (“AMI”) and will benefit from a Project-Based Section 8 HAP contract.

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

Official Action Status

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 “Water Works II” (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 \$9,750,000 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.

VOTED: To accept ownership of the Development by an affiliate of the proposed borrower controlled by the same sponsor as appropriate evidence of site control for purposes of the grant of the Official Action Status, and waive the requirement for the Official Action Status finding (2).

Official Action Status Findings

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

1. The Somerville Housing Authority (“Developer”) has acceptable multifamily housing development experience and acceptable credit history.
2. See Below
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.

Staff has not been able to make the following Official Action Status finding for the proposed project (see Votes):

2. The mortgagor 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.

Mortgage Loans

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

VOTED: To approve the findings and determinations set forth below and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to \$4,000,000, 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 \$4,500,000, in each case to be made to SHA Waterworks II, LLC or another single-purpose entity controlled by Somerville Housing Authority (the “Borrower”) as owner of the multifamily residential development known as “Water Works II” (the “Development”) and located in Somerville, 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 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.

VOTED: That MassHousing authorizes the Executive Director and the Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the owner and management agent of the Development to use as its tenant selection plan an HCV (Section 8 Housing Choice Voucher) Administrative Plan subject to review and approval by MassHousing’s Director of Rental Management.

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 Somerville, Massachusetts and known as “Water Works II” (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:

21 units (100%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. Shortage of Affordable Housing Units in the Market Area

The market needs data reflects the information available to A&M staff as of the date of collection November 2, 2022 and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) on March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 1,245 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 92%, and range between 70% and 100%. Two comparables were offering concessions of one-month free rent.

4th Qtr. 2022 CoStar data for the subject's Somerville/Charlestown Submarket (5,881 units) has an overall vacancy rate at 7.2% YTD, which is a decrease of 1.42% from one year ago. CoStar data for the Boston market (257,228 units) has an overall vacancy rate of 4.6% YTD, which is an increase of .09% from one year ago. The Somerville/Charlestown Submarket vacancy rate is projected to decrease to 8.5% over the next five years, while the Boston market is projected to increase to 6.1%.

CoStar, submarket data for the Somerville/Charlestown 4-5 Star building type (3,056 units) indicates a 4th Qtr. 2022 vacancy rate of 8.4 % and an average asking rent of \$3,266, while submarket data for the subject's 3 Star building type (1,654 units) indicates a 4th Qtr. 2022 vacancy rate of 5.6% at an average asking rent of \$2,524- and 1-2 Star buildings (1,171 units) indicates a 4th Qtr. 2022 vacancy rate of 6.1% at an average asking rent of \$1,946. 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 Somerville Housing Authority, (SHA) the SHA owns and manages, 215 units of Federal Family housing consisting of 22 one-bedrooms, 94 two-bedrooms, 71 three- bedrooms, 24 four bedrooms and 4 five-bedrooms. There are 1,108 applicants on the Federal family waiting list, broken down as follows; 368 one-bedrooms, 253 two-bedrooms, 407 three- bedrooms, 65 four-bedrooms and 15 five-bedrooms. They also have 369 one- bedroom units of Federal Elderly housing and there are 2,526 applicants on that waiting list. Regarding State funded housing, SHA owns/manages 459 units of State Family housing consisting of 33 one- bedrooms, 247 two-bedroom, 177 three-bedrooms, 1 four-bedroom and 1 five-bedrooms. There are 1,121 applicants on the State Family waiting lists broken down as follows; 344 one- bedrooms, 454 two-bedrooms, 231 three-

bedrooms, 80 four-bedrooms and 12 -five bedrooms. They also have 274 State Elderly Units consisting of 261 one-bedrooms, 4 two- bedrooms and 3 three-bedrooms. There are 1,110 applicants on that waiting list consisting of 1,024 one-bedroom, 85 two- bedrooms and 1 three-bedroom. SHA also administers 1,197 HCV vouchers and 112 Mainstream vouchers and per the representative there are 219,211 applicants on the Massachusetts Section 8 HCV centralized waitlist.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the City of Somerville has 33,362 year-round housing units, 3,250 (9.7%) of which are subsidized for low/moderate income households.

U.S. Census data from the 2016-2020 American Community Survey (ACS) indicates that of the 32,802 households in the City of Somerville approximately 70% earned less than the HUD published 2022 AMI, approximately 34.9% earned less than 50% of 2022 AMI, approximately 41.9 % earned less than 60% of the 2022 AMI, and approximately 55.8% earned less than 80% of the 2022 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 does not lead to the undue concentration of low-income households.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1BR
Number of Units	21
Net SF/Unit	600
Elev./Non-Elev.	Elev.
Market Rate Rent (insert)	\$2,600
MHFA Below Market Rent (Cost-Based Rent)	\$2,418
MHFA Adjusted Rent	30% of 60% of AMI
Underwriting Rents 1BR PB Section 8 (30% of AMI)	\$2,418

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.

Littleton Drive Senior 4%, Wareham

Bill Dunn presented a proposal for Official Action Status, Commitment of a Permanent Tax-Exempt Loan, Commitment of a Tax-Exempt Bridge Loan and approval for the use of Low-Income Housing Tax Credits for Littleton Drive Senior 4% in Wareham.

The proposed financing will support the new construction of Littleton Drive – Senior (4%) (the “Development”), a proposed 44-unit senior (62+) development in Wareham.

The Development is one phase of a larger project sited on a town-owned parcel of land and will be constructed concurrently with Littleton Drive – Family (9%), a proposed 49-unit family development (the “9% Development”). In total, the two phases will add 93 new units of affordable housing with set-asides for seniors and families at various income levels. The two developments will share common outdoor areas, roadways, and parking. The phases will be managed jointly and

residents of both developments will have access to the community center (to be constructed and managed as part of the 9% Development). The two phases will enter into a shared use agreement for shared costs as well as addressing access, easements, and maintenance and repairs.

The Development will be constructed on a portion of a 16-acre parcel of undeveloped land (the “Site”), with the balance of the parcel as the site for the 9% Development. The Site is in the southwestern section of Wareham, within two miles of both I-495 and I-195.

Nearby amenities include retail, medical services, and grocery stores. A Greater Attleboro Taunton Regional Transit Authority (“GATRA”) bus line stop is 1 mile from the Site.

The Development will include a single three- story elevatored building with 44 units. The building will include a small office area on the first floor and common area laundry facilities on the second and third floors.

All 44 units will be subject to both affordability and age restrictions. Eight (8) of the units will be set-aside for households earning up to 30% of the Area Median Income (“AMI”) and will benefit from a Project-Based Section 8 HAP contract. The remaining 36 units will be set-aside for households earning up to 60% of AMI.

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

Official Action Status

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 “Littleton Drive – Senior (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 \$12,625,000 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 Members of MassHousing dated June 11, 1996, staff makes the following Official Action Status findings for the proposed project:

1. Pennrose LLC (“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.

Mortgage Loans

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

VOTED: To approve the findings and determinations set forth below and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$3,115,000, such first loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$7,200,000, in each case to be made to Littleton Drive Senior LLC or another single-purpose entity controlled by Pennrose LLC (the “Borrower”) as owner of the multifamily residential development known as “Littleton Drive – Senior (4%)” (the “Development”) and located in Wareham, 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: That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing, to be used in connection with the Development will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

- (a) the sources and uses of funds and the total financing planned for the Development;
- (b) any proceeds or receipts expected to be generated by

- reason of tax benefits;
- (c) the percentage of the tax credit amount used for Development costs other than the cost of intermediaries; and
 - (d) the reasonableness of the developmental and operational costs of the Development, provided, however, that such determination shall not be construed to be a representation or warranty as to the feasibility or viability of the Development.

