

**Minutes of the Regular Meeting
of the Members of MassHousing
held on
December 14, 2021**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on December 14, 2021. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, 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 Michael Dirrane, Chair
 Carolina Avellaneda (joined at 2:07p)
 Ping Yin Chai
 Patricia McArdle
 Thomas Flynn
 Jerald Feldman
 Lisa Serafin
 Jennifer Maddox, ex officio
 Mark Attia, Designee of Michael Heffernan, ex officio

**Members
Not
Participating** None

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*

Chairman Dirrane convened the meeting to order at 2:04 p.m.

Chairman Dirrane 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 held on November 9, 2021 are hereby approved and placed on record.

Carolina Avellaneda joined the meeting.

Executive Director's Report

Chrystal Kornegay began her report by discussing the recent housing bills at both the federal and state level. On December 13, 2021, Governor Baker signed H4269, which will provide funds for pandemic relief including housing, healthcare, infrastructure and essential worker payments. The \$4 billion COVID recovery bill is funded by two revenue sources: nearly \$1.5 billion from the fiscal 2021 state budget surplus and close to \$2.5 billion of the state's allocation under the American Rescue Plan Act (ARPA). Mark Attia added this sweeping legislation includes a portion of the Federal ARPA funds and is a big step to accelerate COVID recovery – particularly housing. ARPA will provide \$5.2 billion for the state, as well as an additional \$2 billion for municipalities.

Ms. Kornegay continued by discussing the Massachusetts Bill H4249 which will provide \$65 million to create new homeownership and address the systemic racial homeownership gap and will provide loans to first time homebuyers in socially-disadvantaged individuals and disproportionately impacted communities. These funds will provide downpayment assistance, mortgage interest rate subsidies and mortgage insurance programs and will be administered by MassHousing and MHP.

Ms. Kornegay went on to discuss the \$150 million to create permanent supportive rental housing assistance for communities most affected by the physical and health aspects of the pandemic including the chronically homeless, veterans and seniors. These funds will be administered by DHCD.

Ms. Kornegay continued by discussing the \$115 million in funds allocated to affordable homeownership which will be administered by MassHousing through the Commonwealth Builder program.

All of these funds will be committed through 2024 and spent through the end of 2026: Homeowner Assistance Funds (\$50 million); Commonwealth Builder (\$115 million); First Time Buyer Financial Assistance (\$65 million) and Produce and Preserve Affordable Rental Housing (\$115 million). In order to achieve these goals, MassHousing will need to grow with agility and simplicity. Our goals are to diversify products and delivery channels, increase automation of work processes, right-size our talent, stay focused on the mission and increase production with an expanded focus on mission lending.

Mark Attia added that this is a transformative amount of money and comes with a lot of regulations, compliance, and reporting which will require dedicated work streams and best in class practice. This represents a huge responsibility for DHCD and MassHousing to administer these funds.

Chairman Dirrane asked what was meant by automation. Ms. Kornegay replied automation includes the purchase of a new front-end system for the HomeOwnership business line and procurement of a loan lifecycle platform in the Rental businessline. Chairman Dirrane also asked about bringing in new talent and hiring from outside. Ms. Kornegay replied we will likely be bringing in new talent, but will also look at moving people around internally.

Capital Magnet Fund Update

Christopher Burns presented an update on the Capital Magnet Fund. The Capital Magnet Fund was created in 2008 (HERA Act) and is funded by allocations from the government-sponsored enterprises (GSEs) and Fannie Mae and Freddie Mac. The Capital Magnet Fund competitively awards grants to Community Development Financial Institutions and eligible organizations to attract private capital for, and investment in, affordable housing (production and preservation of both multi-family rental and single-family homeownership) and economic development (activities designed to stabilize and revitalize areas of economic distress.)

MassHousing first applied to the Capital Magnet Fund in FY19 and was awarded \$2.25 million to Homeownership for Downpayment Assistance (DPA.) In FY20 MassHousing was awarded \$5.8 million which was allocated as \$1.38 million (25%) to Homeownership for additional DPA and \$4.1 million (75%) to Rental to be used as subordinate debt.

Mr. Burns said pursuant to the September 8, 2020 vote, the Agency authorized the acceptance of the FY 2019 CMF award of \$2,250,000 received from the CDFI fund. Homeownership is utilizing the CMF as a source of the Downpayment Assistance (DPA) for the Workforce Advantage (WFA) 2.0 product.

MassHousing has funded DPA loans to 62 homebuyers in the amount of \$761,313 and those loans have been allocated as follows: 57% of the funds have gone to households of color; 100% to households earning below 80% of AMI and 59% to properties located in a Gateway City community.

Mr. Burns went on to discuss CMF rental activity. Pursuant to the June 8, 2021 vote, the Agency authorized the Executive Director or Vice President of Multifamily programs, in consultation with the CMF Multifamily Staff Review Committee, to commit CMF to Rental Projects. To date, Rental has committed 100% of the Rental portion of the award to seven (7) projects.

Mr. Burns continued by discussing MassHousing's FY21 application for \$20 million which was submitted November 8, 2021. The proposed allocation is \$5 million (25%) dedicated to Commonwealth Builder and \$15 million (75%) to be used as subordinate debt in rental projects. We should hear in early 2022 if our application has been approved.

Mr. Burns acknowledged the Herculean and widespread effort put into this application by the dedication of Steve Vickery's team in Finance, Colin McNiece and the Legal team, Steve Payson's team in Homeownership, and Kathleen Evan's Rental Underwriting and Business Development teams.

Ms. Kornegay commented that the Capital Magnet Fund is another program that is due to receive federal funds and we will continue to be competitive and apply for larger awards. There are lots of federal compliance requirements for these awards as well.

Chairman Dirrane commented on the recent article in the Boston Globe about Thaddeus Miles, Director of Community Services, and asked that Ms. Kornegay forward the article to the members of the Board.

Loan Committee

Historic South End Apartments, Boston (South End)

Greg Watson presented a proposal for approval to accept assignment of a HUD-issued firm commitment for FHA insurance, commitment of a first mortgage loan and approval to finance the new loan through the issuance of a Ginnie Mae MBS.

Historic South End Apartments (the “Development”) consists of 146 units throughout 29 buildings in Boston's South End neighborhood. The proposed loan will provide funds to repay existing MassHousing debt and the associated prepayment penalty, pay off a portion of its secondary debt, complete repairs, recapitalize replacement reserves, and pay all transaction costs.

The Development is located across 17 scattered sites throughout the South End neighborhood of Boston. The area has convenient access to shopping, parks, entertainment, dining and other local amenities, with corresponding employment opportunities. Public transportation, including the MBTA Orange Line, runs along the Southwest Corridor, with stops at Massachusetts Avenue and Back Bay in close proximity to the property. There are also local bus connections available along Tremont Street and Washington Street, and the area has easy access to Interstate 90 and Interstate 93.

The Development consists of 29 buildings on separate legal parcels that are owned and managed by a single entity and operate as a single marketable project. All of the buildings are four-story walk-up apartment buildings and are situated in relative proximity to each other.

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 the Massachusetts Housing Finance Agency (“MassHousing”) (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$42,000,000, 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 \$56,700,000 nor less than \$27,300,000 to Historic South End Limited Partnership (the “Borrower”) for Historic South End Apartments and (2) to make the FHA-insured first

mortgage loan to the Borrower in the approximate amount of \$42,000,000 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$56,700,000 nor less than \$27,300,000 on terms acceptable to MassHousing, in compliance with the terms of the MassHousing Multi- Family Portfolio Covid Initiative Vote to Allow Early Prepayments adopted by the Agency on November 10, 2020 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.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers duly authorized pursuant to the Government National Mortgage Association Resolution of Board of Directors and Certificate of Authorized Signatories approved by the Agency, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Historic South End Apartments.

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:

146 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 10, 2021 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 (approximately 919 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.8%, and range between 96% and 100%. None of the five comparables reviewed were offering rental concessions to prospective tenants. The subject property has operated as a Section 8 property since approximately 2014 and has an average vacancy rate of 2.16 % over the past 5 years. My review of similar mixed-income/subsidized portfolio properties (950 units) demonstrated a weighted average vacancy rate of approximately 1.22%.

4th Qtr. 2021 CoStar data for the subject's Back Bay/South End Multi-Family Submarket (10,171 units) has an overall vacancy rate at 2.13% YTD, which is a decrease of 5.58% from one year ago. CoStar data for the Boston market (246,561 units) has an overall vacancy rate of 4.98% YTD, which is a decrease of 3.17 % from one year ago. The Back Bay/South End Multi-Family Submarket vacancy rate is projected to increase to 3.2% over the next five years, while the Boston market is projected to increase slightly to 5.1%.

CoStar, submarket data for the 4-5 Star Back Bay/South End Multi-Family building type (4,178 units) indicates a 4th Qtr. 2021 vacancy rate of 2.9% and an average asking rent of \$4,325, while submarket data for the subject's 3 Star building type (2,990 units) indicates a 4th Qtr. 2021 vacancy rate of 1.2% at an average asking rent of \$3,250 and 1-2 Star buildings (3,034 units) indicates a 4th Qtr. 2021 vacancy rate of 2.6% at an average asking rent of \$2,648. 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 City of Boston has 269,482 year-round housing units, 55,509 (20.6%) of which are subsidized for low/moderate income households.

As of January 2021, The Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since

November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Waitlist with 41,038 applicants.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 269,522 households in the City of Boston approximately 69.7% earned less than the HUD published 2021 AMI, approximately 48% earned less than 50% of 2021 AMI, approximately 54.3% earned less than 60% of the 2021 AMI, and approximately 62.4% earned less than 80% of the 2021 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	Studio	1BR	2BR	3BR	4BR
Number of Units	26	42	47	26	5
Net SF/Unit	474	591	643	875	1067

Elev./Non-Elev.	Non-Elev.	Non-Elev.	Non-Elev.	Non-Elev.	Non-Elev.
Market Rate Rent (10% Rate 20 Yr. Term)	\$3,643	\$ 4,049	\$4,525	\$5,444	\$6,021
MHFA Below Market Rent (Cost-Based Rent)	\$1,955	\$2,361	\$2,838	\$3,756	\$4,333
MHFA Adjusted Rent				30% of Income	
Underwriting Rents					
Section 8*	\$1,920	\$2,237	\$2,692	\$3,366	\$3,858
*Weighted Average Rents					

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.

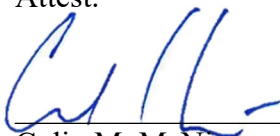
Chairman Dirrane asked if there was any other old or new business for the Members' consideration. There was no other old or new business.

Chairman Dirrane asked for a motion to adjourn the meeting at 2:33 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 2:33 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary