Minutes of the Annual Meetings of the Members of MassHousing and its Affiliates: the Property Acquisition and Disposition Corporation (PADCO) and the Center for Community Recovery Innovations, Inc. (CCRI)

held on October 8, 2024

The annual meetings of the Massachusetts Housing Finance Agency – doing business as MassHousing – and its affiliates – the Property Acquisition and Disposition Corporation (PADCO) and the Center for Community Recovered Innovations, Inc. (CCRI) were held on October 8, 2024 at MassHousing's offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members:

Board Member	Present	Absent
Jeanne Pinado, Chair	X	
Carolina Avellaneda, Vice Chair	X	
Edward Augustus, ex officio	X	
Bran Shim*	X	
Herby Duverné	X	
Tom Flynn		X
Patricia McArdle	X	
Carmen Panacopolous	X	
Michael Glover	X	

**Designee of Secretary Matthew Gorzkowicz, ex officio*

The Chair convened the meeting to order at 2:00 p.m.

The Chair indicated that the first order of business was the approval of the minutes of the September 10, 2024 meeting.

Upon a motion duly made and seconded, by all Members present (Michael Glover abstaining, Bran Shim not yet attending), it was:

VOTED: That the minutes of the Regular Meeting of the Members held on September 10, 2024 are hereby approved and placed on record.

Chair Pinado began the meeting by welcoming our newest board member, Michael Glover, Vice President and General Counsel of Real Estate & Strategic Operations at Northeastern University.

Chair Pinado also thanked Jerald Feldman for his many years of service to the Board and to the Loan Committee.

Bran Shim joined the meeting

Chief Executive Officer's Report

Chrystal Kornegay began her report by discussing MassHousing's agreement with MIT's Department of Urban Studies and Planning (DUSP) to support a research project about racially restrictive deed covenants in Massachusetts.

The pilot program will focus on the use of these now illegal ownership restrictions in two to three representative Massachusetts counties. MassHousing will provide $150,000 in funding. If the pilot program produces meaningful findings, MassHousing believes other interested partners would join us to support a statewide research program.

Ms. Kornegay continued by discussing racially restrictive covenants and their history. MassHousing hopes that the research will contribute to broader public understanding of the historical causes of continuing disparities in rates of homeownership among different racial and ethnic groups here in Massachusetts. The research will also be useful to MassHousing when considering the creation of new programs for first-time homeownership and structuring the Agency's current homebuying and homeownership assistance programs.

There has only been very limited research into the use of restrictive covenants in Massachusetts – which is true for most other states. Nationally, Minnesota and Washington are leaders in this area.

Patricia McArdle stated that she has come across racially restrictive covenants in deeds in Massachusetts and she would be excited to help in any way. Carolina Avellaneda suggested looking into Boston University's Spark program.

Annual Meetings of MassHousing, PADCO and CCRI

Chair Pinado then turned her attention to the Annual Meetings of MassHousing and its affiliates.

Chrystal Kornegay noted that because of several pending reappointments and appointments, staff is recommending that the election of officers and appointment of committees of MassHousing be postponed.

Colin McNiece presented two proposed votes to postpone the Annual Meeting of MassHousing to its next regular meeting in November and continue the terms of any officers and appointments until that time.

Upon a motion duly made and seconded, by all Members present, it was:

VOTED: That, pursuant to Section 3 of Article IV of the By-Laws, the Annual Meeting scheduled to be held at this meeting is postponed to the next succeeding Regular Meeting of the Board; and

FURTHER VOTED: That all officers, representatives, and appointees of the Agency appointed by the Board at the last Annual Meeting held on October 10, 2023, who still remain in such office, representation, or appointment as of the date hereof, shall continue in such capacity until such postponed Annual Meeting for 2024 shall be held.

Chair Pinado then called for a motion to recess the MassHousing meeting to conduct the annual meetings of the MassHousing affiliates: The Center for Community Recovery Innovations, Inc. (CCRI) and the Property Acquisition and Disposition Corporation (PADCO).

Upon a motion duly made and seconded, by all Members present, it was:

VOTED: To recess the MassHousing meeting and convene the Annual Meeting of The Center for Community Recovery Innovations, Inc. to order.

CCRI Annual Meeting

Chair Pinado called the annual meeting of CCRI to order. Chair Pinado referred the Members to the proposed slate of officers.

Upon a motion duly made and seconded, it was

VOTED: That the Board of Directors of the Center for Community Recovery Innovation, Inc. shall consist of the Members of MassHousing.

FURTHER VOTED: That Jeanne Pinado is hereby elected to serve as Chairman of the Center for Community Recovery Innovations, Inc.

FURTHER VOTED: That Chrystal Kornegay is hereby elected to serve as President of the Center for Community Recovery Innovations, Inc.

FURTHER VOTED: That Kelly Condon is hereby elected to serve as Vice President of the Center for Community Recovery Innovations, Inc.

FURTHER VOTED: That Rachel C. Madden is hereby elected to serve as Treasurer of the Center for Community Recovery Innovations, Inc.

FURTHER
VOTED: That Paul Scola is hereby elected to serve as Assistant Treasurer of the Center for Community Recovery Innovations, Inc.

FURTHER
VOTED: That Amy Quimby is hereby elected to serve as Clerk of the Center for Community Recovery Innovations, Inc.

FURTHER
VOTED: That Carol G. McIver is hereby elected to serve as Assistant Clerk of the Center for Community Recovery Innovations, Inc.

Noting that there was no other business requiring action or discussion, Chair Pinado adjourned the Center for Community Recovery Innovations, Inc. (CCRI) Annual meeting.

PADCO Annual Meeting

Chair Pinado called the Annual Meeting of the Property Acquisition and Disposition Corporation (PADCO) to order. Chair Pinado referred Members to the proposed slate of officers.

Upon a motion duly made and seconded, it was

VOTED: That the Board of Directors of PADCO shall consist of the Members of MassHousing.

FURTHER
VOTED: That Jeanne Pinado is hereby elected to serve as Chairman of PADCO.

FURTHER
VOTED: That Chrystal Kornegay is hereby elected to serve as President of PADCO.

FURTHER
VOTED: That Kelly Condon is hereby elected to serve as Vice President of PADCO.

FURTHER
VOTED: That Rachel C. Madden is hereby elected to serve as Treasurer of PADCO.

FURTHER
VOTED: That Paul Scola is hereby elected to serve as Assistant Treasurer of PADCO.

FURTHER
VOTED: That Amy Quimby is hereby elected to serve as Clerk of PADCO.

FURTHER
VOTED: That Carol G. McIver is hereby elected to serve as Assistant Clerk of PADCO.

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

Fiscal Year 2024 Financial Year End Results

Rachel Madden presented the Fiscal Year 2024 Financial Year End Results. Total production was $169 million below budget. Single-family production was $67 million below budget and multi-family was $102 million below budget. Multi-family income is $32 million above budget. Drivers behind this are multi-family net interest spread is higher by $27.9 million; multi-family miscellaneous fee income is higher by $2.1 million, multi-family servicing income is higher by $1.5 million. This is offset by multi-family servicing fee income which is lower by $1.2 million.

FY24 single-family income is $8.9 million higher than the FY24 budget. Drivers are single-family net interest spread is higher by $9.5 million, single-family servicing income is higher by $82K. This was offset by single-family lending income which is lower by $690K.

FY24 mortgage insurance fund is $53 million below budget for production and $2 million above budget for income. Investment income is higher by $1.2 million, fee income is higher by $825K, insurance volume is up and exits have slowed. Paid claims are lower by $187K. Offset by IT and professional services expenses higher by $309K.

FY24 Grant Income was $168 million above budget and grant disbursements were $37 million below budget. FY25 Net Grant Activity is $205.7 higher than FY24 budget. Total Grant Income is $219 million and Total Grant Disbursements are $70 million.

FY24 Net Income (excluding Grants) is $60.9 million higher than FY24 budget. IT expenses are lower by $2.5 million, professional services are lower by $2.2 million and operating costs are lower by $345K. This is offset by payroll and payroll-related expenses which are higher by $764K primarily due to the timing of hiring and retiree payouts.

Votes Approving an Annual Contribution to the Opportunity Fund and Other Deposits

Rachel Madden presented a proposal for the Annual Contribution to the Opportunity Fund and other deposits.

In March 2016, the Agency established the Opportunity Fund to support mission- driven initiatives (the "Opportunity Fund"). One of the funding concepts for the Opportunity Fund was the contribution of 50% of excess earnings after bond transfers from each fiscal year. The idea behind this concept was to use half of all excess earnings in the Working Capital Fund to build Agency capital while using the remaining half for mission-driven initiatives.

At this time, staff recommends that 50% of the excess earnings after bond transfers from Fiscal Year 2024 in the amount of $24,625,000 be contributed to the Opportunity Fund.

Upon a motion duly made and seconded, by all Members present, it was:

VOTED: To contribute $24,625,000 of the excess earnings after bond transfers from Fiscal Year 2024 to the Opportunity Fund established by the Members on March 8, 2016.

<u>Workforce Housing Opportunity Fund Transfer</u>

On May 20, 2024, the Agency entered into a contract with the Executive Office of Housing and Livable Communities (EOHLC) with a maximum obligation of $100 million to administer the deployment of Workforce Housing Funds (WHF). The Agency has an existing WHF program within the Opportunity Fund and staff desires to move the funds received to date that are remaining, along with any future funds received under the contract with EOHLC, to the Opportunity Fund to facilitate a more efficient process for deploying the funds for the WHF initiative.

Upon a motion duly made and seconded, by all Members present, it was:

VOTED: To contribute existing funds held under the WHF contract with EOHLC and any funds to be received in the future under such contract to the Opportunity Fund

Loan Committee

Casas Borinquen, Boston (South End)

Kyle Grenon presented a proposal for Official Action Status, Commitment of a Tax-Exempt Construction and Permanent Loan, Commitment of Tax-Exempt Construction Equity Bride Loan and Approval for the Use of Low-Income Housing Tax Credits.

Upon a motion duly made and seconded, it was by all Members present:

VOTED: to approve the votes and findings as presented in the Board package that is attached and incorporated into the minutes of the meeting.

375 Broadway (f/k/a 4th and Broadway), Chelsea

Mike Carthas presented a proposal for Commitment of a Taxable Permanent Loan and Commitment of a Middle-Income (f/k/a Workforce) Housing Subordinate Loan.

Upon a motion duly made and seconded, it was by all Members present:

VOTED: to approve the votes and findings as presented in the Board package that is attached and incorporated into the minutes of the meeting.

Spring Gate Apartments Transfer of Ownership, Rockland

Joe Hughes presented a proposal for an Update to Rental Management Proposal for Transfer of Ownership.

Carmen Panacopolous asked if the principal is familiar to the Agency, and Mr. Hughes confirmed that it is.

Upon a motion duly made and seconded, it was by all Members present:

VOTED: to approve the votes and findings as presented in the Board package that is attached and incorporated into the minutes of the meeting.

The Chair then asked if there was any other old or new business for the Members' consideration.

There was none.

There being no other business to consider, the meeting adjourned at 3:00 p.m.

A true record.

Attest.

____

Colin M. McNiece
Secretary

Materials:

- Board Package, October 8, 2024

MassHousing

Massachusetts Housing Finance Agency
One Beacon Street Boston, MA 02108

Tel: 617-854-1000 | Relay 711
Fax: 617-854-1091 | www.masshousing.com

Posted: October 3, 2024 @ 10:40 a.m.
Secretary of the Commonwealth, Regulations Division
Executive Office for Administration & Finance
masshousing.com

NOTICE
of a Meeting of the Members

The annual meetings of MassHousing, PADCO and CCRI will be held:

Date: **Tuesday, October 8, 2024**

Time: **2:00 p.m.**

Location: **One Beacon Street**
4th Floor Bill White Board Room
Boston, MA 02108

Attention will be given to the following matters:

1. <u>EXECUTIVE ACTIONS</u>

A. Call to Order

B. Vote Approving the Minutes

- Regular Meeting of September 10, 2024

C. Chief Executive Officer's Report

D. Annual Meetings of MassHousing, PADCO, and CCRI

- Votes Electing Officers
- Chair's Committee Assignments
- Vote Electing the Board's Representative to the Other Post-Employment Benefits ("OPEB") Trust
- Vote Electing the Board's Representative to the Massachusetts Housing Finance Agency Employees' Retirement System

E. FY24 Year-End Results

F. Votes Approving an Annual Contribution to the Opportunity Fund and Other Deposits

2. LOAN COMMITTEE

A. Casas Borinquen, Boston (South End)

- Official Action Status
- Commitment of a Tax-Exempt Construction and Permanent Loan
- Commitment of Tax-Exempt Construction Equity Bridge Loan
- Approval for the Use of Low-Income Housing Tax Credits

B. 375 Broadway (f/k/a 4th and Broadway), Chelsea

- Commitment of a Taxable Permanent Loan
- Commitment of a Middle-Income (f/k/a Workforce) Housing Subordinate Loan

C. Spring Gate Apartments Transfer of Ownership, Rockland

- Update to Rental Management Proposal for Transfer of Ownership and Sale of Note

Accessibility

If you need an accommodation to participate in a MassHousing meeting, event, or program, please call 617-854-1000 or email webinfo@masshousing.com. Please request accommodations as soon as possible but no later than 48 hours before a scheduled event so that we can have adequate time to accommodate your needs. Click here to view our Accessibility statement.

Minutes of the Regular Meeting of the
Members of MassHousing
held on
September 10, 2024

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – September 10, 2024 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):

Board Member	Present	Absent
Jeanne Pinado, Chair	X	
Carolina Avellaneda, Vice Chair	X	
Edward Augustus, ex officio	X	
Bran Shim*	X	
Herby Duverné	X	
Jerry Feldman		X
Tom Flynn	X	
Patricia McArdle	X	
Carmen Panacopolous	X	

**Designee of Secretary Matthew Gorzkowicz, ex officio*

The Chair convened the meeting to order at 2:00 p.m.

The Chair indicated that the first order of business was the approval of the minutes of the July 9, 2024 meeting.

Upon a motion duly made and seconded, by roll call vote, by all Members present (Patricia McArdle had not yet joined the meeting), it was:

VOTED: That the minutes of the Regular Meeting of the Members held on July 9, 2024 are hereby approved and placed on record.

Chief Executive Officer's Report

Chrystal Kornegay began the meeting by announcing the hiring of Jennifer Buss as our new Senior Director of Human Resources. Ms. Kornegay also announced that Steve Vickery will be retiring and Waseem Arshad, our new Senior Director of Finance, will be taking on some of Steve's responsibilities. Both Ms. Buss and Mr. Arshad will be formally introduced at our October Board meeting.

Ms. Kornegay then described the Agency's underwriter selection process that was recently completed. The Agency issues an RFP approximately every three years for underwriters. We received a number of excellent responses including several joint arrangements between WMBE firms. For past several years we had two firms, Loop and Raymond James, operating in such arrangement and the new managing syndicate will have four such arrangements. Ms. Kornegay noted that we have been told by the bankers that because MassHousing spearheaded this strategy several years ago, other HFAs are following. Ms. Kornegay then noted the seniors managers and co-managers selected in the process.

BILD (Bringing Innovation to Lending and Development) Presentation and Opportunity Fund Votes

Mark Attia presented the new BILD strategy – MassHousing's new initiative that creates financing solutions for market-oriented, mixed-income rental housing development. He noted that to address the housing shortage in Massachusetts, there is a need to building all types of housing and that the state's existing toolkit for market-oriented developments includes limited tools for this segment of the market to function at scale.

MassHousing sees an opportunity to leverage public capital to mobilize private capital toward mixed-income rental production to ensure we keep our momentum in residential production. Through BILD, MassHousing will provide a one-stop financial solution by offering a competitive senior debt product coupled with innovative equity financing. Rental developers are eligible to apply if their developments are new production, with at least 50 total units, where at least 20% of the units are affordable to residents earning up to 80% of AMI.

The BILD strategy includes two new products, Momentum Equity and the FORGE loan. Momentum Equity will be an efficient and predictable source of stable equity financing. While not a subsidy or a grant, it is designed to be flexible compared with other equity available in the commercial market. Momentum Equity is designed to blend with private equity and revolved to enable MassHousing to continue making investments in housing over time. The FORGE loan (Financing Operations for Residential Growth and Expansion) is a new MassHousing rental taxable lending product offered in collaboration with Berkadia and Freddie Mac. For each FORGE loan, MassHousing provides 10% of the debt as a subordinate loan in a first loan loss position. This enables to the borrower to access Freddie Mac's most favorable taxable terms, including loan pricing, leverage, and forward rate-lock products.

Ms. Kornegay then describe two requests for consideration of the Members, one to create an advisory committee and second, to designate an amount from the Opportunity Fund toward BILD.

MassHousing proposes two methods of oversight for BILD. The MassHousing Board will approve all Momentum Equity investments and FORGE loan proposals under the BILD strategy. MassHousing also proposes to create an Advisory Committee to recommend BILD investments to the Board.

MassHousing's Opportunity Fund was created in 2013 to support mission-driven initiatives approved by the Board. This revolving fund encapsulates the spirit of the Agency as a leader and innovator by providing unrestricted funds to advance our mission in a manner that sustains and supports the Agency's financial strength. To advance the BILD strategy, staff propose designated $50 million from the Opportunity Fund to provide flexible, revolving capital to fund FORGE loans, Momentum Equity and soft debt subsidy as projects may require.

Discussion followed regarding the Opportunity Fund. Ms. Kornegay stated the Opportunity Fund currently has $83 million in undesignated funds. Herby Duverné commented this is a great idea and thanked Mark Attia for his presentation. Mr. Duverné asked if there would be any consideration for these loans under the loan committee. Ms. Kornegay replied it will be a slightly different process where projects seeking the Momentum Equity and FORGE loan under BILD would flow through the BILD Advisory Committee. Ed Augustus also thanked Mr. Attia and his staff for their hard work on this program and for the speed in which they did it. This is a key element for the Affordable Homes Act and there is a lot of excitement about this program.

Carolina Avellaneda asked if $50 million is enough and had questions about the structure of the advisory committee and the terms of its members. Following discussion it was suggested that the vote clarify that terms of committee members should be one year.

Upon a motion duly made and seconded, <u>by roll call vote</u>, it was, by all Members present Patricia McArdle had not yet joined the meeting):

VOTED: to approve the vote and findings as presented in the Board package that is attached and incorporated into the minutes of the meeting with the modification that members of the BILD Advisory Committee would serve one-year terms.

(Patricia McArdle joined the meeting at 2:40 pm)

Votes to Amend OPEB Trust Agreement and Approve Funding Policy

Steve Vickery presented votes to amend the OPEB trust agreement and approve funding policy.

Upon a motion duly made and seconded, <u>by roll call vote</u>, it was, by all Members present:

VOTED: to approve the vote and findings as presented in the Board package that is attached and incorporated into the minutes of the meeting.

Loan Committee

Singing Bridge Residences, Chicopee

Sarah Hall presented a proposal for Official Action Status, Commitment of a Tax-Exempt Permanent Loan, Commitment of a Tax-Exempt Bridge Loan, Commitment of a Middle-Income (f/k/a Workforce) Housing Subordinate Loan and Approval for the Use of Low-Income Housing Tax Credits for Singing Bridge Residences, Chicopee.

Herby Duverné commented that the Loan Committee recognized the complexity and significance of this development and Chrystal Kornegay thanked Sarah Hall for all her hard work to get this far.

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

VOTED: to approve the votes and findings as presented in the Board package that is attached and incorporated into the minutes of the meeting.

The Chair then asked if there was any other old or new business for the Members' consideration.

There was none.

There being no other business to consider, the meeting adjourned at 2:54 p.m.

A true record.

Attest.

____
Colin M. McNiece
Secretary

Materials:

- Board Package, September 10, 2024

CEO's Report

October 8, 2024

Deed Research Partnership with MIT

MassHousing

Overview

MassHousing has entered into an agreement with MIT's Department of Urban Studies and Planning (DUSP) to support a **research project about racially restrictive deed covenants in Massachusetts.**

This **pilot program** will focus on the use of these now illegal ownership restrictions in **two to three representative Massachusetts counties**. MassHousing will provide $150,000 in funding.

If the pilot program produces meaningful findings, **MassHousing believes other interested partners would join us to support a statewide research program**.

Racially Restrictive Covenants

Racial covenants are **clauses that were inserted into property deeds** from the 1920s to 1970s **to prevent people who are not White from buying or occupying land**. They served as **legally enforceable contracts** with the intention to **“protect” white neighborhoods**.

> shall be constructed of concrete; that no
> moved on to said lot without the written permission of the grantor herein
> having been first obtained; that said lot shall not be resold to a colored
> person, a Polander or an Italian.

Source: Rios, Simon (2022.01.22), WBUR. “Racist covenants still stain property records. Mass. may try to have them removed.”

MassHousing hopes that the research will **contribute to broader public understanding of the historical causes of continuing disparities** in rates of homeownership among different racial and ethnic groups here in Massachusetts.

The research will also be useful to MassHousing in **structuring the Agency’s current homebuying and homeownership assistance programs** and in **developing new programs** to create first-time homeownership opportunities.

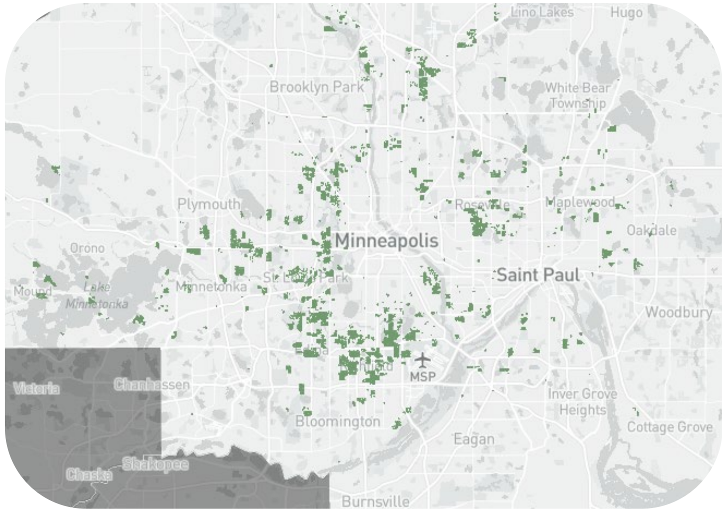
Precedent

There has been only **very limited research into the use of restrictive covenants in Massachusetts**—which is also true for most other states. Nationally, there are two leaders in this area:

Minnesota
33,000 documented

Minneapolis / St. Paul

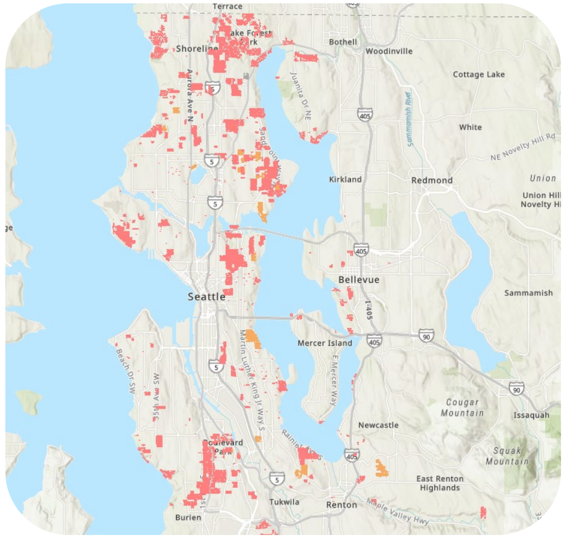
Source: Mapping Prejudice



Washington
62,000 documented

Seattle

Source: Racial Restrictive Covenants Project, Washington State



MIT will be using methodologies and computer programs developed by those two states in its work.

MassHousing

Questions?
Comments?

Thank You!

MassHousing

Votes Relating to the MassHousing 2024 Annual Meeting
and
Terms of MassHousing Officers, Representatives, and Appointees

VOTED: That, pursuant to Section 3 of Article IV of the By-Laws, the Annual Meeting scheduled to be held at this meeting is postponed to the next succeeding Regular Meeting of the Board; and

FURTHER VOTED: That all officers, representatives, and appointees of the Agency appointed by the Board at the last Annual Meeting held on October 10, 2023, who still remain in such office, representation, or appointment as of the date hereof, shall continue in such capacity until such postponed Annual Meeting for 2024 shall be held.

Massachusetts Housing Finance Agency Property Acquisition and Disposition Corporation (“PADCO”) Annual Meeting
Proposed Votes Electing PADCO Officers
October 8, 2024

VOTED: That the Board of Directors of PADCO shall consist of the Members of MassHousing.

FURTHER VOTED: That Jeanne Pinado is hereby elected to serve as Chairman of PADCO.

FURTHER VOTED: That Chrystal Kornegay is hereby elected to serve as President of PADCO.

FURTHER VOTED: That Kelly Condon is hereby elected to serve as Vice President of PADCO.

FURTHER VOTED: That Rachel C. Madden is hereby elected to serve as Treasurer of PADCO.

FURTHER VOTED: That Paul Scola is hereby elected to serve as Assistant Treasurer of PADCO.

FURTHER VOTED: That Amy Quimby is hereby elected to serve as Clerk of PADCO.

FURTHER VOTED: That Carol G. McIver is hereby elected to serve as Assistant Clerk of PADCO.

MassHousing's Center for Community Recovery Innovations, Inc. ("CCRI")
Annual Meeting
Proposed Votes Electing CCRI Officers
October 8, 2024

VOTED: That the Board of Directors of the Center for Community Recovery Innovations, Inc. shall consist of the Members of MassHousing.

FURTHER VOTED: That Jeanne Pinado is hereby elected to serve as Chairman of the Center for Community Recovery Innovations, Inc.

FURTHER VOTED: That Chrystal Kornegay is hereby elected to serve as President of the Center for Community Recovery Innovations, Inc.

FURTHER VOTED: That Kelly Condon is hereby elected to serve as Vice President of the Center for Community Recovery Innovations, Inc.

FURTHER VOTED: That Rachel C. Madden is hereby elected to serve as Treasurer of the Center for Community Recovery Innovations, Inc.

FURTHER VOTED: That Paul Scola is hereby elected to serve as Assistant Treasurer of the Center for Community Recovery Innovations, Inc.

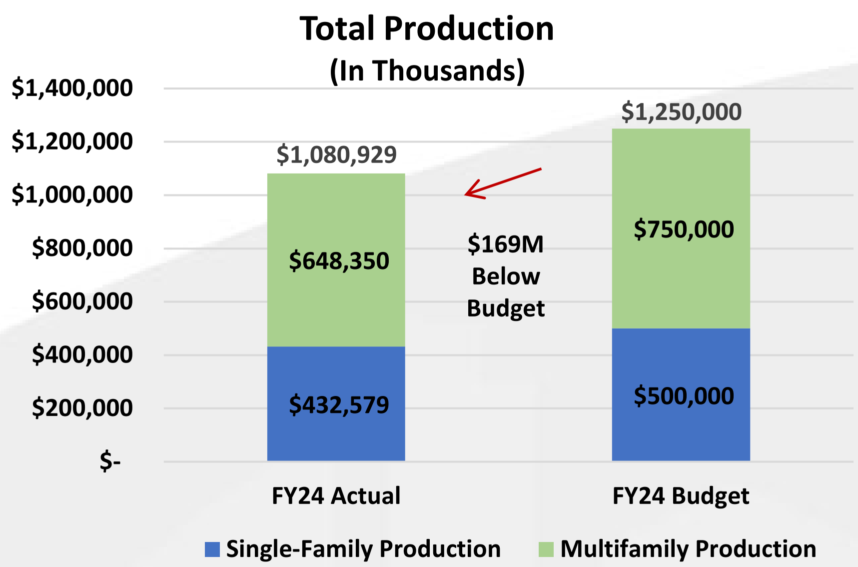
FURTHER VOTED: That Amy Quimby is hereby elected to serve as Clerk of the Center for Community Recovery Innovations, Inc.

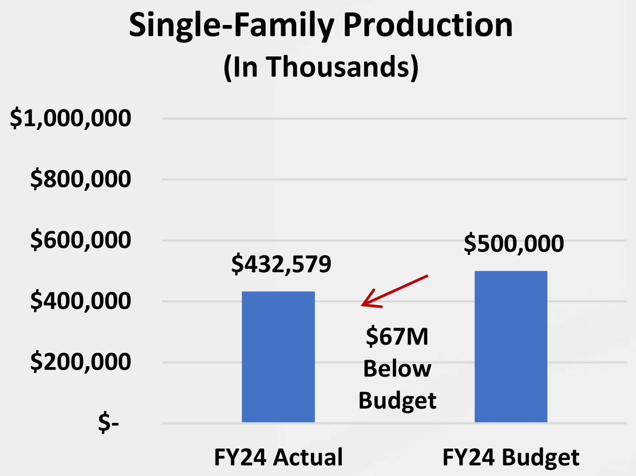
FURTHER VOTED: That Carol G. McIver is hereby elected to serve as Assistant Clerk of the Center for Community Recovery Innovations, Inc.

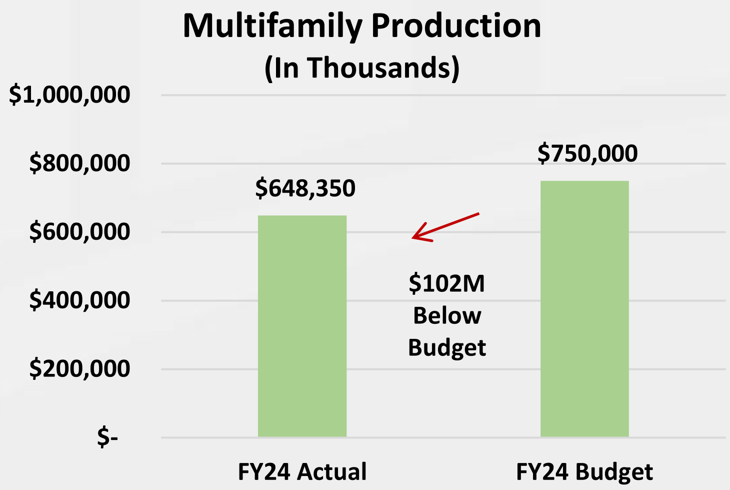
Fiscal Year 2024 Financial Year End Results
MassHousing Board of Directors

October 8, 2024

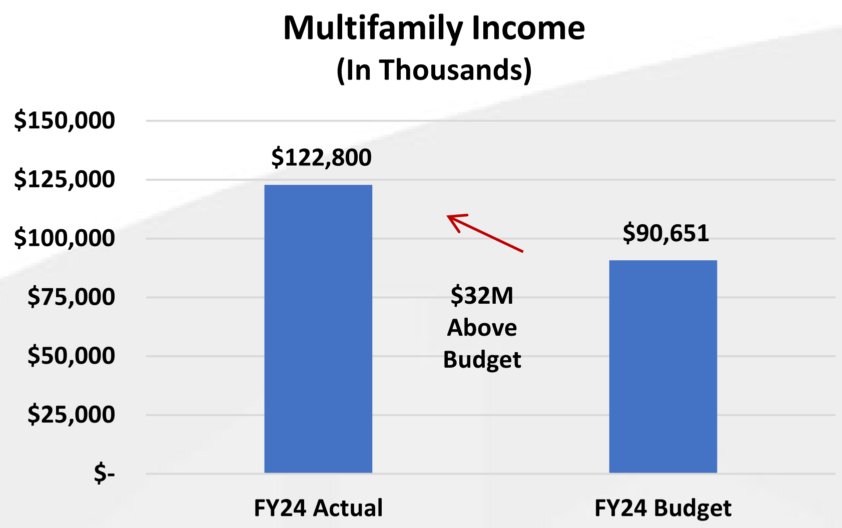
FY24 Production







FY24 Multifamily Income



FY24 Multifamily Income is $32.1M higher than the FY24 budget

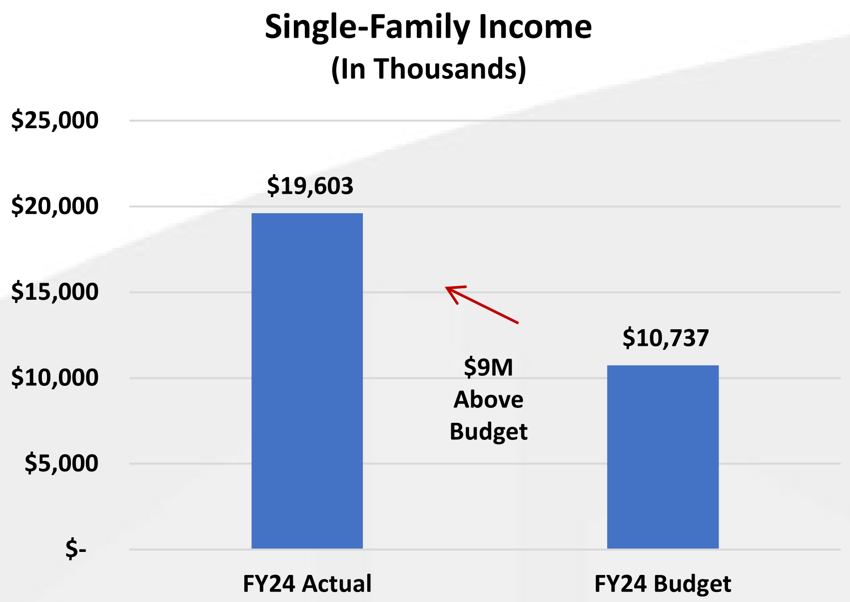
Drivers:

- Multifamily Net Interest Spread is higher by $27.9M
- Multifamily Miscellaneous Fee Income is higher by $2.1M
- Multifamily Subsidy Income is higher by $1.8M
- Multifamily Servicing Income is higher by $1.5M

Offset by

- Multifamily Financing Fee Income is lower by $1.2M

FY24 Single-Family Income

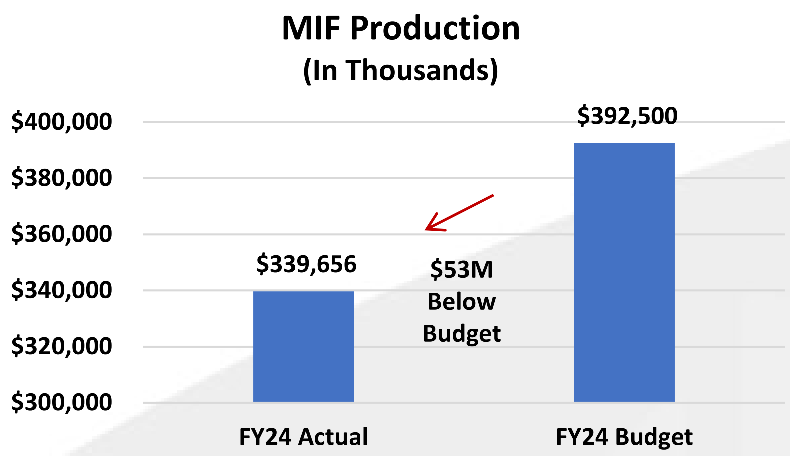


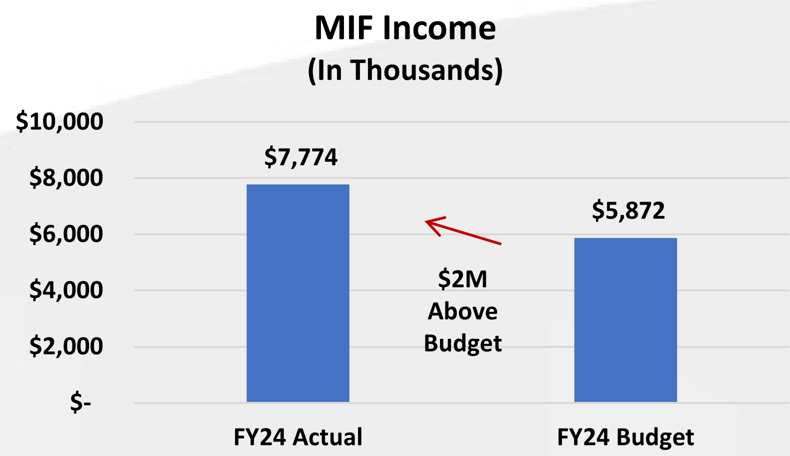
FY24 Single-Family Income is $8.9M higher than the FY24 budget

Drivers:
- Single-Family Net Interest Spread is higher by $9.5M
- Single-Family Servicing Income is higher by $82K

Offset by
- Single-Family Lending Income is lower by $690K

FY24 Mortgage Insurance Fund





FY24 MIF Income is $1.9M higher than FY24 Budget

Production Drivers:

- Single-Family Production

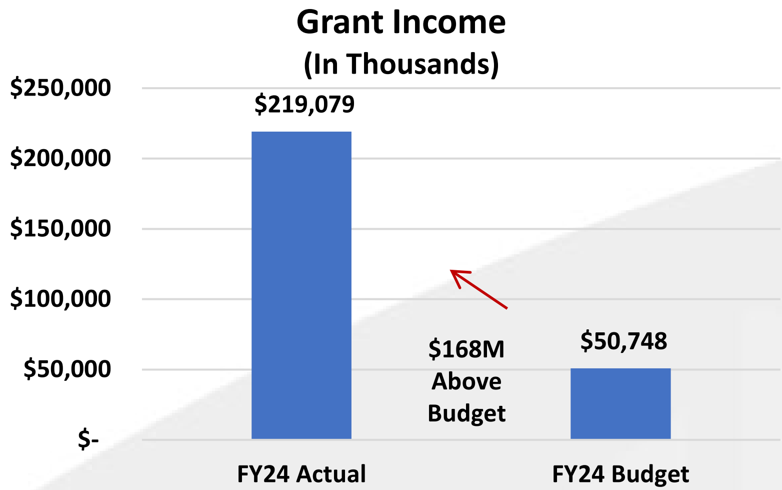
Income Drivers:

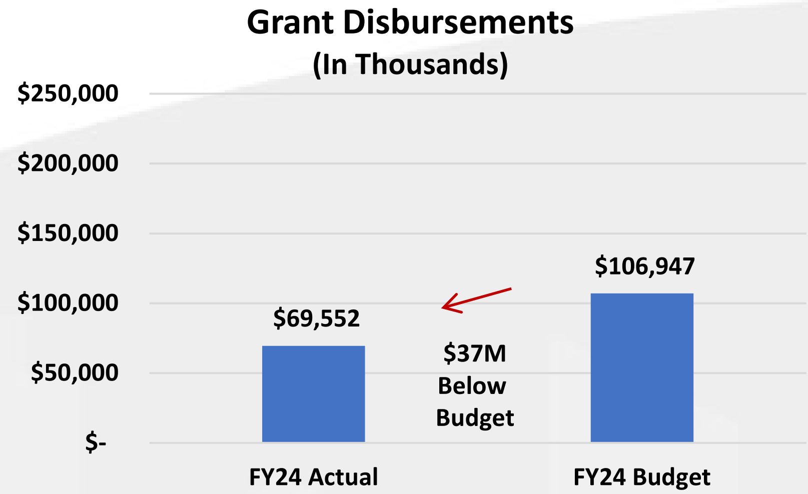
- Investment Income is higher by $1.2M
- Fee Income is higher by $825K
- Insurance volume is up - exits have slowed
- Paid claims are lower by $187K

Offset by

- IT and Professional Services expenses are higher by $309K

FY24 Grant Income & Disbursements



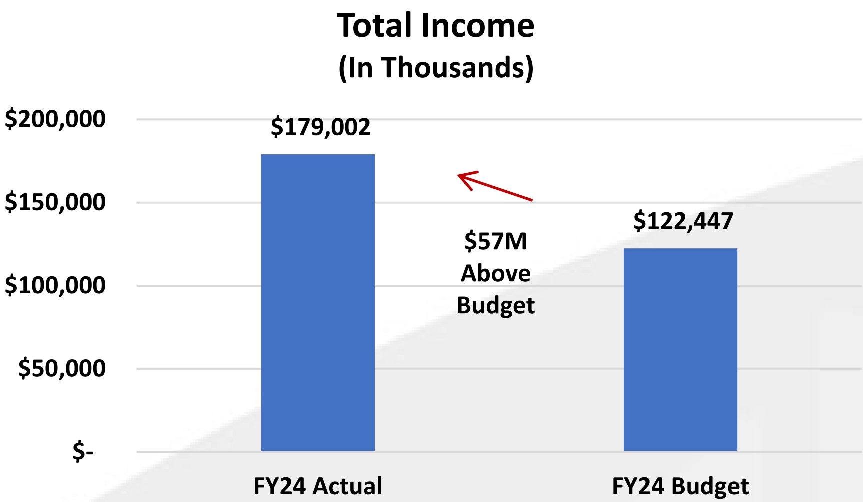


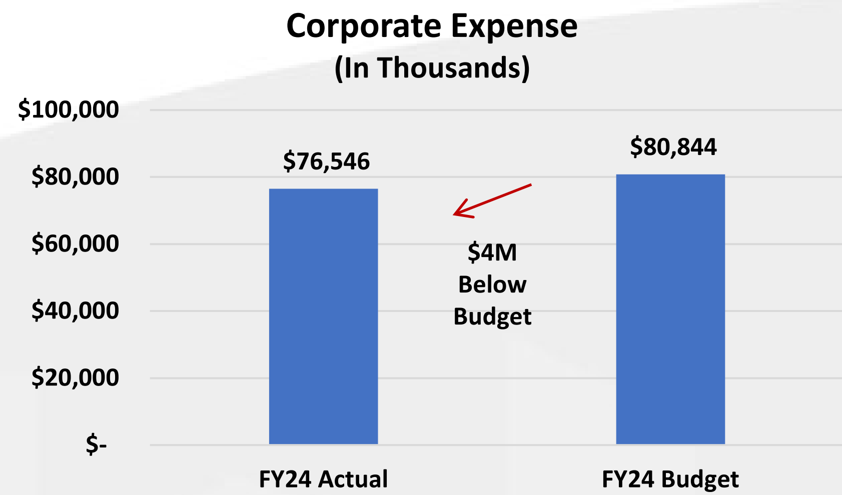
FY25 Net Grant Activity is $205.7M higher than FY24 Budget

Grant Activity:

- Total Grant Income is $219M
  - ARPA Workforce Housing Program - $61M
  - Equitable Developers Fund - $50M
  - MA Community Climate Funds - $50M
  - CommonWealth Builder Program - $38M
- Total Grant Disbursements are $70M
  - CommonWealth Builder Program - $50M
  - Homeownership Assistance Fund (HAF) - $4M
  - ARPA Workforce Housing Program - $2M

FY24 Financial Overview (excluding Grants)





FY24 Net Income (excluding grants) is $60.9M higher than FY24 Budget

Income Drivers:

- MF and SF Net Interest Spread is higher by $37.4M
- Corporate Fee & Investment Income is higher by $12.1M
- MF Subsidy & Misc. Fee Income is higher by $3.9M
- MIF Net Income is higher by $1.9M
- MF and SF Servicing Income is higher by $1.6M
- Mission Income is higher by $1.5M

Offset by

- MF Financing Fee Income is lower by $1.2M
- SF Lending Income is lower by $690K

Expense Drivers:

- IT expenses are lower by $2.5M
- Professional Services are lower by $2.2M
- Operating Costs are lower by $345K

Offset by

- Payroll & payroll related expenses are higher by $764K primarily due to the timing of hiring and retiree payouts

MassHousing

FY24 Corporate Expenses

FY24 Actual vs. Budget Summary (In Thousands)				
Corporate Expenses	**FY24 Actual**	**FY24 Budget**	**Actual vs. Budget**	**% of Change**
Payroll and Related Personnel Expenses	54,268	53,504	764	1.4%
Professional Services	4,005	6,222	(2,217)	-35.6%
Information Technology	8,679	11,150	(2,471)	-22.2%
Leased Office Space, net	4,820	4,849	(29)	-0.6%
Operating Costs	4,774	5,119	(345)	-6.7%
TOTAL	**76,546**	**80,844**	**(4,298)**	**-5.3%**

FY24 Net Income (Includes Grant Activity)

FY24 Actual vs. Budget Summary (In Thousands)				
	FY24 Actual	FY24 Budget	Actual vs. Budget	% of Change
Multifamily Income	122,800	90,651	32,149	35.5%
Single-Family Income	19,603	10,737	8,866	82.6%
Mortgage Insurance Fund Income	7,774	5,872	1,902	32.4%
Mission Income - Includes Grant Activity	156,263	(50,958)	207,221	406.7%
Corporate Income	22,089	9,946	12,143	122.1%
Corporate Expenses	(76,546)	(80,844)	4,298	-5.3%
NET INCOME (LOSS)	**251,983**	**(14,596)**	**266,579**	**1826.4%**

FY24 Net Income (Excludes Grant Activity)

FY24 Actual vs. Budget Summary (In Thousands)				
	FY24 Actual	FY24 Budget	Actual vs. Budget	% of Change
Multifamily Income	122,800	90,651	32,149	35.5%
Single-Family Income	19,603	10,737	8,866	82.6%
Mortgage Insurance Fund Income	7,774	5,872	1,902	32.4%
Mission Income - Excludes Grant Activity	6,736	5,241	1,495	28.5%
Corporate Income	22,089	9,946	12,143	122.1%
Corporate Expenses	(76,546)	(80,844)	4,298	-5.3%
NET INCOME (CASH BASIS)	**102,456**	**41,603**	**60,853**	**146.3%**

FY24 Actual vs Budget

FY24 Actual vs. Budget Summary (In Thousands)	FY24 Actual	FY24 Budget	Actual vs. Budget	% of Change
Working Capital Fund Operating Income	30,835	5,766	25,069	434.8%
Cash Transfers from Bond Programs	18,415	18,293	122	0.7%
Excess Income After Transfers from Bond Programs	49,250	24,059	25,191	104.7%
50% Transfer to the Opportunity Fund	24,625	12,030	12,596	104.7%

Working Capital Fund Operating Income Drivers

- Corporate Fee & Investment Income is higher by $12.1M
- WCF MF & SF loan interest income is higher by $5.0M
- Corporate Expenses are lower by $4.3M
- MF Subsidy & Misc. Fee income are higher by $3.9M
- MF and SF Servicing Income is higher by $1.6M

Offset by

- MF Financing Fee Income is lower by $1.2M
- SF Lending Income is lower by $690K

Opportunity Fund Votes

Excess Income Opportunity Fund Transfer Background

In March 2016, the Agency established the Opportunity Fund to support mission-driven initiatives (the "Opportunity Fund"). One of the funding concepts for the Opportunity Fund was the contribution of 50% of excess earnings after bond transfers from each fiscal year. The idea behind this concept was to use half of all excess earnings in the Working Capital Fund to build Agency capital while using the remaining half for mission-driven initiatives.

At this time, staff recommends that 50% of the excess earnings after bond transfers from Fiscal Year 2024 in the amount of $24,625,000 be contributed to the Opportunity Fund.

VOTED:

To contribute $24,625,000 of the excess earnings after bond transfers from Fiscal Year 2024 to the Opportunity Fund established by the Members on March 8, 2016.

MassHousing

Opportunity Fund Votes

Workforce Housing Opportunity Fund Transfer

On May 20, 2024, the Agency entered into a contract with the Executive Office of Housing and Livable Communities (EOHLC) with a maximum obligation of $100 million to administer the deployment of Workforce Housing Funds (WHF). The Agency has an existing WHF program within the Opportunity Fund and staff desires to move the funds received to date that are remaining, along with any future funds received under the contract with EOHLC, to the Opportunity Fund to facilitate a more efficient process for deploying the funds for the WHF initiative.

VOTED:

To contribute existing funds held under the WHF contract with EOHLC and any funds to be received in the future under such contract to the Opportunity Fund.

Community Scale Housing Initiative Closeout Transfer within the Opportunity Fund

In 2017, the Executive Office of Housing and Livable Communities (EOHLC – known as DHCD at that time) created the Community Scale Housing Initiative (CSHI). On February 14, 2017, the Agency voted to invest $5,000,000 of Opportunity Funds into participation interests in mortgage loans made by the Affordable Housing Trust Fund (AHTF) for the program (AHTF-CSHI Program). Subsequently, on January 14, 2020, the Agency voted to increase its investment in the program by an additional $5,000,000. Currently, the AHTF-CSHI Program account in the Opportunity Fund has $647,496 in funds remaining. In February 2024, MassHousing learned from EOHLC that it was closing out the AHTF-CSHI Program. Therefore, staff is recommending that the $647,496 remaining in the Opportunity Fund's AHTF-CSHI Program account, plus any future funds the Agency may receive from repayments, be moved into the general undesignated pool of the Opportunity Fund.

VOTED:

To transfer $647,496 in funds from the Opportunity Fund pool designated for the AHTF-CSHI Program, plus any future additional funds that may be returned related to payments on the AHTF-CSHI Program, into the undesignated pool of the Opportunity Fund.

Appendix:

GAAP Balance Sheet
GAAP Income Statement
Production - Budget to Actuals
Production - Budget to Actual Trends
Market Data

Balance Sheet

MassHousing issued its FY24 Financials on 9/20/24

Unqualified Audit Opinion from PWC; GAAP financials delivered within statutorily required 90 days

Balance Sheet (in millions)

Balance Sheet	FY24 Year End 6/30/24	FY23 Year End 6/30/23	FY22 Year End 6/30/22	FY21 Year End 6/30/21
Total Assets	$ 7,530.8	$ 6,870.7	$ 6,266.8	$ 6,355.4
Total Liabilities	5,708.0	5,297.1	4,753.2	4,823.1
Total Net Position*	$ 1,822.8	$ 1,573.6	$ 1,513.6	$ 1,532.3

*A portion of Net Position is "restricted" under constraints imposed by creditors, laws, or regulations, etc.
MassHousing designates a portion of "Unrestricted" balances for specific purposes that further our mission.

Income Statement

Income Statement (in millions)

Income Statement	FY24 Year End 6/30/24	FY23 Year End 6/30/23	FY22 Year End 6/30/22	FY21 Year End 6/30/21
Total Operating Revenues	$ 583.9	$ 412.1	$ 192.4	$ 266.5
Total Operating Expenses	(334.7)	(352.1)	(211.1)	(226.7)
Net Income (Loss)	**$ 249.2**	**$ 60.0**	**$ (18.7)**	**$ 39.8**

Crosswalk of Income from Core Operations to Net Income (in millions)

Income Statement	FY24 Year End 6/30/24	FY23 Year End 6/30/23	FY22 Year End 6/30/22	FY21 Year End 6/30/21
Core Revenues	$ 365.4	$ 305.5	$ 244.4	$ 284.9
Core Expenses	(248.4)	(228.3)	(192.0)	(201.3)
Income from Core Operations	**117.0**	**77.2**	**52.4**	**83.6**
Net (increase) decrease in fair value of investments	7.7	(15.0)	(61.3)	(31.2)
Grant Income	210.8	121.6	9.3	12.8
Grant Expense	(61.8)	(66.9)	(11.7)	(3.5)
Provision for Loan Losses	(24.5)	(56.9)	(7.4)	(21.9)
Net Income (Loss)	**$ 249.2**	**$ 60.0**	**$ (18.7)**	**$ 39.8**

MassHousing

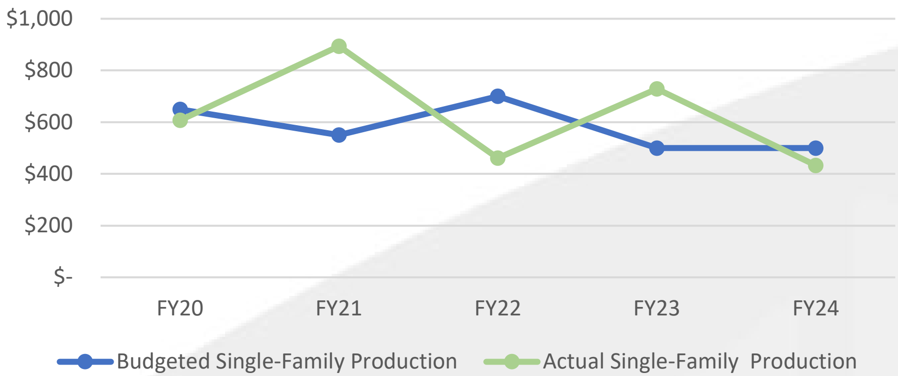
5 Year Production - Budget to Actual

Production (in millions)	FY24	FY23	FY22	FY21	FY20
Budgeted Single-Family Production	$ 500	$ 500	$ 700	$ 550	$ 650
Actual Single-Family Production	433	729	461	894	607
Variance Actual vs. Budget	**$ (67)**	**$ 229**	**$ (239)**	**$ 344**	**$ (43)**
Budgeted Multifamily Lending	$ 750	$ 800	$ 800	$ 750	$ 625
Actual Multifamily Lending	648	658	945	823	619
Variance Actual vs. Budget	**$ (102)**	**$ (142)**	**$ 145**	**$ 73**	**$ (6)**
Total Budgeted Production (SF & MF)	$ 1,250	$ 1,300	$ 1,500	$ 1,300	$ 1,275
Total Actual Production (SF & MF)	1,081	1,387	1,406	1,717	1,226
Variance Actual vs. Budget	**$ (169)**	**$ 87**	**$ (94)**	**$ 417**	**$ (49)**

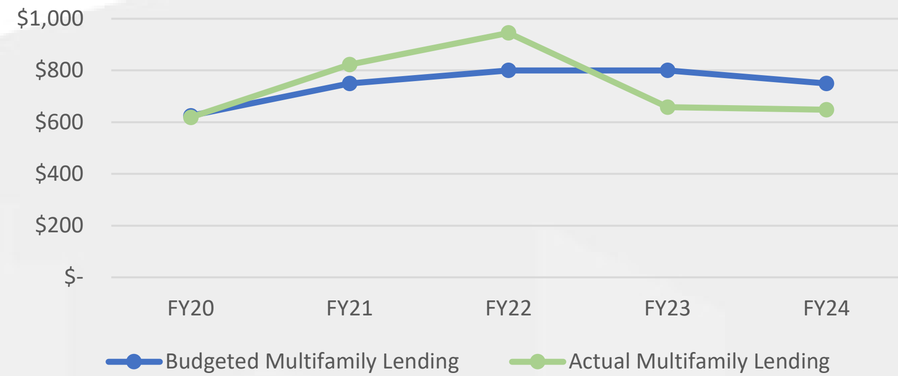
5 Year Production – Budget to Actual Trend

(In Millions)

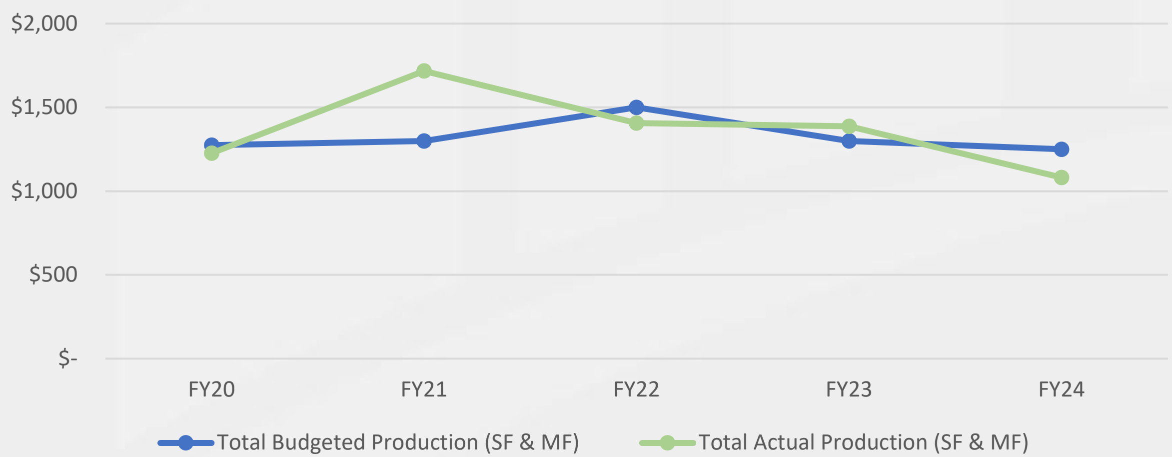
Homeownership Production



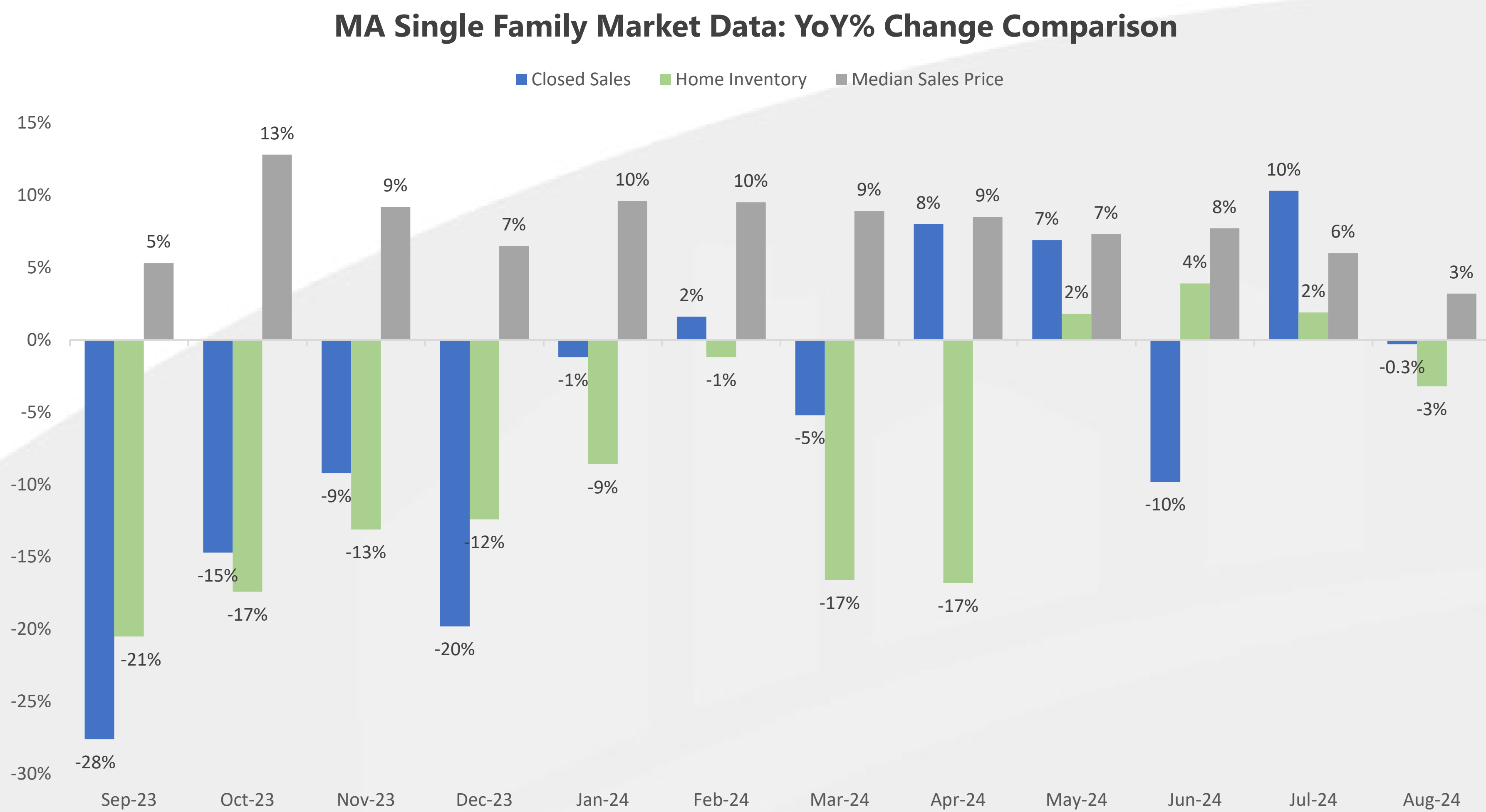
Multifamily Production



Total Production – Homeownership & Multifamily

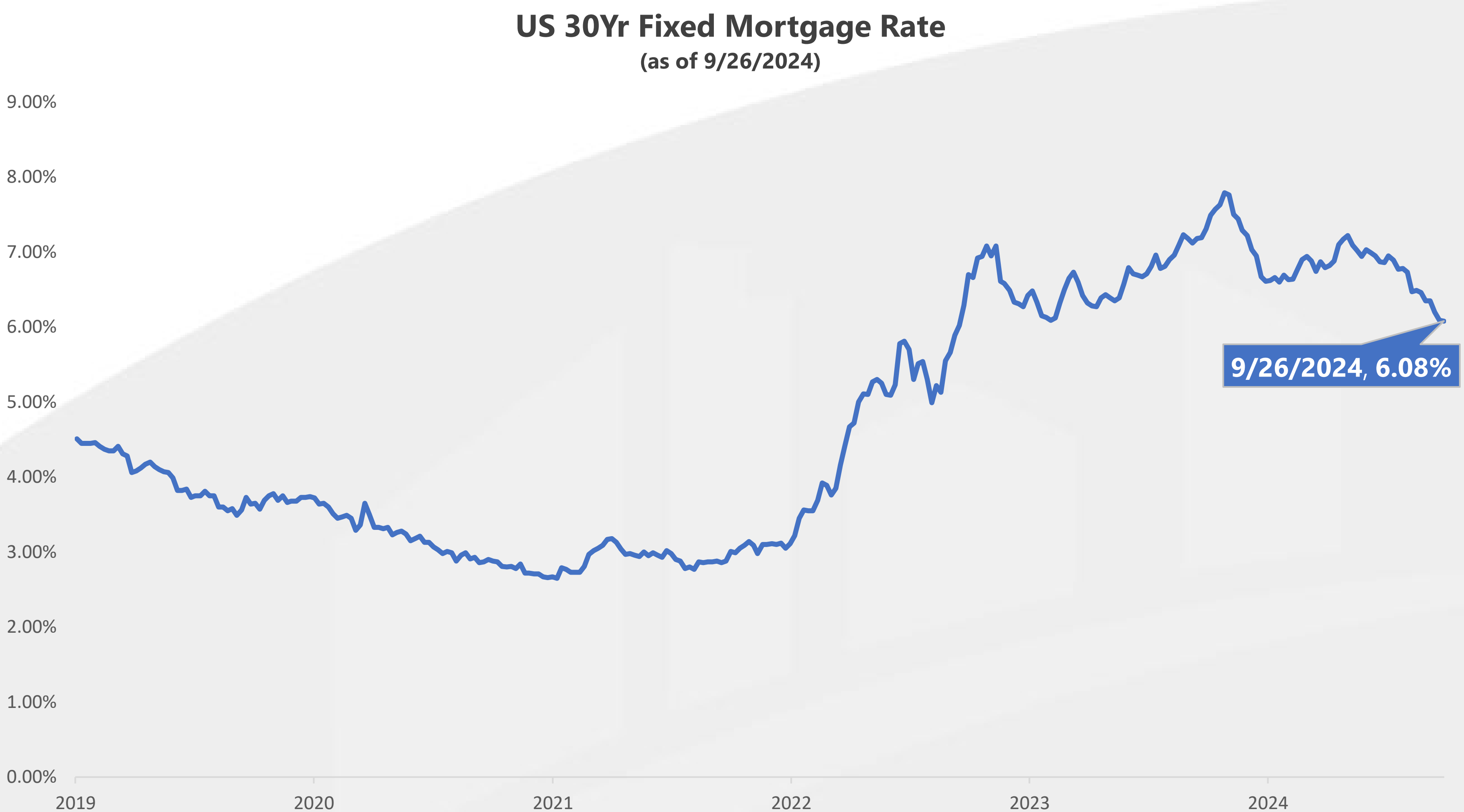


Market Data



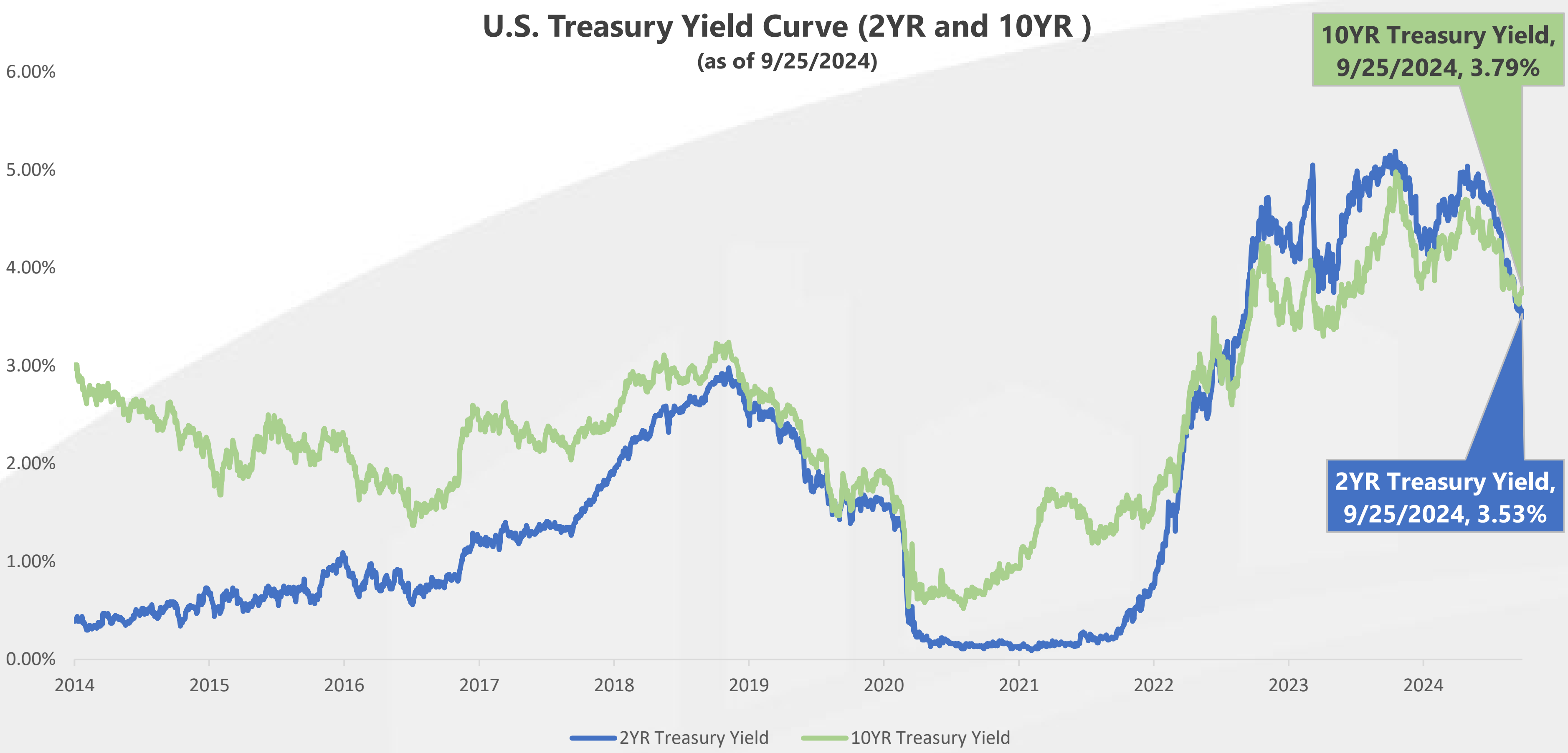
Source: All data from the Berkshire County Multiple Listing Service, Cape Cod & Islands Association of REALTORS®, Inc. and MLS Property Information Network, Inc. Provided by MAR.

Market Data



Source: Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States [MORTGAGE30US], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/MORTGAGE30US, September 27, 2024.

Market Data



Source: U.S. Treasury Securities at 2-Year Constant Maturity, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/DGS2, September 27, 2024; U.S. Treasury Securities at 10-Year Constant Maturity, retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/DGS10, September 27, 2024.

Loan Commitment Proposal | October 8, 2024

Casas Borinquen

1. General Project Information

Project Name	Casas Borinquen
Project ID	74-106
Associated Projects	N/A
Address(es)	328-330 Shawmut Avenue, Boston – South End, MA 02118 628-630 Tremont Street 334, 401, 403 Shawmut Avenue 638 Tremont Street 10 Upton Street 75, 79 West Brookline Street
Sponsor	Inquilinos Boricuas en Acción, Inc. ("IBA")
Transaction Type	Preservation & Production (4%)
Funding Type	Current (Construction/Permanent)
Execution Type	Portfolio (TE)
Credit Enhancement	HUD/FHA Risk-Sharing with 50% credit risk
Approval Type	Board
MH Risk Rating	Financial: A Physical Condition: A Compliance: A
Total Rental Units	42
Affordability Mix	42 Affordable

2. Recommended Actions

- Official Action Status
- Commitment of Tax-Exempt Construction/Permanent Loan
- Commitment of Tax-Exempt Construction Equity Bridge Loan
- Approval for the Use of Low-Income Housing Tax Credits

The proposed financing will support the rehabilitation of existing units and construction of new units at Casas Borinquen (the "Development"), a 42-unitscattered site development in the South End of Boston. The existing buildings have 36 housing units and Inquilinos Boricuas en Acción, Inc. ("IBA" or the "Sponsor") is proposing to add six (6) new units in a building formerly used as the Sponsor's headquarters located at 403 Shawmut Avenue as part of the scope of work for this transaction.

3. MassHousing Financing	
First Loan	
Type	Tax-Exempt Construction/Permanent
Loan Amount	Up to $10,875,000
Interest Rate	30 Year MMD plus 225 basis points (bps) to be locked at the earlier of tax-exempt bond issuance or construction loan closing (processing rate of 6.15% assumed for underwriting)
Loan Term / Amortization	40 y / 40 y (after interest only development period)
Year 1 DSCR	1.17 projected (1.10 minimum)
LTV	TBD projected (90% maximum)
Construction Equity Bridge Loan	
Type	Tax-Exempt Bridge Loan
Loan Amount	$14,310,000
Interest Rate	7.44% projected
Loan Term/Amortization	30 mo / interest only

4. Development Plan

Description of Site. The Development consists of the nine (9) buildings of the existing scattered site Casas Borinquen development and a tenth building to be added, located on a total of 40,000 square feet of land in Boston's South End neighborhood (the "Site"). The existing buildings are part of Villa Victoria, a collection of developments all owned and operated by affiliates of Sponsor. The Development is located close to many cultural and recreational activities, extensive dining options, local parks and playgrounds, bus stops, and shopping all within walking distance. The location offers easy access to I-93 and is a short walk from the MBTA Massachusetts Avenue Orange Line station which will allow residents easy access into and out of their apartments.

Description of Existing or Proposed Building. The Development will consist of the 36 existing units and six newly constructed units. The existing units are located in four-story row house buildings and are currently occupied. The Sponsor has engaged Housing Opportunities Unlimited as their relocation consultant. Additional details can be found in the underwriting notes section. The six new units will be constructed at 403 Shawmut Avenue, a vacant six-story masonry building that previously housed IBA's offices.

Interior scope includes renovations to all bathrooms, kitchens, and door replacement as needed. All spot damage to existing wall and ceiling drywall will be repaired.

The adaptive re-use scope for the new units includes new layouts and floor, wall and ceiling finishes. The building also has an elevator that will be rehabilitated in its existing location. The common spaces will receive new finishes and new railings, with the marble staircase to be repaired and retained. The exterior masonry will receive extensive repair and repointing, in addition to new support bracing internally.

All buildings across the development will receive a new electric heating and cooling VRF heat pump system as well as a fire sprinkler system with new street connections and site infiltration systems.

Description of Affordability Mix. All units are income restricted with set-asides ranging from 30% of AMI to 80% of AMI. The Sponsor is seeking approval for use of Average Income set-aside for the six units and two existing units allowing eight LIHTC units at 80% of AMI.

The 36 existing units are all covered under a Project-Based Section 8 HAP Contract, which was renewed on July 23, 2024 for nine months and will expire on April 30, 2025. The Sponsor submitted a Mark Up To Market HAP renewal request on September 16, 2024, which is under review by MassHousing. The six new units will not benefit from project-based subsidy.

Site Control. Site control will be through a 75-year ground lease from the Sponsor with rent payments to be made from excess cash flow.

5. Borrower Team

Mortgagor Entity: Casas Borinquen LLC

A newly formed, single asset entity formed for the purpose of rehabilitating and owning the Development.

Developer / Sponsor: Inquilinos Boricuas en Accion, Inc. ("IBA")

Inquilinos Boricuas en Accion, Inc. ("IBA") is a Massachusetts nonprofit organization founded in 1968 to address Boston's urban renewal plan to demolish housing in their neighborhood. IBA has since grown to the largest Latino-led nonprofit in Greater Boston which owns 8 affordable multifamily properties inclusive of 667 units, 390 of which are financed with MassHousing which includes the subject. Annually, IBA's programs serve over 1,100 low-income people. IBA currently has UBP of $61,376,485 with MassHousing across four developments.

The Agency's most recent experience with IBA was on Viviendas Apartments in 2017.

General Partner / Managing Member: Casas Borinquen MM LLC

Consultant(s): Nina Schwarzschild and Peter Munkenbeck

Nina Schwarzschild is a Cambridge based consultant and principal at Schwarzschild Consulting LLC. The company provides real estate development consulting services, with a focus on development project management for private for-profit developers and non-profit developers in the development of affordable and mixed-income condominiums, rental apartments and mixed-use real estate projects.

Peter Munkenbeck works with non-profit organizations in project consulting and organizational consulting. Mr. Munkenbeck project consulting includes identifying potential housing and commercial real estate projects, conceiving of structuring and funding solutions, assembling an effective team of experts, obtaining resources and solving the problems with arise in the course of implementation.

Both consultants are known to Masshousing and have been involved in previous developments.

Syndicator / Investor: Hudson Housing Capital LLC

Hudson Housing Capital LLC ("Hudson") is a Delaware limited liability company formed to directly acquire limited partnership interests in partnerships which own apartment complexes qualifying for low-income housing tax credits Founded in 1998 as a low-income housing tax credit syndicator, Hudson Housing Capital has syndicated more than $6.0 billion in tax credit equity since its inception. Hudson continues to manage a portfolio with strong performance measures and consistently raises and closes over $500 million annually.

Management Company: Maloney Properties, Inc.

Maloney Properties, Inc. is a women-owned firm established in 1981 that provides professional property management services throughout New England. Currently, Maloney Properties manages over 10,000 units of housing, including over 1,950 units in 20 properties in MassHousing's loan portfolio.

Architect: Davis Square Architects, Inc.

Founded in 1984, Davis Square Architects is a medium-sized, award-winning architectural and planning studio organized into project-specific teams. DSA's values and decades of experience throughout the Northeast have led to a long-standing history of high-quality design, in collaboration with our clients, spanning a wide variety of project types, including affordable and multi-family housing, TOD design, renovation and historic preservation, adaptive reuse, feasibility and needs assessments, and community spaces.

General Contractor: To Be Determined

General Contractor selection is pending. The Sponsor has requested bids from NEI General Contracting, Bald Hill Builders, LLC and Delphi Construction Inc. For further information about the general contractor selection see Section 12, Underwriting Note 2.

6. Summary of MassHousing-Sponsor Relationship	
Number of Projects with MassHousing Debt	4
Total Units with MassHousing Debt	667
Outstanding MassHousing Principal Debt	$61,376,485
Adverse Actions Against the Borrower Team	No
Current on Obligations with MassHousing	Yes, as of September 17, 2024
Property Management Affiliate	No

MassHousing Staff	
Origination	Kyle Grenon, Originator Dan Maillet, Analyst
Underwriting	Thomas Fitzmaurice, Underwriter
Asset Management	Lee Ann Fiorenza, Portfolio Manager Serena Kay, Asset Manager

7. Unit Mix

		LIHTC Eligible*								
Unit Size	Total Units	Section 8 - 30% of AMI Count	Rent	Section 8 - 50% of AMI Count	Rent	Section 8 - 80% of AMI Count	Rent	LIHTC - 80% of AMI Count	Rent	Market Comparison Rent
1 BR	19	2	$ 2,700	15	$ 2,700	1	$ 2,700	1	$ 1,836	TBD
2 BR	11	2	$ 3,597	4	$ 3,597	-		5	$ 2,203	TBD
3 BR	6	1	$ 4,638	4	$ 4,638	1	$ 4,638	-		TBD
4 BR	6	1	$ 5,505	5	$ 5,505	-		-		TBD
Total	**42**	**6**		**28**		**2**		**6**		

*All rents are net of utility allowance

Project-Based Rental Subsidy	
Type	Section 8
Term	20 y
Administrator	MassHousing
Lesser of contract	

8. Operating Overview

Underwritten Operating Expenses	$783,194 (approximately $18,700 per unit)

Basis of Operating Costs. Underwritten operating expense assumptions are based on a review of historical operating financials, borrower supporting documentation, and comparable properties. The per unit operating expenses of $18,700 is above MassHousing's portfolio range of per unit expenses. Audits for the previous three years show average operating expenses of $19,000 per unit.

Casas Borinquen is one of seven developments within the Villa Victoria Community which is comprised of more than 630 affordable units in the South End. As part of this community the Development contributes to several community-based expenses including management office rental expense, resident services, and security, which account for approximately 10% of the development operating budget and contribute to the ongoing operations of the Villa Victoria Community. Additionally, taxes and insurance make up 25% of the operating budget.

The management fee in place is 3.04% of Total Effective Income. For underwriting purposes, the management fee has been calculated at 4.0% of Total Effective Income. MassHousing acknowledges that the in-place fee is lower than what is typically seen but benefits from the shared relationship with the rest of the Villa Victoria Community.

9. Project Costs

Core Residential Costs	
Base	$20,996,532
Extraordinary	$22,081,554
Total	$43,078,086
Commercial, Site and Other Non-Residential Costs	
Commercial Costs	$0
Site and Other Non-Residential Costs	$5,890,393
Total	$5,890,393
Total Development Cost	
Total	$48,968,479
Project Construction Costs	
Total Construction Cost	$18,353,452
Construction per Square Foot	$367

Background on Extraordinary Residential Costs. The Development will be maintaining historic elements of each building including a large marble staircase in 403 Shawmut which is in a state of disrepair, repair and replacement of new hardwood flooring and match in kind. The existing development's nine (9) buildings are comprised of four-story row houses with non-uniform unit layout in addition to very tight staircases and hallways. As a result, there is increased construction costs related to moving materials from unit to unit as well as building to building. The building layouts also have an impact on the relocation which is discussed in the non-residential costs below.

Lastly, as part of their scope the Sponsor will be upgrading all buildings to new electric heating and cooling VRF heat pump systems to make them uniform as currently systems vary building to building.

Background on Commercial, Site and Other Non-Residential Costs. The non-residential costs included in the development budget include the demolition and unusual site work that needs to be done due to the scattered site nature of the development and the office conversion. The scope of work details that the 403 Shawmut building requires new support bracing as well as extensive masonry repair and repointing. Additionally, the residents are being temporarily relocated to market rate developments in the south end of Boston. Only one to two buildings (eight to ten units) will be able to relocate at a time while the renovation is being completed over the course of four to five months.

10. Sources and Uses

Sources of Funds	Total
MassHousing Permanent Loan	$10,070,000
Federal LIHTC Equity	$17,174,477
Federal Historic TC Equity	$ 4,870,616
State Historic TC Equity	$2,656,800
Seller Loan	$13,599,297
Deferred Developer Fee	$597,289
Total Sources	$48,968,479

LIHTC Pricing	
Federal LIHTC	$0.92
Federal Historic	$0.90
State Historic	$0.82

Core Residential Uses of Funds	Total		Base Costs		Extraordinary Costs	
		Per Unit		*Per Unit*		*Per Unit*
Acquisition	$16,083,000	$382,929	$8,256,357	$196,580	$7,826,643	$186,349
Construction	$16,866,919	$401,593	$6,616,919	$157,546	$10,250,000	$244,048
Construction Contingency	$1,761,018	$41,929	$1,248,518	$29,727	$512,500	$12,202
General Development	$4,451,492	$105,988	$3,338,619	$79,491	$1,112,873	$26,497
Capitalized Reserves	$1,167,176	$27,790	$457,885	$10,902	$709,291	$16,888
Overhead	$1,351,091	$32,169	$530,035	$12,620	$821,056	$19,549
Fee	$1,397,390	$33,271	$548,198	$13,052	$849,192	$20,219
Total Residential Uses	$43,078,086	$1,025,669	$20,996,531	$499,917	$22,081,555	$525,751

Commercial Uses*	$0

Site and Other Nonresidential Uses*	$5,890,393

Total Uses	$48,968,479

**Includes applicable hard costs, contingency, soft costs, overhead and fee*

11. First Year Income and Expenses

Income	
Rental Income - Project-Based Rental Subsidy	$1,457,568
Rental Income - Non-Rental Subsidy	$135,612
Gross Potential Residential Income	$1,593,180
Vacancy - Project-Based Rental Subsidy (2.5%)	($36,440)
Vacancy - Non-Rental Subsidy (3%)	($4,068)
Gross Residential Income	$1,552,672
Other Income	$23,760
Vacancy - Other (3%)	($2,376)
Effective Gross Income	$1,574,056
Expenses	
Residential Operating Expenses	$783,194
Net Operating Income	$790,862
Debt Service	$677,557
Cash Flow	$113,305
Debt Service Coverage	1.17

Residential Operating Expense Detail		*Per Unit*
Management Fee (4.0%)	$62,962	$1,499
Administrative Costs	$117,904	$2,807
Maintenance Costs	$191,195	$4,552
Resident Services	$50,000	$1,190
Security	$15,189	$362
Utilities (water and sewer, hot water)	$122,631	$2,920
Insurance	$60,000	$1,429
Taxes	$117,138	$2,789
Replacement Reserves	$21,000	$500
Mortgage Insurance Premium	$25,175	$599
Total	$783,194	$18,647
OPEX as a % of EGI	50%	

12. Underwriting

1. **Loan Sizing**. The Sources and Uses in this commitment proposal reflect a Projected Loan amount of $10,070,000. The MassHousing Financing Summary in Section 3 above and the Votes below allow for an "Up To" Loan amount of $10,875,000. The final loan amount will be set after the interest rate is locked, such that MassHousing's debt service coverage ratio and loan to value benchmarks will be met.

   To the extent that the final loan amount is greater or less than $10,875,000, MassHousing will confirm that other sources will be adjusted as necessary to maintain a balanced sources and uses.

2. **General Contractor Selection and Final Construction Pricing.** The Sponsor engaged Bald Hill Builders, LLC for pre-construction pricing which is what the development budget is based on. Selection of the General Contractor is pending. All three bids have been received by the Sponsor, with all coming in under the preliminary budget. All three general contractors previously referenced are known to MassHousing.

3. **Zoning Board Approvals.** There are two open zoning items related to the transaction. The first zoning item relates to the pending change of use from office to residential of IBA's former headquarters to six new residential apartment units. The second zoning item relates to the Development location within the City of Boston's Groundwater Conservation Overlay District. The Sponsor will present these items before the Zoning Board of Appeals during the month of October with final decisions expected by the first week of December 2024.

4. **Average Income Set-Aside.** The Sponsor proposes the use of the average income set-aside test option available under the federal tax code to make all the units in the Development, including the units restricted at 80% of AMI, eligible for federal low-income housing tax credits. The unit mix provides an average income restriction of 52.86%, which is below the 59% maximum required by the Executive Office of Housing and Livable Communities ("EOHLC"). The Sponsor-commissioned market study confirms there is a market for units restricted at 80% of AMI. The use of this average income set-aside is subject to EOHLC's approval.

5. **Relocation.** The Sponsor contracted Housing Opportunities Unlimited ("HOU") as the relocation consultant for the Development. The relocation plan involves the temporary relocation of residents to market rate apartments in the area. One to two buildings – or eight to ten units – will be rehabilitated at a time, with each building being offline over the span of four to five months. Layout of the buildings is such that only one unit move can be completed per day. The proposed development budget includes resident relocation cost of $36,000 per unit.

6. **Third Party Reports**. The MassHousing-commissioned appraisal and capital needs assessment are currently underway. To the extent that either report changes the underwritten rents, loan-to-value, or replacement reserve deposit amounts, the loan size may be adjusted accordingly.

Underwriting Criteria and Loan Terms	Casas Borinquen Apartments	Underwriting Standards
1. DSCR	1.17	Minimum of 1.10
2. Term/Amortization	40 y / 40 y	30-40 y, fully-amortizing
3. Loan to Value	TBD	Maximum of 90% based on third party "as-proposed" investment value
4. Underwriting Rents	Lesser of Project-Based Section 8 (“PBS8”) contract or market supported rents.	Lesser of: • PB-Rental Subsidy contract or market supported rents • Programmatic rent cap or rents supported by MassHousing market review.
5. Vacancy Allowance	2.5%- PBS8 2.5%- Non-PBS8	Minimum of: • 2.5% for PB – Rental Subsidy • 3.0% for LIHTC • 5.0% for unrestricted or workforce housing
6. Affordability	40% at 60% of AMI	Minimum of: • 20% at 80% of AMI for MassHousing Statute • 40% at 60% or 20% at 50% of AMI for loans with FHA Insurance, HUD/FFB, Tax-Exempt Bond, and/or Federal LIHTC
7. Annual Deposits to Replacement Reserves	$500 unit / year	Minimum of: • $360 unit / year (new construction) • $500 unit / year (rehab) Note: Additional initial deposit to reserves may be required by the third-party CNA to fund twenty-year capital needs.
8. Operating Expenses	Approximately $18,700 unit / year	Typically, between $11,000 and $15,000 per unit.

13. Low-Income Housing Tax Credits

The Developer has included in its financing proposal a request for the use of 4% Low-Income Housing Tax Credits (the "4% Credits"). The 4% Credits may be utilized as a result of the funding of the Loan with tax-exempt bonds or notes of MassHousing which are to be issued under Section 142 of the Internal Revenue Code of 1986, as amended (the "Code") and are subject to a volume capacity allocation under Section 146 of the Code.

Use of the 4% Credits must be approved by EOHLC as the "housing credit agency" under Section 42 of the Code who must make the determination required under Section 42(m)(1)(D) of the Code that the development and financing proposal meets the requirements of the Commonwealth's Qualified Allocation Plan. In addition, MassHousing, as the issuer of tax-exempt obligations which generate the 4% Credits must determine under Section 42(m)(2)(D) of

the Code that the amount of 4% Credits does not exceed the amount necessary for the financial feasibility and long-term viability of the development. Such determination shall be made applying the standards set forth in the proposed Board vote herein, as required by Section 42(m)(2) (B) of the Code.

Casas Borinquen Apartments
VOTES AND FINDINGS

PROPOSALS AND VOTES

Official Action Status

RECOMMENDATION:

Staff has reviewed the development experience and creditworthiness of the mortgagor and sponsor and found them to be acceptable. Staff has also determined that the mortgagor, sponsor, or an affiliate under common control has demonstrated evidence of site control, that the proposed site is acceptable for the intended housing, and that there is a need for the proposed housing in the community where the site is located. Therefore, staff recommends the following votes for approval:

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 "Casas Borniquen" (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 $63,650,000 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.

First & Bridge Mortgage Loans

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 $10,875,000, 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 $14,310,000, in each case to be made to Casas Borinquen LLC or another single-purpose entity controlled by Inquilinos Boricuas en Accion, Inc. or an affiliate (the "Borrower") as owner of the multifamily residential development known as "Casas Borinquen" (the "Development") and located in Boston – South End, 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 authorize the Chief Executive Officer, the Chief Legal and Operating Officer 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 Chief Executive Officer, the Chief Legal and Operating Officer 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 their designee.

4% Low-Income Housing Tax Credits

VOTED: That the amount of 4% Credits, as set by the Chief Executive Officer, the Chief Legal and Operating Officer, the Vice President of Multifamily Programs, the Senior Director of Capital Deployment, the Director (or Senior 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 Boston – South End, Massachusetts and known as "Casas Borinquen" (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 Chief Executive Officer, the Chief Legal and Operating Officer, the Vice President of Multifamily Programs, the Senior Director of Capital Deployment, the Director (or Senior Director) of Rental Underwriting, 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:
36 units (86%) 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 August 14, 2024. 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 (approximately 1,019 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97%, and range between 93% and 100%. None of the comparables were offering rental concessions.

CoStar data for the subject's Back Bay/Southend submarket (11,606 units) has an overall vacancy rate at 3.3% YTD, which is an increase of .18% from one year ago. CoStar data for the Boston market (275,652 units) has an overall vacancy rate of 5.2% YTD, which is an increase of .11% from one year ago. The Back Bay/South End Submarket vacancy rate is projected to increase to 3.6% over the next five years, while the Boston market is projected to increase to 5.3%.

CoStar, submarket data for the 4-5 Star building type (4,958 units) indicates 3rd Qtr. 2024 vacancy rate of 5.0% and an average asking rent of $4,626, while submarket data for the subject's 3 Star building type (3,480 units) indicates a 3rd Qtr. 2024 vacancy rate of 2.1 % at an average asking rent of $3,480 and 1-2 Star buildings (3,456 units) indicates a 3rd Qtr. 2024 vacancy rate of 2.1% at an average asking rent of $3,359. 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 Executive Office of Housing and Livable Communities Chapter 40B Subsidized Housing Inventory (6/29/23), the City of Boston 299,238 year-round housing units, 57,443 (19.2%) of which are subsidized for low/moderate income households.

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 (FY2024) indicated that the BHA maintains the following wait lists: There are 7,724 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 Wait list with 28,703 applicants.

U.S. Census data from the 2017-2021 American Community Survey (ACS) indicates that of the 271,250 households in the City of Boston approximately 77.2% earned less than the HUD published 2024 AMI ($148,900), approximately 47.1% earned less than 50% of 2024 AMI, approximately 54% earned less than 60% of the 2024 AMI, and approximately 68.8 %earned less than 80% of the 2024 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:

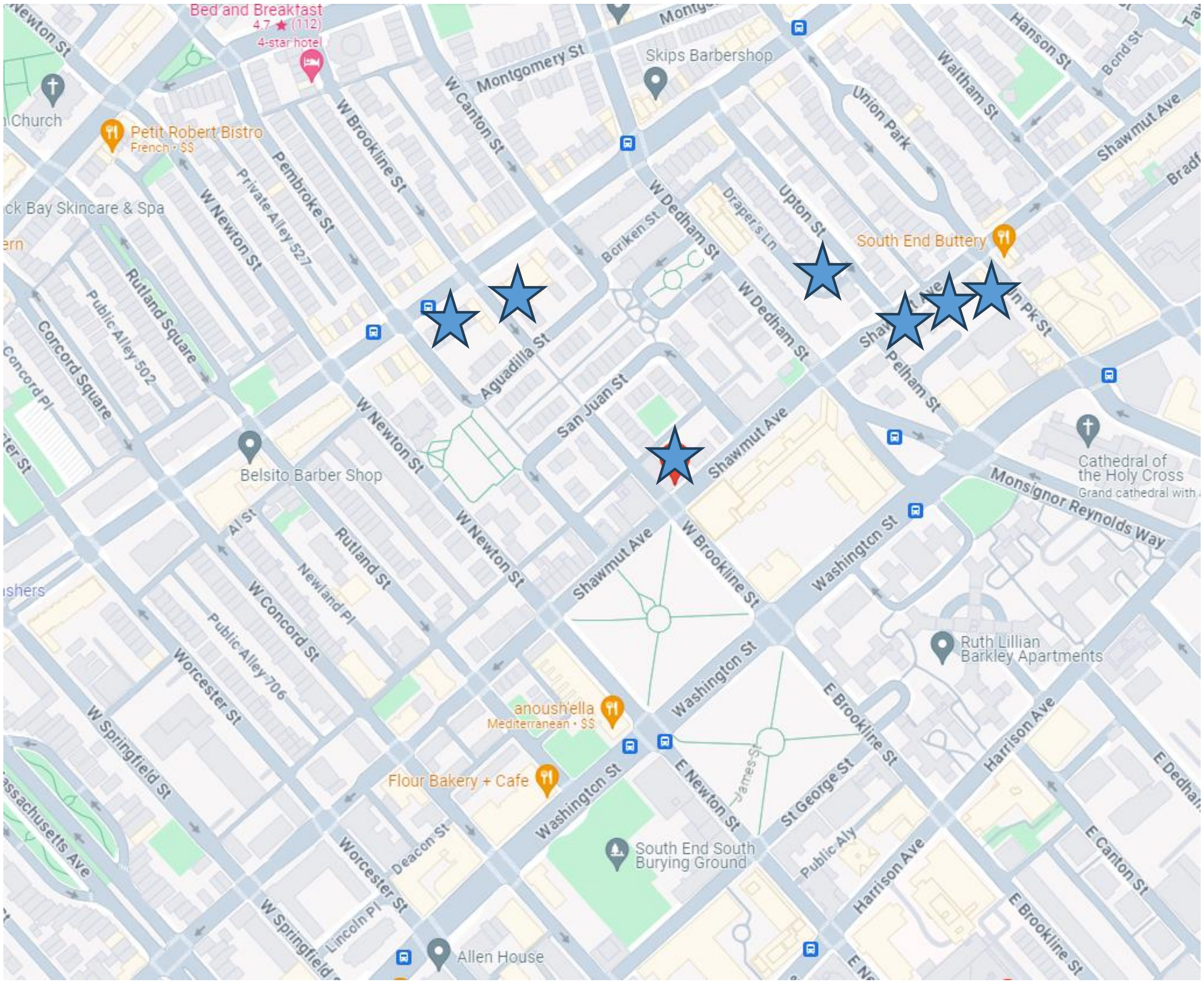
Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	1	2	3	4
Number of Units	19	11	6	6
Net SF/Unit	635	909	1,535	1942
Elev./Non-Elev.	Elev.	Elev.	Non-Elev.	Non-Elev.
Market Rate Rent	$ 8,479	$ 8,730	$ 10,351	$11,164
MHFA Below Market Rent (Cost-Based Rent)	$ 5,388	$ 5,638	$ 7,259	$ 8,072
MHFA Adjusted Rent				
Underwriting Rents				
30% AMI Existing HAP	$ 2,490	$ 3,329	$ 4,316	$ 5,129
50% AMI Existing HAP	$ 2,490	$ 3,329	$ 4,316	$ 5,129
80% AMI New Section 8	$ 2,490	$ -	$ 4,316	$ -
LIHTC 80% AMI	$ 1,626	$ 1,935	$ -	$ -

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.

MAP AND PICTURES




BUILD A: 2 AGUADILLA STREET
BUILD B: 638 TREMONT STREET
BUILD C,D: 328-330 SHAWMUT AVENUE
BUILD E: 334 SHAWMUT AVENUE
BUILD F: 401 SHAWMUT AVENUE
BUILD G: 75 WEST BROOKLINE
BUILD H: 79 WEST BROOKLINE
BUILD J: 10 UPTON STREET
BUILD K: 403 SHAWMUT AVENUE
TREMONT ST
W CANTON ST
BORIKEN ST
W DEDHAM ST
DRAPER'S LN
UPTON ST
PUBLIC ALLEY 701
BUILD J:
10 UPTON
BUILD C:
328 SHAWMUT
BUILD A:
2 AGUADILLA ST
BUILD B:
638 TREMONT
AGUADILLA ST
W BROOKLINE ST
UNION PARK ST
BUILD D:
330 SHAWMUT
BUILD E:
334 SHAWMUT
WASHINGTON ST
SAN JUAN ST
PEMBROKE ST
SHAWMUT AVE
PELHAM ST
NEWLAND ST
BUILD H:
79 W BROOKLINE
BUILD F:
401 SHAWMUT
W DEDHAM ST
MONSIGNOR REYNOLDS WAY
WASHINGTON ST
BUILD G:
75 W BROOKLINE
BUILD K:
403 SHAWMUT
NORTH

Loan Commitment Proposal | October 8, 2024

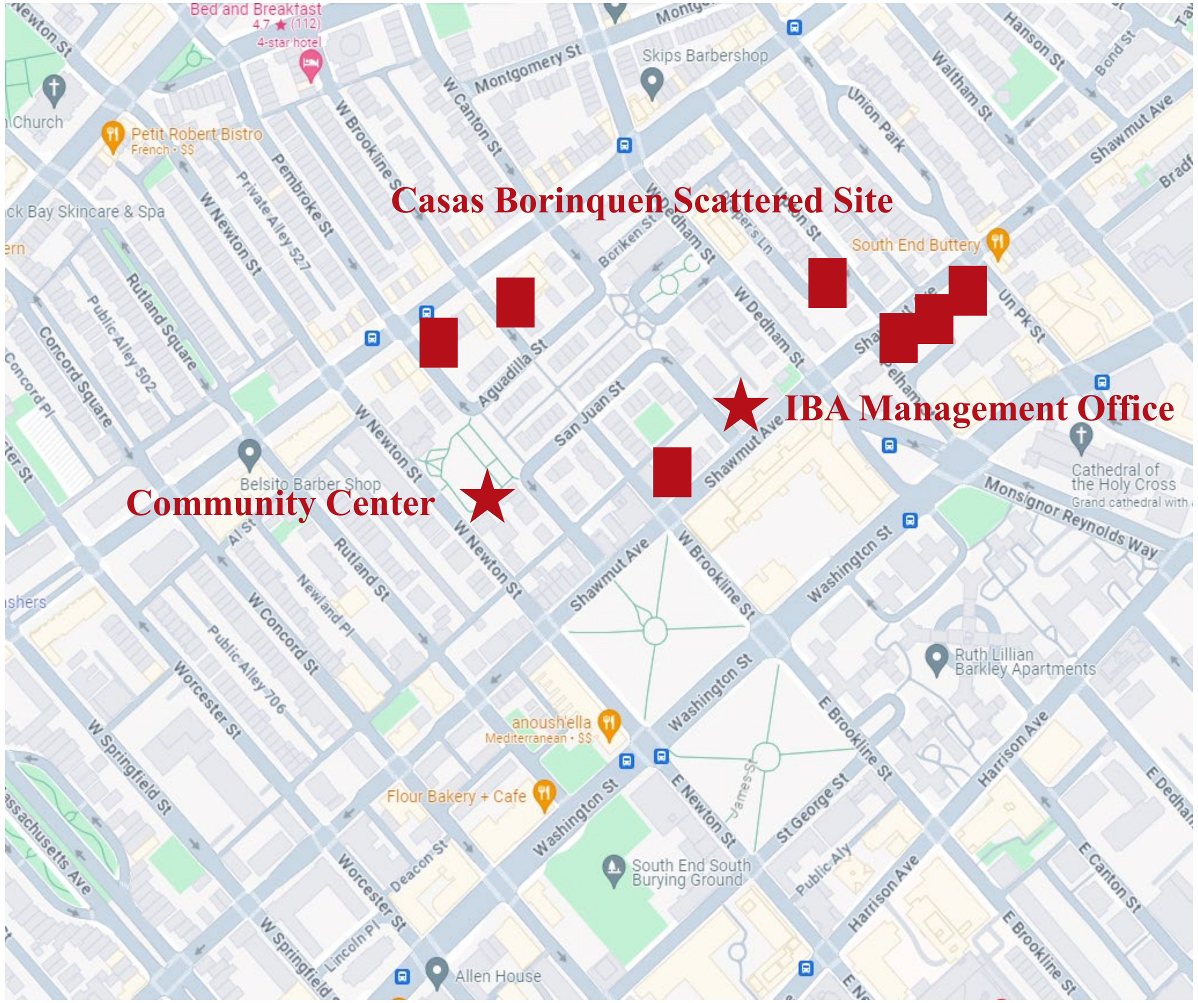
Casas Borinquen

Location	Boston – South End, MA 02118
Sponsor	Inquilinos Boricuas en Acción, Inc. (“IBA”)
Transaction Type	Preservation & Production (4%)
Funding Type	Current (Construction/Permanent)
Execution Type	Portfolio (TE)
Credit Enhancement	HUD/FHA Risk-Sharing with 50% credit risk
MH Risk Rating	Financial: A Physical Condition: A Compliance: A
Total Rental Units	42
Affordability Mix	42 Affordable

Deal Team Members	
Origination	Kyle Grenon, Dan Maillet
Underwriting	Thomas Fitzmaurice
Asset Management	Lee Ann Fiorenza, Serena Kay

MassHousing

Casas Borinquen | Boston – South End



Borrower Team

Mortgagor Entity	Casas Borinquen LLC
Developer / Sponsor	Inquilinos Boricuas en Accion, Inc. (“IBA”)
General Partner / Managing Member	Casas Borinquen MM LLC
Consultant	Nina Schwarzschild and Peter Munkenbeck
Syndicator / Investor	Hudson Housing Capital LLC
Management Company	Maloney Properties, Inc.
Architect	Davis Square Architects, Inc.
General Contractor	To Be Determined

Unit Mix

		LIHTC Eligible*								
Unit Size	Total Units	Section 8 - 30% of AMI		Section 8 - 50% of AMI		Section 8 - 80% of AMI		LIHTC - 80% of AMI		Market Comparison
		Count	*Rent*	*Count*	*Rent*	*Count*	*Rent*	*Count*	*Rent*	*Rent*
1 BR	19	2	$2,700	15	$2,700	1	$2,700	1	$1,836	TBD
2 BR	11	2	$3,597	4	$3,597	-		5	$2,203	TBD
3 BR	6	1	$4,638	4	$4,638	1	$4,638	-		TBD
4 BR	6	1	$5,505	5	$5,505	-		-		TBD
Total	**42**	**6**		**28**		**2**		**6**		

* All rents are net of utility allowance

Project Costs

Core Residential Costs	
Base	$20,996,532
Extraordinary	$22,081,554
Total	$43,078,086
Commercial and Non-Residential Costs	
Commercial Costs	-
Site and Other Non-Residential Costs	$5,890,393
Total	$5,890,393
Total Development Cost	
Total	$48,968,479

Project Construction Costs	
Total Construction Cost	$18,353,452
Construction per Square Foot	$367

Sources and Uses

Sources of Funds			Uses of Funds	
MassHousing Permanent Loan	$10,070,000		Acquisition	$16,083,000
Federal LIHTC Equity	$17,174,477		Construction	$18,353,452
Federal Historic TC Equity	$4,870,616		Construction Contingency	$1,835,345
State Historic TC Equity	$2,656,800		General Development	$8,479,206
Seller Loan	$13,599,297		Capitalized Reserves	$1,167,176
Deferred Developer Fee	$597,289		Overhead	$1,525,150
			Fee	$1,525,150
Total Sources	**$48,968,479**		**Total Uses**	**$48,968,479**

Underwriting Notes

1. Loan Sizing
2. General Contractor Selection and Final Construction Pricing
3. Zoning Board Approvals
4. Average Income Set-Aside
5. Relocation
6. Third-Party Reports

Official Action Status (OAS) Findings

1. **Mortgagor**: The mortgagor or sponsor has acceptable multifamily housing development experience and acceptable credit history.
2. **Site Control**: 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. **Acceptability of Site**: The site is acceptable for the proposed housing (if the loan would finance new construction).
4. **Need for Proposed Housing**: There is a need for the proposed housing in the community where the site is located.

Recommended Votes

- Official Action Status
- Commitment of a Tax-Exempt Construction/Permanent Loan
- Commitment of a Tax-Exempt Construction Equity Bridge Loan
- Approval for the Use of Low-Income Housing Tax Credits

Loan Commitment Proposal

375 Broadway

1. General Project Information	
Project Name	375 Broadway
Project ID	23-105
Associated Projects	N/A
Address(es)	361-387 Broadway Street, 15-19 Fourth Street, Chelsea, MA 02150
Sponsors	Arx Urban & Boston Communities
Transaction Type	Preservation & Production (9%)
Funding Type	Forward Commitment of Permanent Loan
Execution Type	Taxable (9% LIHTC)
Credit Enhancement	HUD/FHA Risk-Sharing with 50% credit risk
Approval Type	Board
Total Rental Units	62 Units
Affordability Mix	38 Affordable 19 Middle-Income (formerly known as Workforce Housing Program) 5 Unrestricted Market

2. Recommended Actions

- Commitment of a Permanent Taxable Loan
- Commitment of a Middle-Income (f/k/a Workforce) Housing Subordinate Loan

The proposed financing will support the construction of 375 Broadway (the “Development”), which will comprise a new six-story, 43-unit building and the moderate rehabilitation of an existing 19-unit building in the Gateway City of Chelsea. The transit-oriented Development is located on Broadway, the City’s main commercial corridor, and will serve as a catalyst for the City’s revitalization plan. The Development will provide mixed-income housing which will help to address the City’s need for affordable multifamily rental housing for low and moderate-income families.

3. MassHousing Financing	
First Loan	
Type	Permanent Taxable Loan
Loan Amount	Up to $8,430,000
Interest Rate	10-Year U.S. Treasury plus 250 basis points (bps) to be locked at Construction Loan Closing (processing rate of 6.50% assumed for underwriting)
Loan Term / Amortization	40 y / 40 y
Term of Fwd Commitment	30 mo.
Year 1 DSCR	1.10 projected (1.10 minimum)
LTV	TBD% projected (90% maximum)
Junior Loan	
Type	Middle-Income (f/k/a Workforce) Housing Loan
Loan Amount	$1,900,000
Interest Rate	0% projected
Loan Term/Amortization	40 y / non-amortizing
Terms of Cash Flow Sharing	To the extent there is cashflow during operations, 50% will be split between MassHousing and the other subordinate lenders on a pari-passu basis, with MassHousing's share being used to service principal on the Middle-Income (f/k/a Workforce) Housing Loan.

4. Development Plan

Description of Site. The Development, which is currently within a four-unit mixed use condominium property known as "The Fourth at Broadway Condominium," is located on approximately 25,000 square feet of land at 361-387 Broadway and 15-19 Fourth Street (the "Site") in Chelsea's Bellingham Square. The Development is situated on the City's main commercial corridor with shopping, dining, and recreational amenities. The Site is adjacent to five MBTA bus routes and within walking distance to the Chelsea MBTA Commuter Rail Station, which is one stop from Boston's North Station and provides access to Logan Airport and several North Shore communities.

Description of Existing or Proposed Building. The Development includes the moderate rehabilitation of the three-story masonry building at 361 Broadway (the "Broadway Building") and the construction of a six-story building (the "Fourth Street Building"). The Broadway Building contains commercial space on the first floor and approximately 25,000 square feet of residential space on the top two floors, comprising of 19 units. The Broadway Building is listed on both the State and National Register of Historic Places. As such, the renovation scope has been reviewed by the Chelsea Historic Commission ("CHC") and the Massachusetts Historic Commission ("MHC"). All windows will be replaced with new wood-replica, high-efficiency aluminum windows that match the existing building profiles. Masonry repointing will follow MHC standards. A new TPO membrane roof with added insulation will enhance the energy efficiency and reduce the heating and cooling needs. On the interior, the moderate rehabilitation includes new flooring and painting in the entry lobby and common area hallways, new kitchen and bathroom upgrades for select units based on current age and condition.

The Fourth Street Building includes the demolition of a one-story parking garage that is also listed on both the State and National Register of Historic Places. MHC and CHC have approved the demolition and design of the new, 53,700 square foot, six-story building. The design consists of a first-floor steel podium with five stories of wood-framed construction above. The first floor contains a 25-space parking garage with bicycle storage and EV car chargers, and the building systems. Floors two through six will contain the residential units. Amenity spaces include a club lounge and a fitness room. A 3,000 square foot exterior patio on the second floor joins the buildings and will provide seating and recreational space for the residents.

The Fourth Street Building will pursue aggressive goals around efficient energy design including Passive House certification, and compliance with all Enterprise Green Communities and Energy Star Multifamily New Construction requirements. Each building will include water-conserving faucets and showerheads, as well as new low-flow toilets, which will allow the Development to use 40% less water than comparable projects.

The Development will provide studio, one-bedroom, two-bedroom, and three-bedroom units.

As described in the Underwriting Notes below, there are currently ten retail spaces on the Site. Upon construction loan closing and amendment of the condominium documents, six retail spaces will be conveyed to an affiliate of the Borrower and will comprise a single commercial condominium unit. Two spaces will continue to be owned by third parties and will each comprise a commercial condominium unit. The remaining two commercial tenants will be permanently relocated.

Description of Affordability Mix. Of the sixty-two (62) units, thirty-eight (38) will be subject to income restrictions ranging from 30% of Area Median Income ("AMI") to 60% of AMI. Sixteen (16) units will benefit from project-based rental assistance, of which eight (8) will benefit from a Project-Based Section 8 HAP contract and eight (8) will benefit from Project-Based MRVP. Nineteen (19) Middle-Income (f/k/a Workforce) Housing units will be restricted to 100% of AMI. The remaining five (5) units will be unrestricted.

Site Control. Purchase and Sale Agreement between AU Broadway LLC, an affiliate of the Sponsor, and Arx BC LLC. At closing, the Borrower will own the Development in fee simple.

5. Borrower Team

Mortgagor Entity: 375 Broadway Limited Partnership

375 Broadway Limited Partnership is a sole-asset, single-purpose entity formed for the purposes of owning and operating the Development.

Developer: Arx BC LLC

Arx BC LLC is the sole owner of the GP and is the Developer entity for the project. Arx BC LLC is owned 80% by Arx Urban (Arx) and 20% by an affiliate of Boston Communities.

Sponsors: Arx Urban ("Arx") & Boston Communities

Founded in 2014, Arx is a Boston-based housing developer that has developed twenty (20) projects in the past ten (10) years. Overall, Arx is responsible for the creation and acquisition of over 650 rental units totaling approximately $250 million in project value.

Boston Communities is a developer that focuses on developing affordable, mixed-income, transit-oriented, environmentally sustainable housing for diverse communities. Boston Communities is a 100% minority-owned business enterprise.

Arx and Boston Communities will be co-developers and co-owners. Arx identified the project, obtained local approvals, secured funding allocations, worked through the design-development process, procured tax-credit equity and will oversee construction, leasing and operations, asset management and reporting. Arx is also the guarantor of the project and will be the main point of contact. Boston Communities was brought into the project to close and execute the capital structure given their experience in LIHTC transactions.

General Partner / Managing Member: 375 Broadway GP LLC

Construction Lender: Silicon Valley Bank

Silicon Valley Bank, a division of First Citizens Bank, is a U.S.-based high-tech commercial bank. The bank has helped fund more than 30,000 start-ups. SVB is on the list of largest banks in the United States.

Syndicator / Investor: Boston Financial

Founded in 1969, Boston Financial Investment Management, LP has been a leader in real estate investment management for over fifty years. With headquarters in Boston, the company currently manages approximately $15 billion in real estate investments for over 140 institutional clients from across the United States.

Management Company: Peabody Properties, Inc.

Peabody Properties, Inc. ("Peabody") manages approximately 96 communities, providing more than 13,000 residences in Massachusetts, Rhode Island, New Jersey, and Florida. Peabody's management team consists of over 160 on-site professionals.

Architect: The Architectural Team, Inc.

The Architectural Team ("TAT") is a master planning, architecture and interior design firm established in 1971. The 95+ person firm has earned more than 100 awards for design excellence across a broad range of building types and programs.

General Contractor: Haycon Inc.

Founded 15 years ago, Haycon Inc. is a Boston construction and design/build firm that specializes in high-performance and Passive House building. Haycon's scope of services include pre-construction, construction management, design-assist, and general contracting. Their portfolio includes single and multifamily residences, commercial fit-outs, passive houses, and renovation projects. MassHousing most recently worked with Haycon on 1463 Dorchester Ave, a 29-unit development located in Dorchester.

6. Summary of MassHousing-Sponsor Relationship	
Number of Projects with MassHousing Debt	1
Total Units with MassHousing Debt	36
Outstanding MassHousing Principal Debt	$11,450,000
Adverse Actions Against the Borrower Team	No
Current on Obligations with MassHousing	Yes
Property Management Affiliate	No

MassHousing Staff	
Origination	Mike Carthas, Originator Dan Maillet, Analyst
Underwriting	Caroline Dylag, Underwriter
Asset Management	Lee Ann Fiorenza, Portfolio Manager Serena Kay, Senior Asset Manager

7. Unit Mix

		LIHTC Eligible									
Unit Size	Total Units	PB - Section 8* 30% AMI		MRVP - Section 8* 60% AMI		LIHTC* 60% AMI		Middle Income Housing 100%		Market Rate	
		Count	*Rent*	*Count*	*Rent*	*Count*	*Rent*	*Count*	*Rent*	*Count*	*Rent*
0 BR	15	-		-		13	$1,567	2	$1,636	-	
1 BR	10	-		-		-		10	$2,106	1	$2,340
2 BR	31	6	$2,797	6	$2,618	9	$2,004	6	$2,308	3	$2,565
3 BR	6	2	$3,337	2	$3,153	-		1	$2,924	1	$3,249
Total	**62**	**8**		**8**		**22**		**19**		**5**	

**All rents are net of utility allowance.*
***PBV rents are underwritten to the lower of PBV or market rent. A preliminary estimate of market rent provided by the appraiser in advance of final appraisal is below the PBV rent. For the purposes of underwriting, we are using the preliminary estimate of market rent.*

Project-Based Rental Subsidy		
Type	Section 8	MRVP
Term	20 y	15 y
Administrator	Metro Housing Boston	Metro Housing Boston
Lesser of contract rents		

8. Operating Overview

Underwritten Operating Expenses	$1,009,374 (approximately $16,280 per unit)

Basis of Operating Costs. Operating expense assumptions were based on the review of comparable properties, borrower-proposed budget, and borrower supporting documentation, including an initial review of an insurance quote. Operating expenses of $16,280 are higher than the typical MassHousing portfolio range of $11,000 to $15,000 per unit. This is due in part to the insurance expense as well as a real estate tax expense estimate determined in discussion with the Chelsea Assessor.

9. Project Costs

Core Residential Costs	
Base	$28,443,919
Extraordinary	$10,612,135
Total	$39,056,054
Commercial, Site and Other Non-Residential Costs	
Commercial Costs	$0
Site and Other Non-Residential Costs	$4,160,843
Total	$4,160,843
Total Development Cost	
Total	$43,216,897
Project Construction Costs	
Total Construction Cost	$22,292,397
Construction per Square Foot	$280

Background on Extraordinary Residential Costs. Extraordinary residential costs are related to the capital costs associated with the proposed energy efficient approach to building operations. There are also costs related to the tight nature of the parking at the development. The development will require a structured steel podium at grade to accommodate the necessary parking on Site. Additionally, there is a cost premium to build a single-loaded corridor to accommodate the courtyard connection space between the two buildings.

Background on Site and Other Non-Residential Costs. Site and non-residential costs are related to the significant Site work, including the demolition of the garage, the undergrounding of electrical overhead utility lines, and the excavation to support ground improvements. Additional costs relate to the location of the Site in downtown Chelsea causing constraints in coordination of material deliveries.

10. Sources and Uses

Sources of Funds	Total
MassHousing Permanent Loan	$8,080,000
MassHousing Middle Income Housing Loan	$1,900,000
Federal LIHTC Equity	$11,458,854
State LIHTC Equity	$12,840,000
EOHLC – AHTF	$2,100,000
EOHLC – HSF	$1,650,000
EOHLC – TOD	$1,800,000
Chelsea / CPC	$500,000
North Suburban Consortium	$1,100,000
Solar Tax Credit	$21,600
Construction NOI	$100,000
Commercial Component Allocated Pay In	$132,234
Federal Energy Tax Credit	$38,700
Sponsor Note	$650,000
Deferred Developer Fee	$838,509
Total Sources	**$43,209,897**

LIHTC Pricing	
Federal LIHTC	$0.955
State LIHTC	$0.820
Federal Energy Tax Credits	$0.900

Core Residential Uses of Funds	Total	*Per Unit*	Base Costs	*Per Unit*	Extraordinary Costs	*Per Unit*
Acquisition	$6,923,077	$111,663	$6,923,077	$111,663	$0	$0
Construction	$19,782,974	$319,080	$13,295,352	$214,441	$6,487,622	$104,639
Construction Contingency	$1,140,850	$18,401	$816,470	$13,169	$324,381	$5,232
General Development	$7,583,593	$122,316	$5,552,595	$89,558	$2,030,998	$32,758
Operating Reserves	$808,626	$13,042	$414,048	$6,678	$394,578	$6,364
Overhead	$1,408,467	$22,717	$721,189	$11,623	$687,278	$11,085
Fee	$1,401,467	$22,604	$714,189	$11,519	$687,278	$11,085
Total Residential Uses	$39,049,054	$629,823	$28,436,920	$458,660	$10,612,135	$171,163

Site and Other Nonresidential Uses*	$4,160,843

Total Uses	$43,209,897

**Includes applicable hard costs, contingency, soft costs, overhead and fee*

11. First Year Income and Expenses

Income	
Rental Income - Project-Based Rental Subsidy	$545,640
Rental Income - Non-Rental Subsidy	$1,114,908
Gross Potential Residential Income	$1,660,548
Vacancy - Project-Based Rental Subsidy (2.5-3%)	($13,641)
Vacancy - Non-Rental Subsidy (3-5%)	($46,528)
Gross Residential Income	$1,600,379
Other Income - Laundry	$5,890
Other Income - Parking	$31,500
Vacancy - Parking (10%)	($3,150)
Effective Gross Income	$1,634,619
Expenses	
Residential Operating Expenses	$1,009,374
Net Operating Income	$625,246
Debt Service	($568,151)
Cash Flow	$57,095
Debt Service Coverage	1.10

Residential Operating Expense Detail		*Per Unit*
Management Fee (5%)	$81,661	$1,317
Administrative Costs	$170,240	$2,746
Maintenance Costs	$154,522	$2,492
Condominium Fee	$49,557	$799
Resident Services	$4,000	$65
Utilities (water and sewer, hot water)	$162,992	$2,629
Insurance	$200,015	$3,226
Taxes	$142,919	$2,305
Replacement Reserves	$23,250	$375
Mortgage Insurance Premium	$20,218	$326
Total	$ 1,009,374	$16,280
OPEX as a % of EGI	61%	

12. Underwriting

1. **Loan Sizing**. The Sources and Uses in this commitment proposal reflect a Projected Loan amount of $8,080,000. The MassHousing Financing Summary in Section 3 above and the Votes below allow for an "Up To" Loan amount of $8,430,000. The final loan amount will be set when the interest rate is locked at construction closing, such that MassHousing's debt service coverage ratio and loan to value benchmarks will be met.

   To the extent that the final loan amount is greater or less than $8,087,000, MassHousing will confirm that other sources will be adjusted as necessary to maintain a balanced sources and uses.

2. **Master Condominium Structure.** Components of the future Development are part of the existing master condominium, which was established in 2010. The existing condominium is governed by The Fourth at Broadway Condominium Trust, which currently has four units:

   - Unit A, which consists of the existing residential building and six retail spaces.
   - Unit B, which consists of two retail spaces and a garage.
   - Unit 381, which is owned by Castillo's Electronics.
   - Unit 361/365, which is owned by Metro Credit Union.

   The existing condominium will remain in place, but will be amended and restructured upon construction loan closing, following the Borrower purchase of Units A and B. Amendments to the existing Master Deed will include:

   - Renaming Unit A as "Unit Workforce."
   - Renaming Unit B as "Unit LIHTC."
   - Creating a fifth condominium unit made up of six commercial spaces currently included in Unit A, (as "Unit Commercial").
     - The new commercial condominium will be retained by the seller. The seller is an affiliated entity, of which the Sponsor owns 10%.

   In the amended condominium structure, the Borrower is expected to maintain approximately 95% control over the condominium association and its common elements and will hold majority voting powers on all matters. Each condominium unit will pay their proportional share of repairs on common elements. Currently, there are 10 retail spaces on the property. As previously mentioned, Unit Commercial will comprise six existing retail spaces, while Unit 381 and Unit 361/365 will each make up its own commercial condominium unit. The remaining two retail spaces and garage currently comprising Unit B, will be demolished and the commercial tenants permanently relocated, and will be replaced by the newly constructed six-story building, which will be included entirely (with all building structure, façade, roof, etc.) as Unit LIHTC. The development budget includes the "allocated pay-in" $132,324 contribution from the commercial condominium owners to cover its allocated share of the masonry and roof work on the existing residential building (i.e. containing Unit Workforce, Unit Commercial, Unit 381 and Unit 361/365).

3. **Cash Flow During Construction.** Projected cash flow during the construction period is being applied as a source. The cash flow during construction calculation assumes that the existing building will not be fully occupied at closing. The Sponsor is projecting only 10 of the 19 existing units will be occupied at closing and through construction and are applying a 20% discount to the projected income as a cushion.

4. **Relocation.** The Sponsor has contracted with HousingToHome, a Boston-based relocation services company, to manage the relocation of residents during construction. The residents will experience either in-place or temporary relocation during construction. The construction will be completed in phases, with the new construction work beginning first and the renovation work of the 19 existing units occurring towards the end of the new construction component. Construction for both phases will reach completion at the same time. The Sponsor expects natural attrition of tenancy, providing units to temporarily relocate residents while their unit is being rehabilitated.

5. **Parking Income.** The Sponsor intends to lease a portion of the development's 25 covered parking spaces to the commercial condominium owners with the majority of spaces reserved for residents. Parking will be available to residents on a first-come, first-served basis. The underwriting assumes a monthly charge of $105 per space with a vacancy rate of 10%. A parking income analysis will be included in the third-party appraisal report.

6. **Utility Cost Estimate.** Utility expenses are based on estimates from the Sponsor's comparable analysis and a utility model is still outstanding. To the extent that the utility model increases projected utility costs, the loan size may be adjusted accordingly.

7. **Acquisition Costs.** The acquisition line item in the development budget is $6,923,077. Arx is a minority partner (~10%) in the current ownership entity. Upon sale, the third-party equity investors comprising the ~90% interest will be redeemed, and the remaining amount will be used to capitalize Unit Commercial. Remaining proceeds will be used for predevelopment funding for future LIHTC projects.

8. **Third-Party Reports**. The MassHousing-commissioned appraisal and capital needs assessment are underway. To the extent that either report changes the underwritten rents,

loan-to-value, or replacement reserve deposit amounts, the loan size may be adjusted accordingly.

Underwriting Criteria and Loan Terms	375 Broadway	Underwriting Standards
1. DSCR	1.10	Minimum of 1.10
2. Term/Amortization	40 y / 40 y	30-40 y, fully-amortizing
3. Loan to Value	TBD	Maximum of 90% based on third party "as-proposed" investment value
4. Underwriting Rents	Lessor of Project-Based Section 8 (“PBS8”) contract or market supported rents	Lesser of: • PB-Rental Subsidy contract or market supported rents • Programmatic rent cap or rents supported by MassHousing market review.
5. Vacancy Allowance	2.5% - MRVP 2.5% - PBV 3.0% - LIHTC 5.0% - Market, Middle Income	Minimum of: • 2.5% for PB – Rental Subsidy • 3.0% for LIHTC • 5.0% for unrestricted or workforce housing
6. Affordability	40% at 60% of AMI	Minimum of: • 20% at 80% of AMI for MassHousing Statute • 40% at 60% or 20% at 50% of AMI for loans with FHA Insurance, HUD/FFB, Tax-Exempt Bond, and/or Federal LIHTC
7. Annual Deposits to Replacement Reserves	$375 unit / year	Minimum of: • $360 unit / year (new construction) • $500 unit / year (rehab) Note: Additional initial deposit to reserves may be required by the third-party CNA to fund twenty-year capital needs.
8. Operating Expenses	Approximately $16,280 unit / year	Typically, between $11,000 and $15,000 per unit.

13. Low-Income Housing Tax Credits

This transaction uses 9% low-income housing tax credits, which do not require MassHousing approval.

375 Broadway

VOTES AND FINDINGS

PROPOSALS AND VOTES

Mortgage Loans

Staff has reviewed the proposal for (i) construction/permanent financing, bridge financing and (ii) the use of Low-Income-Housing-Tax-Credits and proposes the following votes for approval:

First Mortgage Loans

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 $8,430,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to 375 Broadway Limited Partnership or another single-purpose entity controlled by Arx Urban and Boston Communities (the "Borrower") as owner of the multifamily residential development known as "375 Broadway" (the "Development") and located in Chelsea, 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 $1,900,000 (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 Middle-Income 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 Chief Executive Officer 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 Chief Executive Officer 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:
38 units (61%) 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 September 12, 2024. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the collection date.

In-house data for larger market and mixed-income complexes (approximately 1,149 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.8%, and range between 94% and 98%. None of the comparables were offering concessions.

3rd Qtr. 2024 CoStar data for the subject's East Boston /Chelsea Submarket (6,777 units) has an overall vacancy rate at 12.3% YTD, which is an increase of 5.72% from one year ago. CoStar data for the Boston market (278,973 units) has an overall vacancy rate of 4.8% YTD, which is a decrease of .41 % from one year ago. The East Boston /Chelsea Submarket vacancy rate is projected to decrease to 6.8% over the next five years, while the Boston market is projected to increase to 5.0%.

CoStar, submarket data for the East Boston /Chelsea 4-5 Star building type (4,268 units) indicates a 3rd Qtr. 2024 vacancy rate of 15.1% and an average asking rent of $3,008, while submarket data for the subject's 3 Star building type (1,176 units) indicates a 3rd Qtr. 2024 vacancy rate of 12.1% at an average asking rent of $2,765 and 1-2 Star buildings(1,333 units) indicates a 3rd Qtr. 2024 vacancy rate of 3.2% at an average asking rent of $1,659. 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 Executive Office of Housing and Livable Communities (EOHLC) Chapter 40B Subsidized Housing Inventory (06/29/23), the City of Chelsea has 14,521 year-round housing units, 2,416 (16.64%) of which are subsidized for low/moderate income households.

Per the representative of the Chelsea Housing Authority, (CHA), the authority owns 3 State funded family public housing with 294 housing units comprised of 161 two- bedrooms units, 127 three- bedroom units, and 6 four-bedroom units with a total of 8,437 applicants on the waiting list. CHA also owns 2 State funded elderly/disabled public housing units with 266 one-bedroom units with a total of 2,900 applicants on the waiting list.

Regarding Federal funded public housing, CHA owns 2 Federal funded family public housing developments with a total of 202 units comprised of 32 one-bedrooms, 85 two-bedrooms, 70 three bedrooms and 15 four bedrooms. There are 527 applicants of the waiting list. CHA also owns 1 Federal funded elderly/disabled public housing units with a total of 152 one-bedroom units with a total of 742 applicants on the waiting list.

CHA also has been allocated 515 housing choice vouchers of which about 498 are being utilized. The total number of applicants on the waiting list is 422 Elderly family applicants and 892 family applicants.

U.S. Census data from the 2018-2022 American Community Survey (ACS) indicates that of the 13,174 households in the City of Chelsea approximately 83.9% earned less than the HUD published 2024AMI ($148,900), approximately 57.1% earned less than 50% of 2024 AMI, approximately 62.8% earned less than 60% of the 2024AMI, and approximately 67.9% earned less than 80% of the 2024 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.

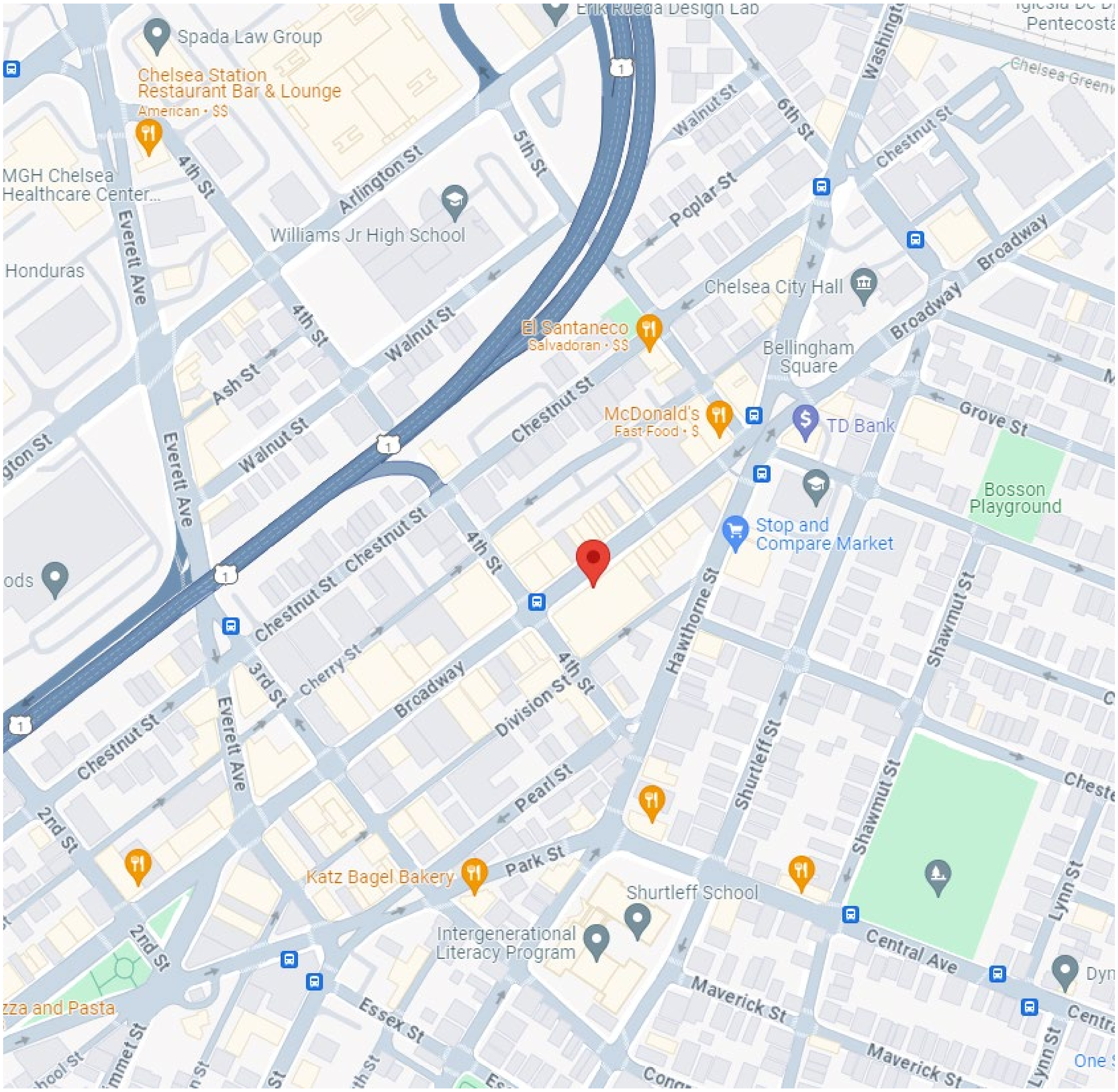
Rental Determinations:
Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations for units within the proposed Development:

Rent Schedule:

Number of Bedrooms	0	1	2	3
Number of Units	15	11	30	6
Net SF/Unit	406	908	913	1291
Elev./Non-Elev.	Y	Y	Y	Y
Market Rate Rent	$2,079	$2,622	$2,898	$3,687
MHFA Below Market Rent (Cost-Based Rent)	$1,584	$2,127	$2,402	$3,192
MHFA Adjusted Rent	30% of 60% of AMI			
Underwriting Rents				
MRVP 30% AMI			$2,618	$3,153
PBV 30% AMI			$2,797	$3,337
LIHTC 60% AMI	$1,567		$2,004	
Middle-Income 100% AMI	$1,693	$2,106	$2,308	$2,924
Market		$2,340	$2,565	$3,249

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.

MAP AND PICTURES

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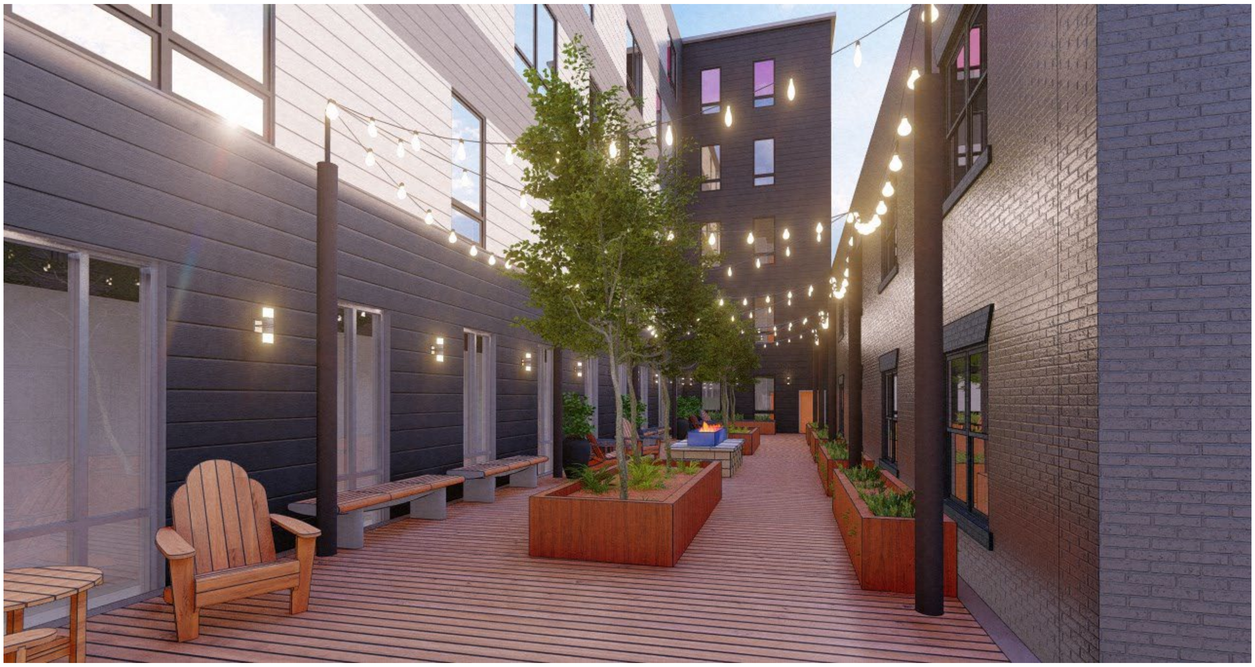


Loan Commitment Proposal | October 8, 2024

375 Broadway

Location	361-387 Broadway Street, 15-19 Fourth Street, Chelsea, MA 02150
Sponsor	Arx Urban & Boston Communities
Transaction Type	Preservation & Production (9%)
Funding Type	Forward Commitment of Permanent Loan
Execution Type	Taxable (9% LIHTC)
Credit Enhancement	HUD/FHA Risk-Sharing with 50% credit risk
Total Rental Units	62 Units
Affordability Mix	38 Affordable 19 Middle-Income (formerly known as Workforce Housing Program) 5 Unrestricted Market

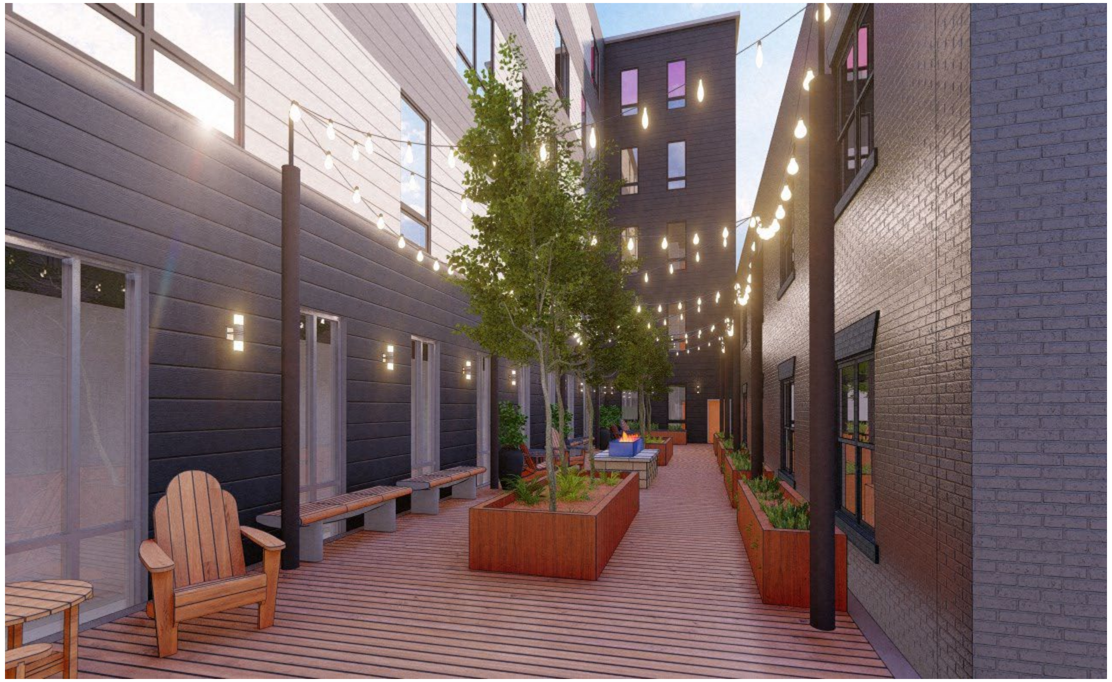
Deal Team Members	
Origination	Mike Carthas, Dan Maillet
Underwriting	Caroline Dylag
Asset Management	Lee Ann Fiorenza, Serena Kay

MassHousing

375 Broadway | Chelsea

MassHousing

375 Broadway | Chelsea



Borrower Team

Mortgagor Entity	375 Broadway Limited Partnership
Sponsor	Arx Urban & Boston Communities
General Partner / Managing Member	375 Broadway GP LLC
Construction Lender	Silicon Valley Bank
Syndicator / Investor	Boston Financial Investment Management, LP
Management Company	Peabody Properties, Inc.
Architect	The Architectural Team, Inc.
General Contractor	Haycon Inc.

Unit Mix

Unit Size	Total Units	LIHTC Eligible: PB - Section 8* 30% AMI Count	PB - Section 8* 30% AMI Rent	MRVP - Section 8* 60% AMI Count	MRVP - Section 8* 60% AMI Rent	LIHTC* 60% AMI Count	LIHTC* 60% AMI Rent	Middle Income Housing 100% Count	Middle Income Housing 100% Rent	Market Rate Count	Market Rate Rent
0 BR	15	-		-		13	$1,567	2	$1,636	-	
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* All rents are net of utility allowance

Project Costs

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Base	$28,443,919
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Total Development Cost	
Total	$43,216,897

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Total Construction Cost	$22,292,397
Construction per Square Foot	$280

Sources and Uses

Sources of Funds			Uses of Funds	
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EOHLC – AHTF	$2,100,000		Operating Reserves	$808,626
EOHLC – HSF	$1,650,000		Overhead	$1,547,500
EOHLC – TOD	$1,800,000		Fee	$1,540,500
Chelsea / CPC	$500,000			
North Suburban Consortium	$1,100,000			
Solar ITC	$21,600			
Construction NOI	$100,000			
Commercial Component Allocated Pay In	$132,234			
Federal Energy Tax Credit	$38,700			
Sponsor Note	$650,000			
Deferred Developer Fee	$838,509			
Total Sources	**$43,209,897**		**Total Uses**	**$43,209,897**

Underwriting Notes

1. Loan Sizing
2. Master Condominium Structure
3. Cash Flow During Construction
4. Relocation
5. Parking Income
6. Utility Cost Estimate
7. Acquisition Costs
8. Third-Party Reports

Recommended Votes

- Commitment of a Taxable Permanent Loan
- Commitment of a Middle-Income (f/k/a Workforce) Housing Subordinate Loan

Update to Rental Management Proposal for Transfer of Ownership and Sale of Note
October 8, 2024

Spring Gate Apartments

A. General Project Information	
Project Name	Spring Gate Apartments
Project ID	71-087
Address(es)	52 Hannah Way, Rockland, MA
Current Sponsor	Connolly and Partners, LLC, William Connolly
Outstanding MH Loans	Senior Loan (71-087-01) - Current Principal Balance: $12,854,816 - Maturity Date: July 1, 2056 Second-Priority Loan (71-087-05) - Current Principal Balance: $5,157,496 - Maturity Date: July 1, 2056 Third-Priority Loan (71-087-013) - Current Principal Balance: $18,315,482 - Maturity Date: July 1, 2056
Current MH Risk Rating	Financial: D Physical Condition: C Compliance: A
Total Rental Units	204 Units
Affordability Mix	181 Affordable 23 Market

B. Previously Approved Actions

On February 14, 2024, the Members of MassHousing adopted the votes in the attached Rental Management Proposal for Transfer of Ownership and Sale of Note (the "February Proposal") approving the transfer and assignment of the note, subject to the requirements of MassHousing's Transfer of Ownership Policy and any additional conditions required by the Director of Rental Management, General Counsel, or Vice President of Multifamily Programs. Please see Attachment A for reference.

C. Updated Information about Sponsor

As described in the February Proposal, the Purchaser will be a newly formed single-purpose limited liability company with a managing member controlled by the proposed sponsor, Tangram Group LLC. This would be Tangram Group LLC's first project in the Agency's portfolio. The February Proposal identified Chris Collins and Margaret Wagner, formerly of First Atlantic LLC, as participants in the Purchaser that are based in Boston and with whom the Agency has prior experience.

Since the presentation of the February Proposal, the final acquisition structure and composition of the principals has evolved. While Chris Collins and Margaret Wagner remain involved, the controlling entity Tangram Group LLC, will be controlled by Louis Harrison. Mr. Harrison has extensive experience investing and owning affordable housing across the country, including in his role with Belveron Real Estate Partners. We have confirmed that he has obtained approval as a principal through HUD's 2530 Previous Participation Clearance Process for the Spring Gate Apartments transaction.

The votes adopted by the Members in February correctly identified Tangram Group LLC as the proposed sponsor and remain in effect, but staff wishes to update the Board as the primary principal is someone other than originally described.

ATTACHMENT A

February 14, 2024, Rental Management Proposal for Transfer of Ownership and Sale of Note

(See attached)

Rental Management Proposal for Transfer of Ownership and Sale of Note | February 13, 2024

Spring Gate Apartments

A. General Project Information	
Project Name	Spring Gate Apartments
Project ID	71-087
Address(es)	52 Hannah Way, Rockland, MA
Current Sponsor	Connolly and Partners, LLC, William Connolly
Outstanding MH Loans	Senior Loan (71-087-01) - Current Principal Balance: $12,854,816 - Maturity Date: July 1, 2056 Second-Priority Loan (71-087-05) - Current Principal Balance: $5,157,496 - Maturity Date: July 1, 2056 Third-Priority Loan (71-087-013) - Current Principal Balance: $18,315,482 - Maturity Date: July 1, 2056
Current MH Risk Rating	Financial: D Physical Condition: C Compliance: A
Total Rental Units	204 Units
Affordability Mix	181 Affordable 23 Market

B. Recommended Actions

- Approval for a Level 1 Transfer of Ownership
- Approval for the Sale of a Subordinate Note

Rockland Place Apartments Limited Partnership a single asset, sole purpose entity controlled by Connolly and Partners, LLC, is seeking MassHousing's approval of the sale of Spring Gate Apartments (the "Development") to a newly formed single asset, sole purpose entity controlled by the Tangram Group LLC (the "Purchaser"). As part of the sale, the Purchaser will assume the MassHousing mortgage loans and all related loan documents. The affordability mix in Section A above will remain in place following the transfer of the Development.

Following the transfer, MassHousing will assign a long-outstanding, third-priority, non-amortizing mortgage note to the Purchaser in exchange for a deposit by the Purchaser into the replacement reserve account or other escrow held by the Agency to fund improvements to the Development's physical condition.

C. Property Description

Description of Existing Development. Spring Gate Apartments is a 204-unit mixed-income family apartment community in Rockland, Massachusetts. Originally built in 1973, the property consists of 34 three story residential buildings comprising 56 one-bedroom, 93 two-bedroom and 55 three-bedroom apartments. 181 of the units are subsidized through a Project Based Section 8 Contract (HAP) and the remaining 23 units are occupied by residents with Housing Choice Vouchers.

The Development has been in the Agency's portfolio for several decades. In 2016, MassHousing refinanced the Development with a new senior loan to the Seller in the original principal amount of $14,300,000 under HUD's Federal Financing Bank Risk Share Program, which funded approximately $3,800,000 of repairs and recapitalized the replacement reserve. As part of the 2016 refinancing, a second-priority amortizing loan made by the Agency in 2006 in an original principal amount of $5,700,000 was subordinated and extended to be coterminous with the new senior loan.

In addition to the amortizing debt, the Agency also holds a third-priority non-amortizing "bargain note" on the Development, which was made by the then-owner to the Agency as part of a 1987 refinancing. Records of the 1987 transaction indicate that the Agency acquired the Development from a willing seller at a discounted price and resold it to a new owner at a higher price, allowing the new owner to claim tax credits on the acquisition price. The Agency took back this "bargain note" as partial payment of the higher purchase price. As a result of a 2006 restatement of this note, it has a current outstanding principal balance of $18,315,482, and after 17 years of subsequent accrual, outstanding interest is currently almost $17,000,000. In 2006, the note was also modified to provide the borrower with an option to purchase the note. As part of the 2016 refinancing, the maturity of this note was extended until the 2056 maturity of the senior amortizing debt and no payments are due on this note until then.

While all obligations are being met, the development has current risk ratings of D in financial, C in Physical Condition and A in Compliance. The development received a financial risk rating of D due to low DSC of .92 based on the 2022 audited financial statements. This drop in DSC was unexpected as the development has operated well in previous years with DSC of 1.46 in 2020 and 1.36 in 2021. The reduced DSC for 2022 was primarily due to increases in administrative and maintenance payroll due to staff turnover, repairs, legal expenses, and vacancy loss. Unaudited year to date financials as of December 2023 indicate marked improvement in DSC to 1.59, which will be confirmed with the review of the 2023 financial statements.

With respect to the current Physical Condition rating of C, the score is a result of the insufficiency of the replacement reserve account to fund capital needs and overall physical condition. Although the site benefited from rehabilitation efforts following refinancing actions in 2008 and 2017, the property needs additional rehabilitation. There have been capital improvements in recent years, including boiler, window replacement and accessibility upgrades, but the replacement reserve account is not sufficiently capitalized to address the near-term needs identified in the most recent Capital Needs Study (CNA) completed in 2022. With the approval of the Transfer of Ownership and disposition of the 3rd mortgage note, the purchaser will provide an infusion of capital funds into the replacement reserve account or other escrow held by the Agency to fund capital improvements and address the Development's physical condition.

D. Proposed Owner

Proposed Mortgagor Entity: Entity Name TBD

The Purchaser will be a newly formed single-purpose limited liability company with a manager or managing member that is controlled by the Proposed Sponsor.

Proposed Sponsor: Tangram Group LLC

Tangram Group was founded in 2021 by veteran affordable housing investors and syndicators. The focus of the organization is on meaningful preservation and creation of affordable housing across the country. Their current portfolio includes 18 affordable housing developments comprising 1957 units. While the Agency does not have a prior relationship with the Tangram Group, partners of the company Chris Collins and Margaret Wagner, formerly of First Atlantic LLC, are real estate investors based in Boston with whom the Agency has prior experience. First Atlantic LLC has a forty-year track record with ownership positions in more than 2,400 multifamily properties across 49 states.

Management Company: FHRC Management Corporation ("FHRC")

The current management agent for the Development, FHRC Management Corp., which is an affiliate of the seller, will continue to manage the Development after the proposed transfer. FHRC was formed in 2005 to provide property management for properties developed by Connolly and Partners, LLC. The company is a HUD-approved management agent with over 17 years of experience managing HUD-subsidized properties and has managed the Development since 2008. The new owner will retain FHRC during the transition period to minimize disruption to the residents and site operations but has indicated that they plan to engage a new third-party property management firm in the near future which will be subject to MassHousing approval.

E. Summary of MassHousing Relationship with Sponsor of Proposed Owner	
Number of Projects with MassHousing Debt	0
Total Units with MassHousing Debt	0
Outstanding MassHousing Principal Debt	$0
Adverse Actions Against the Borrower Team	No
Current on Obligations with MassHousing	N/A
Property Management Affiliate	No

MassHousing Staff:	
Rental Management Director	Kelly Condon
Rental Management Manager	Joseph Hughes
Portfolio Manager	Bob McCuish
Asset Manager	Chinterna Vong

F. Proposed Sale of Third Note

To enable the Purchaser to address some of the Development's physical condition deficiencies and to resolve the accruing balance of the third-priority non-amortizing "bargain note", following the transfer of the Development, the Agency will assign the "bargain note" to the Purchaser or other affiliate of the Proposed Sponsor in exchange for the Purchaser depositing approximately $1,829,000 into the replacement reserve account or other escrow held by the Agency to fund improvements to the Development's physical condition. This amount would address almost the entirety of the "immediate needs" identified in a recent capital needs assessment commissioned for the Development.

G. Notes and Analysis

1. **Transfer of Ownership Policy:** The request for approval of the proposed transfer of the Development is made pursuant to the MassHousing Transfer of Ownership Policy (the "Transfer Policy"). The

proposed transfer is a "Level One" Transfer, because it would result in a change in ownership of the Development.

2. **Escrow Deposit Amount**: the $1,829,000 amount of the deposit into the replacement reserve account or other escrow held by MassHousing to be required by MassHousing in exchange for assigning the non-amortizing "bargain note" to the Purchaser or other affiliate of the Proposed Sponsor is based on an estimated value of the note in the Development's audited financials. This value is consistent with the Agency's internal analysis, which considered the estimated amount of a hypothetical supplemental loan taking into account the near- term capital needs of the Development.

Spring Gate Apartments
VOTES AND SPECIAL CONDITIONS

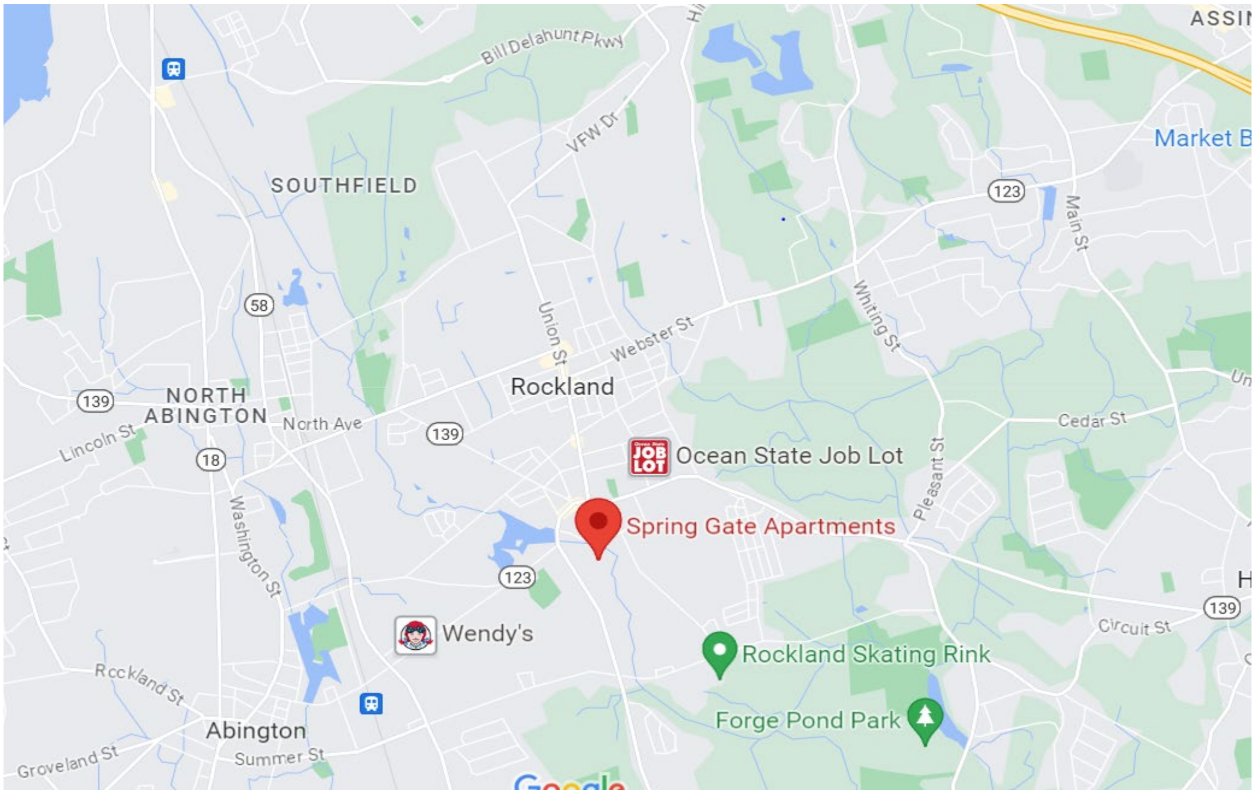
VOTES

Staff has reviewed the application for a transfer of ownership submitted by Rockland Place Apartments Limited Partnership and determined that it will not adversely affect MassHousing's loan security or the residents of Spring Gate Apartments. Staff recommends the below votes for approval.

VOTED: That MassHousing approve the Level One Transfer of Ownership (the "Transfer") of Spring Gate Apartments in Rockland, Massachusetts (the "Development") from Rockland Place Apartments Limited Partnership to a single-purpose, sole-asset entity controlled by Tangram Group LLC (the "Purchaser"), subject to the requirements of the Transfer of Ownership Policy approved by the Board on August 14, 2007, and further subject to any additional conditions required by the Director of Rental Management or General Counsel, and that the Chief Executive Officer, Vice President of Multi-Family Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency in connection therewith.

FURTHER
VOTED: To authorize the Agency to assign to the Purchaser or other affiliate of Tangram Group LLC the Agency's interests in the Replacement Third Party Mortgage Note from Rockland Place Associates Limited Partnership to Massachusetts Housing Finance Agency dated as of November 1, 2006, as modified by a First Amendment to Replacement Third Party Mortgage Note dated as of June 3, 2016 (as modified, the "Third Note"), and to assign or terminate loan documents associated with such Third Note, following or contemporaneously with the Transfer, in exchange for the Purchaser making a deposit of at least $1,828,910 into the replacement reserve account or other escrow account held by the Agency to fund improvements to the Development's physical condition, and subject to such other terms and conditions required by the Vice President of Multifamily Programs, General Counsel, or Director of Rental Management, each acting singly, and that the Chief Executive Officer, Vice President of Multi-Family Programs and General Counsel each be authorized, acting singly, to execute such documents, agreements, and instruments on behalf of the Agency deemed necessary or appropriate to implement the foregoing.

MAP AND PICTURES



Update to Transfer of Ownership Proposal | October 8, 2024

Spring Gate Apartments

Location	Rockland
Sponsor	Connolly and Partners, LLC, William Connolly
Transaction Type	Transfer of Ownership and Mortgage Assumption
Funding Type	N/A
Execution Type	N/A
Risk Profile	Financial: D Physical Condition: C Compliance: A
Total Rental Units	204 units
Affordability Mix	181 Affordable 23 Market

MassHousing

Ownership Transfer

Current Owner	Rockland Place Apartments Limited Partnership
General Partner	Rockland Place Apartments, LLC Connolly and Partners, LLC, its Manager
Current Management Agent	FHRC Management Corporation
Proposed Owner	Entity formed and controlled by Tangram Group LLC
Proposed General Partner/Managing Member	Entity controlled by Tangram Group LLC Principal: Louis Harrison
Proposed Management Agent	FHRC Management Corporation

MassHousing

Delinquency Summary Report

Sep 30, 2024

Delinquencies in Excess of: $1,000

Monthly Billed Loans

Program Type	Principal Program Detail	Number of Developments	Project Outstanding Loan Amount	Developments Delinquent	Delinq Outstanding Loan Amount	Pct $ Delinq Loans	Pct # Delinquent Loans
Other	Elder CHOICE	3	$12,015,153	0	$0	0.00%	0.00%
	Mixed Income	37	$657,386,701	0	$0	0.00%	0.00%
	Options for Independence	17	$461,062	0	$0	0.00%	0.00%
	RDAL Only	1	$18,874,306	0	$0	0.00%	0.00%
Other - Total		**58**	**$688,737,222**	**0**	**$0**	**0.00%**	**0.00%**
Section 8	Loan Mgmt Set Aside	27	$762,208,216	0	$0	0.00%	0.00%
	New Construction	84	$1,396,855,722	0	$0	0.00%	0.00%
	Sec 8 Project-Based	6	$144,853,882	0	$0	0.00%	0.00%
	Substantial Rehab	63	$910,612,644	0	$0	0.00%	0.00%
Section 8 - Total		**180**	**$3,214,530,465**	**0**	**$0**	**0.00%**	**0.00%**
SHARP - RDAL	SHARP and RDAL	2	$35,549,106	0	$0	0.00%	0.00%
	SHARP Only	4	$24,190,221	1	$5,220,567	21.58%	25.00%
SHARP - RDAL - Total		**6**	**$59,739,327**	**1**	**$5,220,567**	**8.74%**	**16.67%**
Mixed Financing	4% Credits	61	$608,054,852	1	$33,825,580	5.56%	1.64%
	9% Credits	54	$180,323,342	0	$0	0.00%	0.00%
	Internally Subsidized	16	$316,674,440	0	$0	0.00%	0.00%
	Miscellaneous	49	$551,251,008	0	$0	0.00%	0.00%
	Other Soft Debt	1	$753,893	0	$0	0.00%	0.00%
Mixed Financing - Total		**181**	**$1,657,057,535**	**1**	**$33,825,580**	**2.04%**	**0.55%**
Overall - Total		425	$5,620,064,548	2	$39,046,147	0.69%	0.47%

Delinquency Detail

Sep 30, 2024
Delinquencies in Excess of: $1,000

4% Tax Credits

Principal Program Code	Project Id - Development Name	City/ Town	Total Rental Units	Project Outstanding Loan Amount	Total Due & Uncollected	Past Due Installments
TCRED4	16-004 PACIFIC MILLS PHASE I	Lawrence	180	$33,825,580	$18,053,051	21

SHARP Only

Principal Program Code	Project Id - Development Name	City/Town	Total Rental Units	Project Outstanding Loan Amount	Total Due & Uncollected	Past Due Installments
SHARP	87-038 BROOKS SCHOOL-BOSTON	Boston - Dorchester	56	$5,220,567	$290,761	9
Overall - Total			**236**	**$39,046,147**	**$18,343,812**	

Comments Detail

Sep 30, 2024

Delinquencies in Excess of: $1,000

Program Desc	Program Code	Project Id - Development Name	City	Number of Units	Current Principal Balance	Forbearance Start Date	Forbearance Expire Date
Internally Subsidized	INTERN	85-016 HEBRONVILLE MILL	Attleboro	83	$11,825,874.99	Jul 31, 2020	Jan 1, 2027
Total		Number of Devs: 1			$11,825,874.99		