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

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

STATUTORY FINDINGS AND DETERMINATIONS

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:

44 units (100%) 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 November 14, 2022 and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (756 approximate units in the area revealed a strong market, with increasing rental and occupancy rates over the past three years.

Current occupancy rates of the six developments reviewed averaged approximately 99.5% and ranged between 99% and 100%. None of the comparables were offering concessions.

4th Qtr. 2022 CoStar data for the subject's South Plymouth County (8,410 units) has an overall vacancy rate at 3.3% YTD, which is an increase of .87% from one year ago. CoStar data for the Boston market 257,743 units) has an overall vacancy rate of 4.8% YTD, which is an increase of .28 % from one year ago. The South Plymouth County submarket vacancy rate is projected to increase to 6.4% over the next five years, while the Boston market is projected to increase to 6.2%.

CoStar, submarket data for the 4-5 Star building type (2,401 units) indicates a 4th Qtr. 2022 vacancy rate of 6.9% and an average asking rent of \$2,504, while submarket data for the subject's 3 Star building type (2,643 units) indicates a 4th Qtr. 2022 vacancy rate of 2.2% at an average asking rent of \$1,982- and 1-2-Star buildings (3,366 units) indicates a 4th Qtr. 2022 vacancy rate of 1.6 % at an average asking rent of \$1,691. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the town of Wareham has 9,880 year-round housing units, 745 (7.5%) of which are subsidized for low/moderate income households

The Wareham Housing Authority (WHA) owns/operates 143 units of State public housing (39 family and 104 elderly/disabled). Per the Wareham Housing Authority, they maintain 756 households on their public housing wait lists (427 families, 211 elderly and 180 non- elderly/disabled). At the time of this report, WHA is not accepting any new applications for the State Elderly one-bedroom units. Per the Wareham Housing Authority, they do not administer a tenant-based assistance program (e.g. Housing Choice Vouchers).

U.S. Census data from the 2016-2020 American Community Survey (ACS) indicates

that of the 10,070 households in the Town of Wareham, approximately 78.4% earned less than the HUD published 2022 AMI (\$140,200), approximately 51.2% earned less than 50% of 2022 AMI, approximately 58.2% earned less than 60% of the 2022 AMI and approximately 68.2% earned less than 80% of the 2022 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

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

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1
Number of Units	44
Net SF/Unit	603
Elev./Non-Elev.	Elev.
Market Rate Rent (insert)	\$1,713
MHFA Below Market Rent (Cost-Based Rent)	\$1,468
MHFA Adjusted Rent	30% of 60% of AMI
Underwriting Rents	
PB Section 8 (30% of AMI)	\$2,038
LIHTC (60% of AMI)	\$1,341

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.

Littleton Drive Family 9%, Wareham

Bill Dunn presented a proposal for Commitment of a Taxable Permanent Loan and Commitment of a Workforce Housing Loan for Littleton Drive Family 9% in Wareham.

The proposed financing will support the new construction of Littleton Drive – Family (9%) (the “Development”), a proposed 49-unit development in Wareham.

The Development is one phase of a larger project sited on a town-owned parcel of land and will be constructed concurrently with Littleton Drive – Senior (4%), a proposed 44-unit senior (62+) development (the “4% Development”). In total, the two phases will add 93 new units of affordable housing with set-asides for seniors and families at various income levels. The two developments will share common outdoor areas, roadways, and parking. The phases will be managed jointly and residents of both developments will have access to the community center (to be constructed and managed as part of the Development). The two phases will enter into a shared use agreement for shared costs as well as addressing access, easements and maintenance, and repairs.

The Development will be constructed on a portion of a 16-acre parcel of undeveloped land

(the “Site”), with the balance of the parcel as the site for the 4% Development. The Site is in the southwestern section of Wareham, within two miles of both I-495 and I-195.

Nearby amenities include retail, medical services, and grocery stores. A Greater Attleboro Taunton Regional Transit Authority (“GATRA”) bus line stop is 1 mile from the Site.

The Development will include 10 residential buildings and a community building. The residential buildings will be townhouse structures with 4 to 5 units each, organized around a central landscaped open space. Units will include washers, dryers, dishwashers, and central air conditioning. The community building will include a management office, a community room, outdoor terrace, and a fitness room.

All 49 units will be subject to affordability restrictions. Eight (8) of the units will be set-aside for households earning up to 30% of Area Median Income (“AMI”) and will benefit from a Project-Based Section 8 HAP contract. Thirty-one (31) units will be set-aside for households earning up to 60% of AMI. The remaining 10 units will be workforce units set-aside for households earning up to 90% of AMI with initial rents set at approximately 70% of AMI.

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

VOTED: To approve the findings and determinations set forth below and to authorize a permanent first mortgage loan in a principal amount of up to \$5,360,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to Littleton Drive LLC or another single- purpose entity controlled by Pennrose LLC (the “Borrower”) as owner of the multifamily residential development known as “Littleton Drive – Family (9%)” (the “Development”) and located in Wareham, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None

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

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

STATUTORY FINDINGS AND DETERMINATIONS

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:

39 units (80%) 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 November 14, 2022 and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (756 approximate units in the area revealed a strong market, with increasing rental and occupancy rates over the past three years. Current occupancy rates of the six developments reviewed averaged approximately 99.5% and ranged between 99% and 100%. None of the comparables were offering concessions.

4th Qtr. 2022 CoStar data for the subject’s South Plymouth County (8,410 units) has an overall vacancy rate at 3.3% YTD, which is an increase of .87% from one year ago. CoStar data for the Boston market 257,743 units) has an overall vacancy rate of 4.8%

YTD, which is an increase of .28 % from one year ago. The South Plymouth County submarket vacancy rate is projected to increase to 6.4% over the next five years, while the Boston market is projected to increase to 6.2%.

CoStar, submarket data for the 4-5 Star building type (2,401 units) indicates a 4th Qtr. 2022 vacancy rate of 6.9% and an average asking rent of \$2,504, while submarket data for the subject's 3 Star building type (2,643 units) indicates a 4th Qtr. 2022 vacancy rate of 2.2% at an average asking rent of \$1,982- and 1-2-Star buildings (3,366 units) indicates a 4th Qtr. 2022 vacancy rate of 1.6 % at an average asking rent of \$1,691. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/21/20), the town of Wareham has 9,880 year-round housing units, 745 (7.5%) of which are subsidized for low/moderate income households. The Wareham Housing Authority (WHA) owns/operates 143 units of State public housing (39 family and 104 elderly/disabled). Per the Wareham Housing Authority, they maintain 756 households on their public housing wait lists (427 families, 211 elderly and 180 non- elderly/disabled). At the time of this report, WHA is not accepting any new applications for the State Elderly one-bedroom units. Per the Wareham Housing Authority, they do not administer a tenant-based assistance program (e.g. Housing Choice Vouchers). U.S. Census data from the 2016-2020 American Community Survey (ACS) indicates that of the 10,070 households in the Town of Wareham, approximately 78.4% earned less than the HUD published 2022 AMI (\$140,200), approximately 51.2% earned less than 50% of 2022 AMI, approximately 58.2% earned less than 60% of the 2022 AMI and approximately 68.2% earned less than 80% of the 2022 AMI.

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unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	18	25	6
Net SF/Unit	665	966	1,201
Elev./Non-Elev.	Non-Elev.	Non-Elev.	Non-Elev.
Market Rate Rent (insert)	\$1,735	\$2,243	\$2,296
MHFA Below Market Rent (Cost-Based Rent)	\$1,415	\$1,923	\$1,976
MHFA Adjusted Rent	30% of 60% of AMI		
Underwriting Rents			
PB S8 (30% of AMI)	\$2,038	\$2,256	\$2,927
LIHTC (60% of AMI)	\$1,290	\$1,549	\$1,786

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 2:38 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary