

**Minutes of the Regular Meeting of  
the Members of MassHousing held  
on  
January 9, 2024**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on January 9, 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	
Ed Augustus, <i>ex officio</i>	X	
Kaitlyn Connors*	X	
Herby Duvern�	X	
Jerry Feldman		X
Tom Flynn	X	
Patricia McArdle	X	
Carmen Panacopolous	X	

*\*Designee of 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 previous meeting. It was agreed to postpone the approval of the minutes to the next meeting as corrections need to be made to the minutes from the previous meeting.

**Chief Executive’s Report**

Chrystal Kornegay gave an overview of Multifamily Borrower Diversity, Equity and Inclusion (DEI) goals; Commonwealth Builder (CWB) Program and the Equitable Developers Fund (EDF).

She first summarized the Agency’s strategic business goals, progress to date, and expanded on the Multifamily Borrower Goals. Herby Duvern  commented there has been a lot of work regarding the multifamily developers’ piece and asked about the specific multifamily goal and where the agency stood at the moment. Ms. Kornegay replied that the goal is 5% and we are currently at 2%. She noted that number is calculated on the baseline rental production number and does not include CWB and other programs. Carmen Panacopolous asked where we are seeing the most diversity

among industry sectors. Ms. Kornegay replied the most diverse sector is the property management space, and we see a lot of potential for growth in that space.

Mr. Duverne noted that in conversations with developers one barrier is understanding the programs and processes unique to the affordable housing sector. Ms. Kornegay noted that programs like CWB, EDF, and the Neighborhood Stabilization Program (NSP) have been useful vehicles to introduce the intricacies of the affordable housing systems to new developers. She also noted that several new programs include technical assistance components.

Ms. Kornegay continued with an overview of the CWB program since its creation in 2019, its progress to date, and highlighted several trends and themes in its implementation. Chair Pinado asked how we could expand the CWB program to cities and towns not currently eligible. Ms. Kornegay noted that the present intent is to maintain the CWB program as designed but that there is another proposed tool that would be applicable across the state. Ms. Kornegay explained the Housing Bond Bill not only includes additional funding for the Commonwealth Builder program but also proposes to create the Home Ownership Production Tax Credit that would be available throughout the state. Ms. Kornegay also mentioned her intent to discuss the homeownership strategy in the Bond Bill in the coming months.

Ms. Kornegay then shared a video of one of the successes of the Commonwealth Builder Program (Aisha's Homebuying Success Story).

Ms. Kornegay then provided an update on the status of the Equitable Developers Fund, noting that since the last presentation to the Members, we had been thinking about who would be a good partner to advance the program, and have been discussing a potential partnership with the Massachusetts Housing Investment Corporation (MHIC). We are working through the details of what an arrangement might look like and hope to enter into an agreement soon.

### **Votes Relating to the Fiscal Year 2023 Capital Magnet Fund Award**

Chris Burns presented votes relating to the Fiscal Year 2023 Capital Magnet Fund Award.

There was discussion as to why there was not a FY2022 Capital Magnet Fund Award. Mr. Burns explained it was due to a timing issue at the federal level and there no awards designated as FY2022. Applying for the Capital Magnet Fund Award is a widespread effort through the agency spearheaded by the Multifamily group and includes Legal and Finance. Ms. Kornegay explained FY2019 was the first time we received this award. In FY2021 and FY2023 MassHousing received \$12 million - the largest awards awarded in the country those years. This is a testament to the work we continue to do. Chair Pinado explained this is a national competition and congratulated the Agency on many successive years of awards.

Mr. Burns explained that last year there was \$321 million available. There were applications from 144 organizations with requests totaling \$1.1 billion. Of those 144 organizations, only 52 were given awards and only two other organizations received the same amount MassHousing did. We are very proud of that. Ms. Panacopolous asked if all the funds go to rental vs. homeownership.

Mr. Burns noted that last year's application focused on rental because it is significantly more efficient to deploy these funds to rental projects. Herby Duverné asked if the CMF committee had members from the Equitable Business Development team. Mr. Burns replied he believed there were active participants, but will confirm. Kathleen Evans explained that there are not necessarily members from each department and Ms. Kornegay said that we will look at it. Mr. Burns stated we intend to apply again for a FY2024 award.

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

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

### **Loan Committee**

#### **Phillips Brooks School, Boston**

Mike Carthas presented a proposal for Restructuring of Existing MassHousing and SHARP Debt, Commitment of a Capital Needs Loan, Forgiveness of Interest on MassHousing Debt and Level One Transfer of Ownership as presented in the attached Board package.

Carolina Avellaneda expressed concern about the three years of litigation that this property has been involved in and asked how we can be sure we do not run into the same problems again. Dan Staring stated that Winn presently has power of attorney to bring the deal to close. Colin McNiece noted that the dynamic between the ownership entities post-closing is also priority concern that the closing attorneys are focused on and the basis for several of the special conditions in the votes. We will have more focus on the partnership agreement in order to avoid the problems we have had in the past. Mark Teden added that the use of proceeds cannot be dictated by anyone but us.

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

- CEO's Report, January 9, 2024
- Board Package, January 9, 2024
- Video: "Aisha's Homebuying Success Story"

# CEO's Report

January 9, 2024

1. Multifamily Borrower Diversity, Equity, and Inclusion (DEI) Goals
2. Commonwealth Builder (CWB)
3. Equitable Developers Fund (EDF)

1.

# Diversity, Equity, and Inclusion (DEI) Goals

## Goal:

Affirm MassHousing's longstanding commitment to **diversity and inclusion**.

## Measures:



**50%**

loans to people of color



**10%/5%**

multifamily projects/portfolio  
balances to minority-owned or  
senior principal borrowers



**75%**

of bonds under ESG



**25%**

of management level (D+ band) reflects  
diversity of the Commonwealth



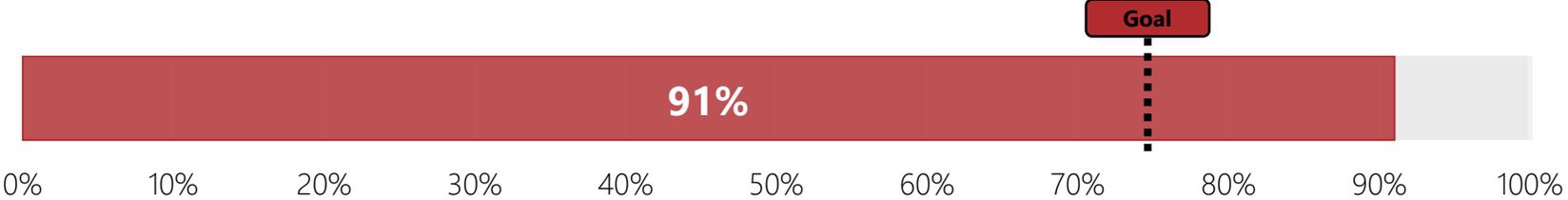
**15%**

Agency expenditures to  
M/WBEs, at least 6% MBEs

# Strategic Business Goals

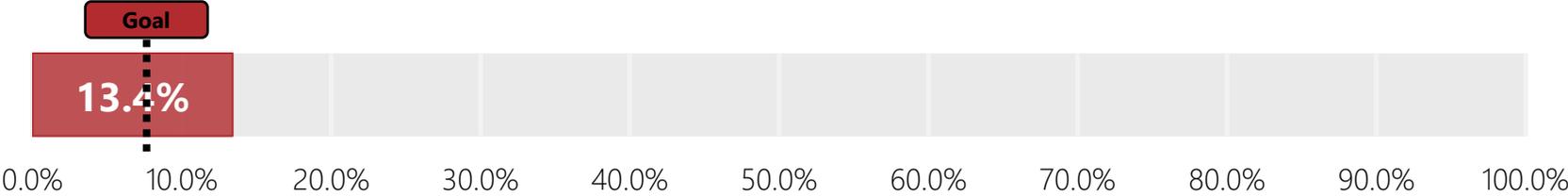
## ESG Bonds

91% exceeding 75% Goal



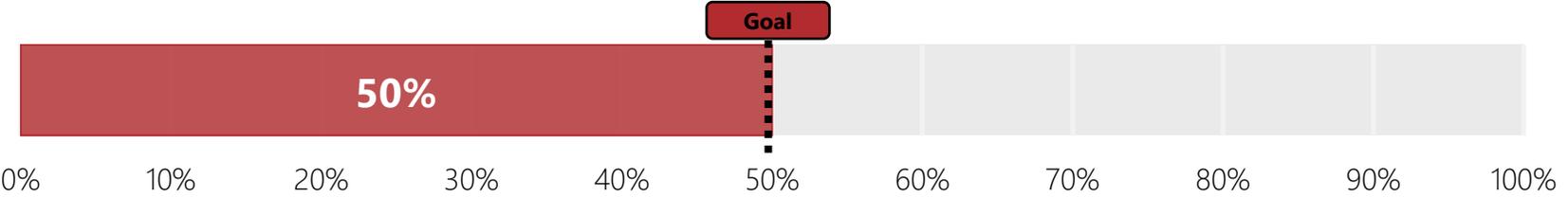
## Agency Expenditure to MBE

13.4% exceeding 6% Goal



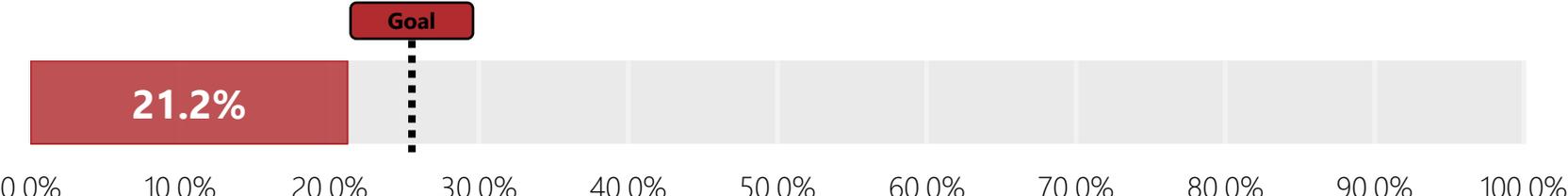
## SF Loans to People of Color

50% meeting 50% Goal



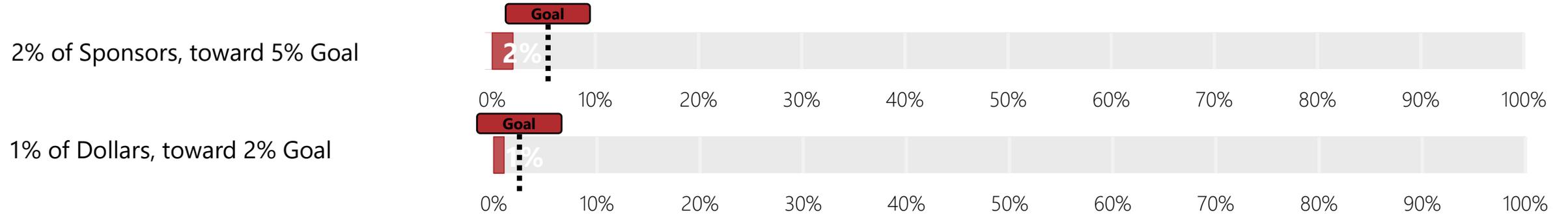
## Management Reflecting Diversity of the Commonwealth

21.2% toward 25% Goal

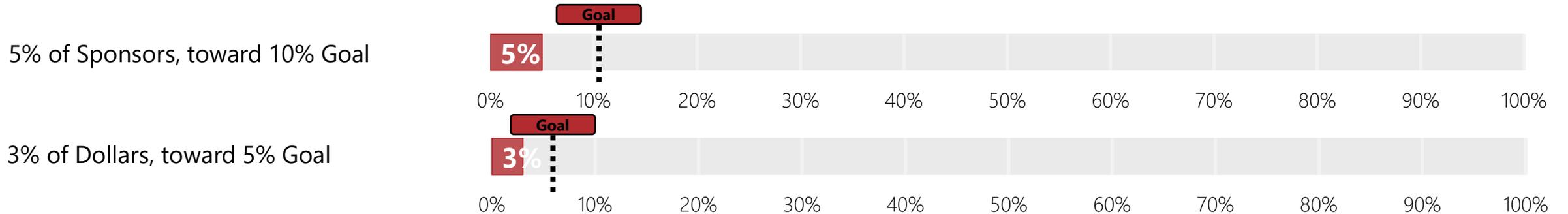


# Strategic Business Goals

## For-Profit Sponsors with at least 30% Ownership by BIPOC Partner(s) in MF Portfolio

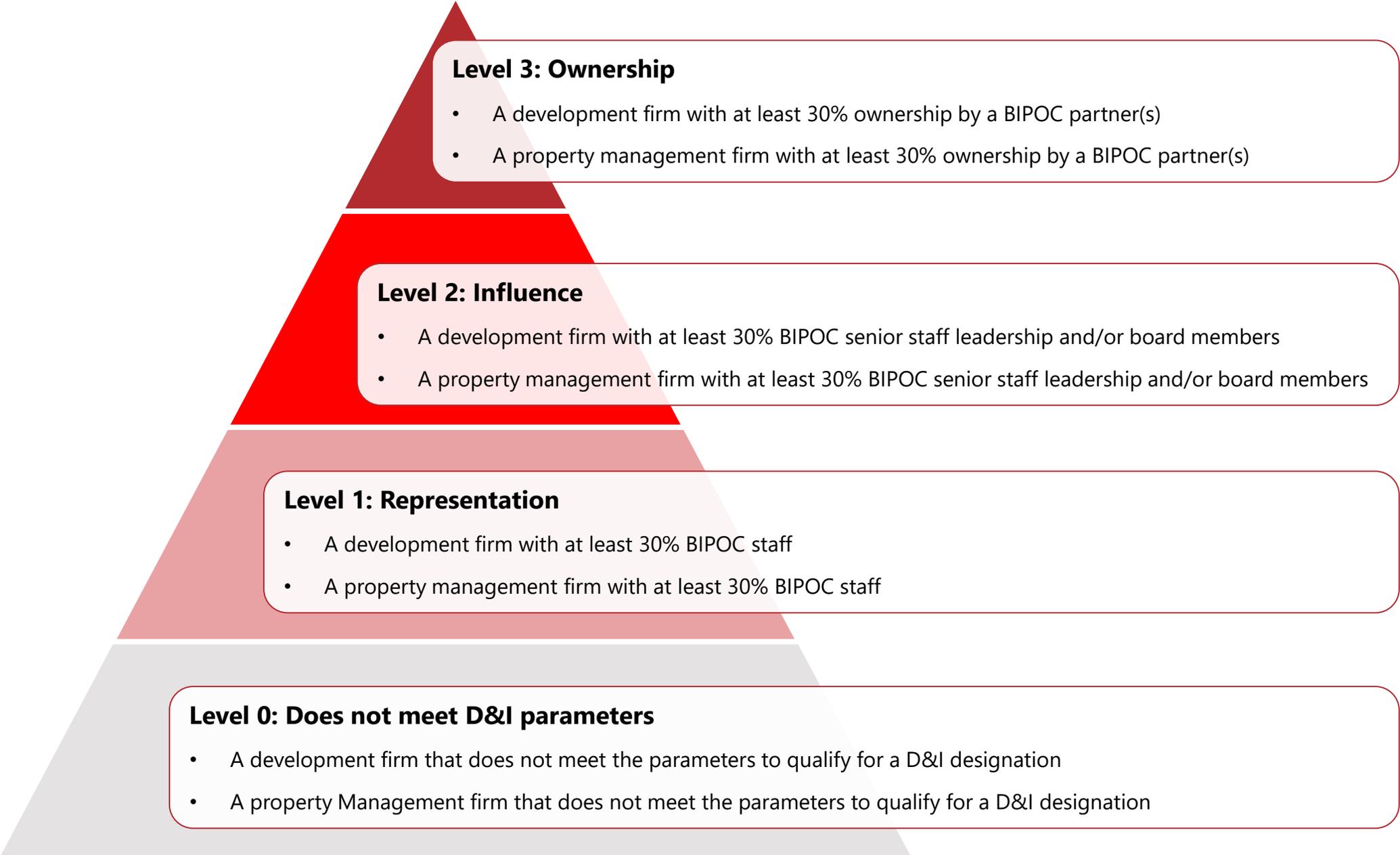


## For-Profit Sponsors with at least 30% Ownership by BIPOC Partner(s) in MF Pipeline



# Multifamily Borrower Goals

- MassHousing created a **tiered system** to certify if an organization meets MassHousing Diversity and Inclusion goal for multifamily borrowers.
- Development and property management firms are reviewed and evaluated by the following parameters: **Ownership, Influence, and Representation**
- Through this tiered system, the multifamily division can track metrics related to the five-year goal of having 10% of multifamily projects and 5% multifamily portfolio balances to minority-owned or senior principal borrowers.



### **Level 3: Ownership**

- A development firm with at least 30% ownership by a BIPOC partner(s)
- A property management firm with at least 30% ownership by a BIPOC partner(s)

### **Level 2: Influence**

- A development firm with at least 30% BIPOC senior staff leadership and/or board members
- A property management firm with at least 30% BIPOC senior staff leadership and/or board members

### **Level 1: Representation**

- A development firm with at least 30% BIPOC staff
- A property management firm with at least 30% BIPOC staff

### **Level 0: Does not meet D&I parameters**

- A development firm that does not meet the parameters to qualify for a D&I designation
- A property Management firm that does not meet the parameters to qualify for a D&I designation

Please note that a CWB video was included in this segment of the CEO report. That video can be found in OnBase under the document type "Board Package", key word "BP-CORP Misc Vote/Report" using the 01/092024 meeting date.

2.

## CommonWealth Builder (CWB)

# Background: Impetus for CWB

- MassHousing sought to **facilitate housing production in areas where Black and Latino residents in Massachusetts were buying.**

In 2018, MassHousing sought to **create affordable homeownership opportunities in cities where borrowers of color were buying.**

The Massachusetts Community and Banking Council (MCBC) issued a report in 2017 that demonstrated:

- Five cities (Boston, Brockton, Springfield, Worcester, and Randolph) **accounted for 46% of all loans to Black homebuyers** in Massachusetts.
- Eight cities (Springfield, Lawrence, Lynn, Worcester, Boston, Methuen, Brockton, and Revere) **accounted for 42% of all loans to Latino homebuyers** in the state.

These communities are **largely Gateway Cities and Boston**; this provided a meaningful data point around which the program specifics could be developed.

Source: Campen, Jim. November 2018. *Changing Patterns XXV: Mortgage Lending to Traditionally Underserved Borrowers and Neighborhoods in Boston, Greater Boston and Massachusetts 2017*. Massachusetts Community & Banking Council. <https://financialeguity.net/wp-content/uploads/2018/11/CP25-Final-Report-Nov2018.pdf>

# CommonWealth Builder (CWB)

In 2019, conversations with the Massachusetts Black and Latino Legislative Caucus and the administration created an opportunity to fund the production of new affordable homeownership units.

The CWB program seeks to **narrow the racial homeownership gap** by incentivizing the **development of new affordable homeownership units** for borrowers in the **26 Gateway Cities, two Disproportionately Impacted Communities (Framingham and Randolph), and the City of Boston.**



*Saige on Fountain, Boston*



*St. Therese Townhomes, Everett*  
*Chowdhury and Mohammed, homebuyers*



*Mt. Washington, Haverhill*



# Progress to Date



*Stonely-Brookley, Jamaica Plain*



*Gemini Townhomes, Springfield*

- To date, MassHousing **has committed \$98.9 million** totaling **21 deals and 534 total units**.
- There is a **robust pipeline of \$239.7 million** in funding totaling **1,053 CWB units**.
- The CWB program currently has **\$174.6 million in funding remaining**.
- Most future commitments (\$135M for 543 CWB units) are projected to occur in CY 2025.

# Trends and Themes

- 1. Geographic Diversity:** There is a **strong interest for CWB outside of Boston**, with 31% of units that have received CWB commitment are located outside of Boston. The highest concentration of committed units are in the Northeastern region of Massachusetts (84%).
- 2. Affordability Levels:** The most prevalent affordability level in committed developments is **100% AMI units** (56%) followed by 80% AMI units (32%).
- 3. Mixed Tenure:** There is meaningful interest and execution in **combining affordable homeownership and rental in the same project**; 19% of committed projects also include rental units and 24% of pipeline projects include rental units.
- 4. Emerging Developers & W/MBE Involvement:** **86% of committed projects include at least one W/ or MBE as part of the development team**. 14% of committed projects are sponsored by W/MBE developers, including three emerging developers (DREAM Collaborative and DVM Housing Partners, and Norfolk Design and Construction).

# BIPOC Developers and Team Members

Name	Certification	Role	CWB Development	City	Total Units
<b>Bald Hill Builders</b>	Certified WBE	General Contractor	St. Therese Townhouses	Everett	6
<b>UHM Properties</b>	Certified MBE	Management Company	1039 Blue Hill Avenue	Boston - Mattapan	18
			24 Westminster	Boston - Roxbury	12
			405 Washington Street	Boston - Dorchester	13
<b>Norfolk Design &amp; Construction</b>	Certified MBE and VBE	Sponsor	Elmont Norwell	Boston - Dorchester	15
<b>DREAM Collaborative</b>	Certified MBE	Sponsor and Architect	24 Westminster	Boston - Roxbury	12
		Co-Sponsor and Architect	2147 Washington Street	Boston - Roxbury	12
		Architect	Call Carolina	Boston – Jamaica Plain	8
<b>Jonathan Garland Enterprises (JGE)</b>	MBE	Architect	Stonely-Brookley	Boston – Jamaica Plain	45
<b>DVM Housing Partners</b>	Certified MBE and WBE	Sponsor	1039 Blue Hill Avenue	Boston – Mattapan	18
		Lottery Agent	Saige on Fountain	Boston – Roxbury	40
		Lottery Agent	Stonely-Brookley	Boston – Jamaica Plain	45

3.

# Equitable Developers Fund (EDF)

# EDF Overview

The Equitable Developers' Fund ("EDF") will provide **early stage, entity-level financing** to Massachusetts developers that **qualify as socially and economically disadvantaged**. The Fund has been capitalized with **\$50 million from Chapter 268 of the Acts of 2022** (An Act Relating to Economic Growth and Relief for the Commonwealth), which was approved by the Governor on November 10, 2022.

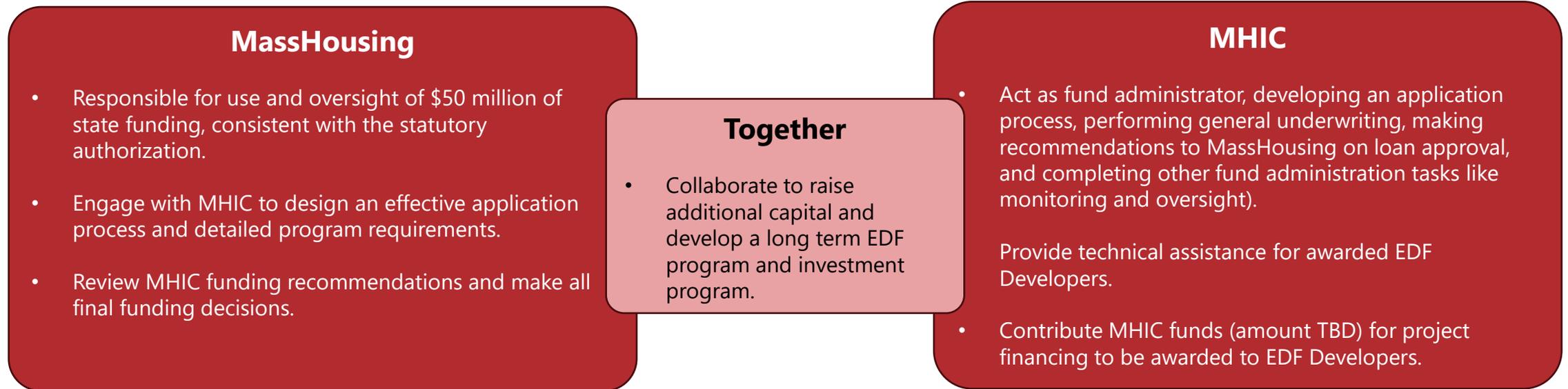


Desired outcomes of the EDF include:

1. To **increase the capacity of active developers** who require additional capital to scale up and compete for opportunities to produce housing in Massachusetts.
2. To increase the production of affordable housing units **without providing subsidy**.
3. To assist interested developers in **navigating the processes, programs, and financing sources** that govern and support affordable housing development in the Commonwealth.

# Working Together with MHIC

MassHousing proposes to work with MHIC to implement the EDF. In addition to sharing responsibilities for implementation and administration, MassHousing and MHIC will work together to **source private investment capital to sustain and expand the Fund** beyond the reach of the initial \$50 million provided by the Commonwealth.



MassHousing and MHIC expect to sign an MOU by the end of January.

Questions?  
Comments?

**Thank You!**





Massachusetts Housing Finance Agency  
One Beacon Street Boston, MA 02108

Tel: 617-854-1000 | Relay 711  
Fax: 617-854-1091 | [www.masshousing.com](http://www.masshousing.com)

Posted: January 5, 2024 @ 9:30 a.m.  
Secretary of the Commonwealth, Regulations Division  
Executive Office for Administration & Finance  
[masshousing.com](http://masshousing.com)

## NOTICE

of a Meeting of the Members

The regular meeting of MassHousing will be held:

Date: **Tuesday, January 9, 2024**

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

Location: **See below**

**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, this Meeting will not be conducted in a publicly accessible physical location. This meeting will instead be conducted through remote audio and video participation by the Members of MassHousing.**

**The public will be able to observe the Meeting online through the Zoom video/audio conference program.**

**The Zoom meeting link for this Meeting is: <https://us06web.zoom.us/j/81961374648>  
The Zoom meeting ID is: 819 6137 4648  
The Zoom Passcode is: 365514**

**Additional instructions for observing the meeting through Zoom are attached to this Notice.**

Attention will be given to the following matters:

### 1. EXECUTIVE ACTIONS

- A. Call to Order
- B. Vote Approving the Minutes
  - Regular Meeting of December 12, 2023
- C. Chief Executive Officer's Report
- D. Votes Relating to the Fiscal Year 2023 Capital Magnet Fund Award

Maura Healey, Governor  
Kim Driscoll, Lt. Governor

Jeanne Pinado, Chair  
Carolina Avellaneda, Vice Chair

Chrystal Kornegay,  
Chief Executive Officer

**2. LOAN COMMITTEE**

A. Phillips Brooks School, Boston

- Restructuring of Existing MassHousing and SHARP Debt
- Commitment of a New SHARP Capital Needs Loan
- Forgiveness of Interest on MassHousing Debt
- Level One Transfer of Ownership

**3. OTHER BUSINESS**

A. Old Business

B. New Business

C. Adjourn

**Meeting Notices**

*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, this Meeting will not be conducted in a publicly accessible physical location. This meeting will instead be conducted through remote audio and video participation by the Members of MassHousing, and public observation will be available only through the Zoom audio/video conferencing program using the link and Meeting ID provided above. Instructions for joining the meeting through Zoom are attached.*

**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](mailto: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.](#)

# Steps to Join a Zoom Meeting

1. A Zoom meeting link will look like the following:

Join Zoom Meeting

<https://zoom.us/j/6881564212>

Meeting ID: 688 156 4212

One tap mobile

+13126266799,,6881564212# US (Chicago)

+16465588656,,6881564212# US (New York)

Dial by your location

+1 312 626 6799 US (Chicago)

+1 646 558 8656 US (New York)

+1 253 215 8782 US

+1 301 715 8592 US

+1 346 248 7799 US (Houston)

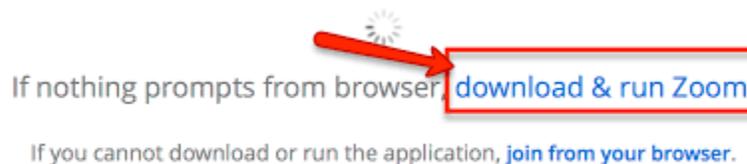
+1 669 900 9128 US (San Jose)

Meeting ID: 688 156 4212

Find your local number: <https://zoom.us/u/acgfl1ziEv>

2. Click the link below 'Join Zoom Meeting'.

**NOTE:** Simply calling a phone number without "joining the Zoom meeting" will not allow you to see the presentation. Clicking on the link will automatically download the Zoom program (Image below)



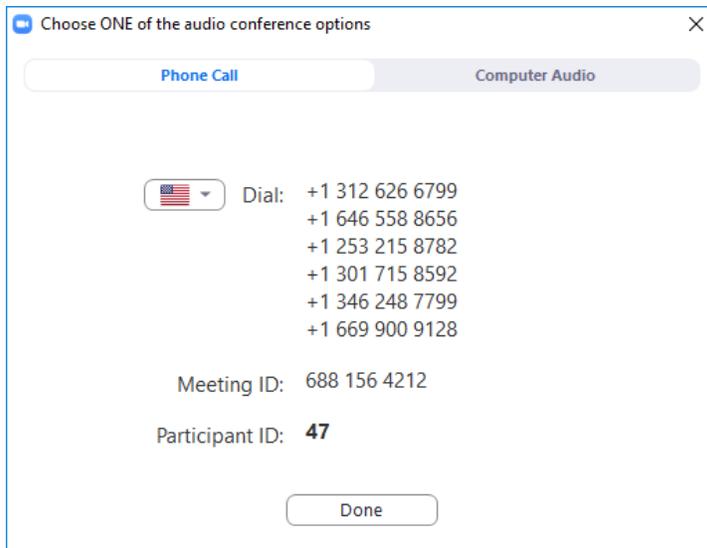
3. If Zoom does NOT automatically download and install. Click Download & run Zoom

**NOTE:** to see a video about this: <https://youtu.be/vFhAEoCF7jg>

# Steps to Join a Zoom Meeting

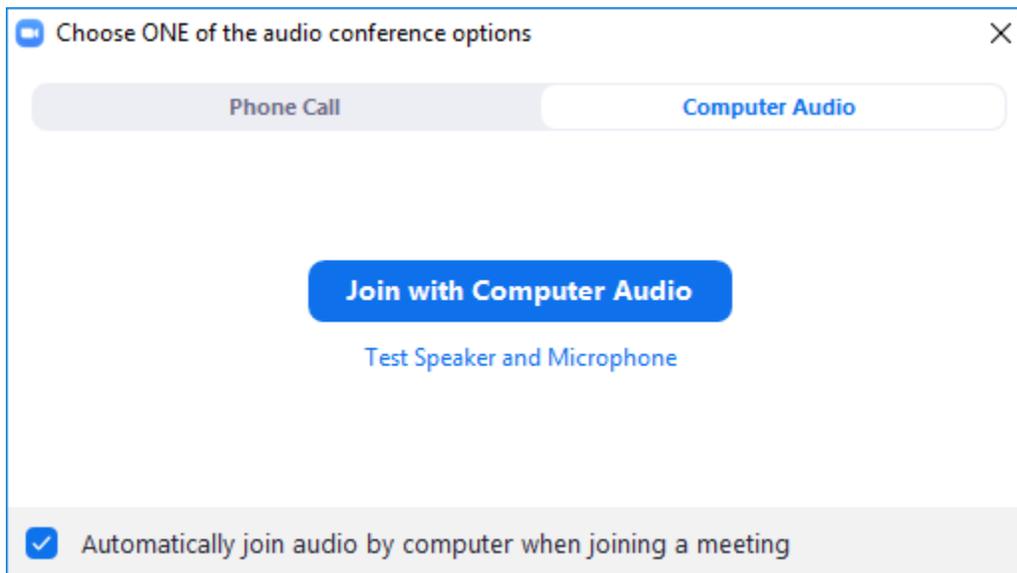
4. You will be provided with Audio Options.

**NOTE:** The numbers for your meeting may be different than the ones in this example.



5. Call one of the numbers provided and enter your Meeting ID and Participant ID when prompted.
6. If you have a headset or would like to use your computer audio, select the Computer Audio tab and Join with Computer Audio.

**NOTE:** Uncheck "Automatically join audio by computer" when joining a meeting.



7. All participants on the call will be muted. Please keep yourself on mute so that meeting can be as clear as possible.

**DRAFT**

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

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing – and a Special Meeting of the Center for Community Recovery Innovations, Inc. (CCRI) was held on December 12, 2023. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, as amended, no Members were physically present and the meetings were conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members (by roll call):

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

**Members**  
**Not**  
**Participating**    None

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

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

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

made and seconded, by roll call vote, of all the present (Members Augustus and McArdle not yet attending), it was:

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

Chair Pinado then called for a motion to recess the MassHousing meeting in order to convene a special meeting of The Center for Community Recover Innovations, Inc. (CCRI.) Upon a motion duly made and seconded, by roll call vote of all the Members present (Members Augustus and McArdle not yet attending), it was

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

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

*(Edward Augustus and Patricia McArdle joined the meeting)*

### **Vote Committing CCRI Funds**

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

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

The amount of funding per Fiscal Year remains unchanged at \$700,000. We have changed the way the program is set up based on feedback by the Members. Previously (since 2005) Priority One (Capital) grants were \$75,000 max per project (\$125,000 for projects housing women and children) and Priority Two grants were \$25,000 max per project. New for FY24 Priority One

(Capital) grants Tier 1 are \$150,000 max to create new units of affordable sober housing (\$200,000 max for family units) and Tier 2 are \$100,000 max to preserve existing units of affordable housing. Priority Two (Innovation) are \$40,000 max per project.

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

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

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

Carolina Avellaneda asked how the homes define “men” and “women.” Ms. Mikshenas said they are presently very traditional in definition, but discussions on that point are happening. The Mental Health Association in Holyoke is having empathetic conversations related to that issue – they want to create a space where everyone feels safe.

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

1. **GAAMHA, Gardner:** Requests funding for renovations to preserve 12 units of affordable sober housing for women in Gardner. **Recommendation: \$100,000. Commitment expires June 30, 2025.**
2. **Steppingstone, Inc., New Bedford:** Requests funding for renovations to preserve 7 units of affordable sober housing for women and children in New Bedford. **Recommendation: \$37,000. Commitment expires June 30, 2025.**
3. **Mental Health Association, Holyoke:** Requests funding for renovations to preserve 16 units of affordable sober housing for LGBTQ+ individuals in Holyoke. **Recommendation: \$28,837. Commitment expires June 30, 2025.**

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

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

**VOTED:** That the Center for Community Recovery Innovations, Inc. (“CCRI”), an affiliate of the Massachusetts Housing Finance Agency (the “Agency”), approve a grant in the amount of \$100,000.00 to GAAMHA, Inc., Gardner, for the purposes described in the application, subject to the contingencies and requirements set forth in this recommendation.

**FURTHER**

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

**FURTHER**

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

**FURTHER**

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

**FURTHER**

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

**FURTHER**

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

**FURTHER**

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

**FURTHER**

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

**FURTHER**

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

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

## **Bond Bill Presentation**

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

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

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

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

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

## **Loan Committee**

### **Salem Schools Redevelopment, Salem**

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

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

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

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

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

The Development involves the conversion of two (2) existing vacant school buildings, the Hawthorne building and the Federal building, situated approximately one (1) mile from one another, to create a total of sixty-one (61) affordable residential units. The Hawthorne building will include twenty-nine (29) units, including studios, one-bedroom, and two-bedroom units, and an artist preference will apply to all units. The Hawthorne building will also include a community art space, seven (7) on-site parking spaces and twenty-nine (29) exclusive-use parking spaces for residents in a nearby municipal garage. The Federal building will offer a total of thirty-two (32) units, including studio, one-bedroom, and two-bedroom units, all of which will be age restricted

to households with at least one- member aged sixty-two (62) or older. Residents will have access to thirty-nine (39) on-site parking spaces. The Development plan includes enhanced energy efficiency measures such as repointing historic masonry and increasing insulation. Water conservation will be achieved with the use of low-flow fixtures. For improved air quality, interior paints and sealants with no volatile organic compounds (VOCs) will be employed and kitchen exhausts will be ducted externally, promoting better air circulation and overall resident well-being.

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

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

**VOTED:** To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a loan commitment for the multifamily development known as “Salem Schools Redevelopment” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 that such loan (a) be funded with proceeds of tax- exempt debt issued in the future and (b) reimburse, in accordance with Treasury Regulations Section 1.150-2, up to \$23,790,000 of costs of the Development paid prior to the issuance of such debt or the making of such loan; provided that this vote does not require the Agency to make any expenditure, incur any indebtedness or proceed with the Development.

#### Official Action Status Findings

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

1. The mortgagor or sponsor has acceptable multifamily housing development experience and acceptable credit history.
2. The mortgagor, sponsor or an affiliate under common control has demonstrated evidence of site control, which may include a deed, a ground lease, a purchase option, a contract of sale, or designation under a public

land disposition process.

3. The site is acceptable for the proposed housing (if the loan would finance new construction).
4. There is a need for the proposed housing in the community where the site is located.

### Mortgage Loans

**VOTED:** To approve the findings and determinations set forth below and to authorize (a) a permanent first mortgage loan in a principal amount of up to \$2,220,000, such first loan to be insured under the HUD HFA Risk Sharing Program; and (b) a subordinate equity bridge mortgage loan in a principal amount of up to \$22,000,000, in each case to be made to Salem Schools LLC or another single-purpose entity controlled by North Shore Community Development Coalition (the “Borrower”) as owner of the multifamily residential development known as “Salem Schools Redevelopment” (the “Development”) and located in Salem, Massachusetts, and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**VOTED:** To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$500,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing’s Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority

previously approved by the Members of MassHousing.

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

4% Low-Income Housing Tax Credits

**VOTED:** That the amount of 4% Credits, as set by the Executive Director, the Vice President of Multifamily Programs, the Director of Rental Business Development, the Director of Rental Underwriting, the General Counsel or the designee of any of the foregoing, prior to loan closing, to be used in connection with the multifamily development located in Salem, Massachusetts and known as "Salem Schools Redevelopment" (the "Development") will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

- (a) the sources and uses of funds and the total financing planned for the Development;
- (b) any proceeds or receipts expected to be generated by reason of tax benefits;
- (c) the percentage of the tax credit amount used for Development costs other than the cost of intermediaries; and

- (d) the reasonableness of the developmental and operational costs of the Development, provided, however, that such determination shall not be construed to be a representation or warranty as to the feasibility or viability of the Development.

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

## **STATUTORY FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

The Loan(s) will be financed under the provisions of Section 5 of MassHousing’s enabling act, Chapter 708 of the Acts of 1966, as amended (the “Act”). Pursuant to Section 5(g) of the Act, staff makes the following findings for the proposed Development:

#### **1. The affordability of rents for 20% of the units:**

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

#### **2. Shortage of Affordable Housing Units in the Market Area**

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

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

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

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

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

Regarding Federal funded public housing, SHA owns 2 Federally funded elderly/disabled developments consisting of 30 one-bedroom units and 4 federally funded family developments

consisting of 5 two bedrooms units, 3 three bedrooms units and 1 four-bedroom unit. There are 547 applicants of the waiting list. Per the representative of SHA, there are 7,807 applicants on the elderly/disabled wait list and 27,205 applicants on the family wait list. SHA also administer 1,339 Section 8 Vouchers and SHA participates in the Centralized Section 8 waiting list and per the latest information available there are approximately 194,590 applicants are on the centralized waiting list.

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

U.S. Census data from the 2015-2019 American Community Survey (ACS)

indicates that of the 19,745 households in the City of Salem, approximately 80.6% earned less than the HUD published 2023 AMI (\$149,300), approximately 51.7% earned less than 50% of 2023 AMI, approximately 57.6% earned less than 60% of the 2023 AMI and approximately 68.8% earned less than 80% of the 2023 AMI.

### **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

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

### **4. No Undue Concentration of Low-income Households**

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

### **5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

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

### **Rental Determinations:**

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

### **Rent Schedule:**

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

Based on this information, MassHousing staff finds that a significant need exists for the type of development proposed here, that private enterprise alone cannot supply such housing, and that the financing of the Development will not create or contribute to an undue concentration of low-income persons or adversely impact other housing in the area.

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

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

A true record.

Attest.

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Colin M. McNiece  
Secretary

## MEMORANDUM

To: Agency Members

From: Christopher Burns, Senior Manager of Technical Services  
Kathleen Evans, Product & Lending Analytics Manager

Subject: Fiscal Year 2023 Capital Magnet Fund Award

Date: January 9, 2023

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### BACKGROUND

The Community Development Financial Institutions Fund (“CDFI”) was established with a mission to expand economic opportunity for underserved people and communities and to promote economic revitalization and community development. CDFI achieves its purpose through a number of initiatives promoting access to capital, including through its Capital Magnet Fund (“CMF”) which offers competitively awarded grants to finance affordable housing for low-income individuals and communities.

### MASSHOUSING CMF AWARD HISTORY

MassHousing submitted its first application to participate in the CMF program during the FY 2019 award cycle and, to date, has been granted an award by the CMF in each of the following four award cycles:

- **FY 2019 CMF Award:** CMF award of \$2,250,000 to MassHousing for its Homeownership division (“FY 2019 CMF Award”), which was committed to provide subordinate down payment assistance loans under the MassHousing Workforce Advantage 2.0 Program.
- **FY 2020 CMF Award:** CMF award of \$5,800,000 (“FY 2020 CMF Award”). Pursuant to a vote of the Members on June 8, 2021, MassHousing initially allocated:
  - \$1,377,500 to its Homeownership division to provide subordinate down payment assistance loans under the MassHousing Workforce Advantage 2.0 Program (“FY 2020 Homeownership Award”),
  - \$4,132,500 to its Multifamily division to provide subordinate loans to multifamily housing developments (“FY 2020 Multifamily Award”), and
  - \$290,000 to be applied to direct administrative expenses, as permitted under the terms of the Assistance Agreement.

Pursuant to a vote of the Members on November 8, 2022, MassHousing re-allocated the FY 2020 Homeownership Award to its Multifamily division, resulting in a total of \$5,510,000 in FY 2020 Multifamily Award funds.

- **FY 2021 CMF Award**: CMF award of \$12,000,000 to MassHousing for its Multifamily division (“FY 2021 CMF Award”), to provide subordinate loans to multifamily housing developments.
- **FY 2023 CMF Award**<sup>1</sup>: CMF award of \$12,000,000 to MassHousing for its Multifamily division (“FY 2023 CMF Award”), to provide subordinate loans to multifamily housing developments.

## **FY 2023 CMF AWARD**

Pursuant to the terms of the FY 2023 Capital Magnet Fund Assistance Agreement dated as of December 15, 2023 between MassHousing and CDFI (the “FY 2023 Assistance Agreement”), MassHousing was recently granted a \$12,000,000 CMF award. The FY 2023 Assistance Agreement permits MassHousing to use the grant funds on subordinate multifamily financing initiatives, as well as certain direct administrative expenses.

The Vice President of Multifamily Programs has established a staff loan review committee (the “CMF Multifamily Staff Review Committee”) that is comprised of MassHousing senior staff from multiple departments, including Rental Business, Rental Underwriting, Rental Management, Legal, Finance, Governmental Affairs, Communications & Policy, and Community Services. The CMF Multifamily Staff Review Committee will review and recommend loans for acceptance by the Vice President of Multifamily Programs and ensure that the FY 2023 CMF Award is committed and disbursed to developments that comply with the CMF Eligible-Income requirements. Additionally, the committee will provide oversight to ensure that the expenditure and utilization of the FY 2023 CMF Award complies with the FY 2023 Assistance Agreement and CMF requirements relating to multifamily loans, including, without limitation, with respect to disbursement of funds to economic distress areas, leverage requirements and eligible project costs. As the individual loans are to be made with grant funds from the FY 2023 CMF Award, and such loans are anticipated to be lower sized loans, Agency staff recommends that loan approval authority be delegated to the Chief Executive Officer and Vice President of Multifamily Programs, acting singly, as set forth in the votes below.

## **PROPOSAL**

Accordingly, Agency staff recommend the following votes:

- VOTED:** To authorize the Agency to accept the \$12,000,000 award (the “FY 2023 CMF Award”) received by the Agency from the Community Development Financial Institutions Fund (“CDFI”) pursuant to the terms of the FY 2023 Capital Magnet Fund Assistance Agreement entered into on December 15, 2023 between CDFI and the Agency (the “FY 2023 Assistance Agreement”), and
- (i) allocate and deposit \$11,400,000 of the FY 2023 CMF Award to the Opportunity Fund (the “FY 2023 CMF Award Proceeds”); and
  - (ii) allocate and apply the remaining \$600,000 of the FY 2023 CMF Award to direct administrative expenses, as permitted under the FY 2023 Assistance Agreement.

## **FURTHER**

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<sup>1</sup> Due to delays at the CDFI in awarding FY 2021 funds, CDFI skipped FY 2022 awards and went straight to FY 2023.

**VOTED:** To authorize the Chief Executive Officer or Vice President of Multifamily Programs, acting singly, in consultation with the CMF Multifamily Staff Review Committee, to approve, in writing, any loan to be made with the FY 2023 CMF Award Proceeds (each, a “Multifamily CMF Loan”), and to take or authorize any action with respect to a Multifamily CMF Loan approved pursuant to the votes set forth herein as they may deem necessary or advisable to preserve the rights and interests of the Agency, including but not limited to extensions, modifications and resubordinations of any Multifamily CMF Loan, Level I transfers in accordance with the Transfer of Ownership Policy and releases of collateral, in each case on such terms and conditions as the Chief Executive Officer or Vice President of Multifamily Programs shall require, as applicable, along with such agreements or documents as the General Counsel may deem necessary.

**FURTHER**

**VOTED:** To authorize the Chief Executive Officer, Vice President of Multifamily Programs, Financial Director or General Counsel, each acting singly, to execute and deliver on behalf of the Agency such agreements or documents necessary or appropriate to implement the foregoing, the form and substance of which shall be acceptable to the General Counsel.

Loan Commitment Proposal | January 9, 2024

**Phillips Brooks School**

1. General Project Information	
Project Name	Phillips Brooks School
Project ID	87-038
Associated Projects	N/A
Address(es)	5 Perth Street, Boston, MA 02121
Sponsor	WinnDevelopment Company Limited Partnership (“Winn”)
Transaction Type	Preservation
Funding Type	Other (Capital Needs Loan)
Execution Type	Taxable
Credit Enhancement	None
Approval Type	Board
MH Risk Rating	Financial: D Physical Condition: D Compliance: C
Post-Closing/Post-Rehab MH Risk Rating	Financial: B Physical Condition: B Compliance: A
Total Rental Units	56
Affordability Mix	47 Affordable 9 Market

**2. Recommended Actions**

- Restructuring of Existing MassHousing and SHARP Debt
- Commitment of a Capital Needs Loan
- Forgiveness of Interest on MassHousing Debt
- Level One Transfer of Ownership

Phillips Brooks School (the “Development”) is a 56-unit development in the Dorchester neighborhood of Boston comprised of ten buildings. The proposed financing will restructure the existing MassHousing and SHARP debt, provide a Capital Needs Loan, and forgive existing MassHousing debt.

A similar restructuring proposal, including a Capital Needs Loan, was originally approved in December 2014 and then again in May 2019. However, due to an ongoing legal dispute with one of the co-general partners, the transaction stalled. Since then, as noted below, one of the co-general partners has taken steps to allow the transaction to move forward.

In addition, Phillips Brooks School Limited Partnership (the “Current Owner”) requests MassHousing’s approval for a Level One Transfer of Ownership to Phillips Brooks II Limited Partnership (the “New Owner”).

3. MassHousing Financing	
First Loan	
Type	Consolidation of Existing Debt Loan *
Loan Amount	\$5,531,512
Interest Rate	AFR at the time of closing
Loan Term / Amortization	50 y/ N/A
Terms of Cash Flow Sharing	Debt service payments shall be made monthly based on 83% of Net Operating Income but no less than \$100,000 annually plus an additional cash flow payment (see section of Required Cash Flow Sharing).
Second Loan	
Type	Capital Needs Loan
Loan Amount	Up to \$12,000,000
Interest Rate	0.1%
Loan Term/Amortization	50 y / N/A
Terms of Cash Flow Sharing	(see section of Underwriting Notes: Cash Flow Sharing).
Third Loan	
Type	Subordinated, Third-Priority Existing SHARP Loan
Loan Amount	Up to \$2,423,483
Interest Rate	0.1%
Loan Term/Amortization	50 y / N/A
Terms of Cash Flow Sharing	(see Underwriting Notes: Cash Flow Sharing).

\*See Underwriting Notes Existing Debt

## 4. Development Plan

**Description of Site.** Phillips Brooks School is a 56-unit, ten-building, scattered-site family development in Dorchester consisting of one former school building with 29 units and nine (9) townhomes with three (3) units in each. The Development has been in MassHousing’s portfolio since 1989.

**Description of Existing or Proposed Building.** The Development has substantial deferred capital needs. The base scope of work has mostly remained the same since 2019. However, given the deteriorating condition of several components of the property over the last four years, additional scope was added to improve the livability at the Development. In addition, to comply with the requirements of City of Boston’s Building Emissions Reduction and Disclosure Ordinance (“BERDO”) more fully, the Sponsor has identified additions to the project scope to improve the energy performance and emissions of the overall property.

**Description of Affordability Mix.** The proposed restructuring will include an extended affordability covenant covering 47 of the 56 total units in perpetuity. The covenant will require 41% (23) of the residential units be restricted to households with incomes not more than 50% of Area Median Income (AMI) and 43% (24) of the units to households with incomes not more than 80% of AMI. The rents shall not exceed 30% of such income limit, in perpetuity. All 56 units are for families, and two of those units are fully accessible. Twenty-seven (27) units have mobile Section 8 Rental Vouchers.

**Site Control.** As part of this transaction, the Development will be transferred from the Current Owner to the New Owner.

See Borrower Team, Mortgagor Entity for more details.

## 5. Borrower Team

**Mortgagor Entity:** Current Owner: Phillips Brooks School Limited Partnership

New Owner: Phillips Brooks II Limited Partnership

MassHousing will consolidate its debt into a new First Loan, make the new capital needs loan, and resubordinate the existing SHARP debt on the property with the Current Owner. Immediately after that occurs, the Current Owner will sell the property to the New Owner, subject to the debt. Upon transfer a Winn controlled entity will be the controlling managing member.

When MassHousing issued its financing commitment in May 2019, a co-general partner of the Current Owner, Brooks Development Associates, Inc. (“Brooks”), was unwilling to proceed with the refinancing contemplated in that commitment. In January 2020, pursuant to the terms of the partnership agreement for the Current Owner, Winn filed for arbitration with the American Arbitration Association. Brooks resisted participating in the arbitration, and Winn was required to bring a court action to compel Brooks to participate in the arbitration, which the court ultimately ordered. After several delays, the arbitrator set a schedule for arbitration proceedings, and in August 2022, an arbitrator ordered that Brooks execute all documents and take all steps necessary or reasonably requested by MassHousing or Winn to commence the process of closing May 2019 commitment. The arbitrator also ordered that Brooks execute all documents and take all other steps necessary or requested by Winn to effectuate the restructuring of the Development.

In February 2023, MassHousing issued an updated term sheet reflecting updates to the financing structure proposed in 2019. Brooks remained unwilling to move forward with the transaction outlined in that term sheet. In March 2023, Winn filed a motion to confirm and enforce the arbitration award, which was awarded later that month. In May 2023, Brooks signed the February term sheet. Subsequently, Brooks and Quincy Geneva Housing Corporation (“QG”), which wholly owns Brooks, were unwilling to provide several due diligence items requested by MassHousing.

In July 2023, Winn was appointed attorney-in-fact for Brooks and QG to execute all documents to effectuate the refinancing of the debts and obligations of the Current Owner and to execute and take all other steps necessary to complete the restructuring of the partnership and the transfer of the property to the New Owner. As part of the closing process, the New Owner will need to demonstrate to MassHousing its ability to operate the Development going forward without obstacles and if that necessitates any changes in the organizational structure, the vote includes some flexibility for MassHousing staff to approve additional changes.

See Exhibit A for the organizational structure of the Current Owner and New Owner.

**Developer / Sponsor:** WinnDevelopment Company Limited Partnership

WinnDevelopment Company Limited Partnership (“Winn”) is a Massachusetts limited partnership, the sole general partner of which is WDP Manager Corp., a Massachusetts corporation controlled by WinnCompanies. Founded in 1971 and comprised of a staff of 3,000, WinnCompanies is an owner, developer and manager of multifamily communities and mixed-income properties, owning more than 100 properties in 11 states, including 15,600 apartments. The company’s development practice focuses on large-scale mixed-use and mixed-income multifamily properties, the acquisition and repositioning of properties, and the acquisition and adaptive reuse of historic structures.

**General Partner:** General Partners in Current Owner: Winn-Phillips Brooks School, LLC (WINN LLC Manager, Inc. – Manager)  
Brooks Development Associates, Inc.

General Partners of New Owner: Phillips Brooks II Partners LLC (WDP Manager Corp. - Manager)  
Quincy Geneva Housing Corporation

**Management Company:** Winn Managed Properties, LLC (d/b/a WinnResidential)

WinnCompanies’ property management firm is the fifth-largest multifamily property manager in the country and the largest manager of affordable housing. The organization manages more than 100,000 units in 580 properties throughout the United States. WinnResidential manages a total of 82 properties with over 9,900 units in MassHousing’s portfolio. In Fiscal Year 2023, WinnResidential’s expenditure with minority business enterprises (MBEs) was nearly \$16.7 million, accounting for 26% of its total expenditure on vendors that support property management operations at the MassHousing communities. Nearly \$12.1 million was paid to women business enterprises (WBEs) during the same period, representing 19.1% of the total expenditure.

**Architect:** EHA Design, Inc.

EHA Design, Inc. was founded in 2016 and is headquartered in Weston, Massachusetts. Its predecessor, S.S. Eisenberg Associates, was founded in 1921, making it one of the oldest architectural firms in Massachusetts. Under the leadership of its fourth generation of principals, EHA has grown to include capabilities in urban land-use planning, architectural programming, space planning, and development project management, in addition to architecture. Principals and associates average over 20 years of experience, ensuring that each project will benefit from the skills and experience of a proven professional.

**General Contractor:** Keith Construction

Keith Construction, Inc. is a general contractor and construction manager specializing in multifamily residential construction for clients throughout the Northeast and Mid-Atlantic United States. For over three decades, the company has gained extensive experience in residential rehabilitation, adaptive reuse, historic renovations, and new construction.

The Sponsor and members of the development team have demonstrated track records of outreach and utilization of MBE/WBE participation. This includes their involvement with other MassHousing-financed developments as well as part of their general business practices.

6. Summary of MassHousing-Sponsor Relationship	
Number of Projects with MassHousing Debt	27
Total Units with MassHousing Debt	4,500
Outstanding MassHousing Principal Debt	\$590,351,477
Adverse Actions Against the Borrower Team	No
Current on Obligations with MassHousing	Yes
Property Management Affiliate	Yes, Winn Managed Properties, LLC manages properties in the Sponsor’s portfolio and offers management services outside the portfolio

MassHousing Staff	
Origination	Mike Carthas, Originator
Underwriting	Dan Staring, Underwriter,
Asset Management	Lee-Anne Brooks, Portfolio Manager Dan Barbanell, Asset Manager

## 7. Unit Mix

Unit Size	Total Units	SHARP PROGRAM UNITS								UNRESTRICTED			
		Mobile Section 8 - 30% AMI		Mobile Section 8 - 50% AMI		Mobile Section 8 < 80% AMI		Low-Income - 50% AMI		Low Income - 80% AMI		Market*	
		#	Rent	#	Rent	#	Rent	#	Rent	#	Rent		
0 BR	1	0	\$0	0	\$0	0	\$0	0	\$0	1	\$952		
1 BR	4	3	\$1,601	0	\$0	0	\$0	0	\$0			1	\$1,052
2 BR	26	6	\$2,015	8	\$2,126	2	\$2,250	1	\$1,315	3	\$1,293	6	\$1,293
3 BR	25	5	\$2,586	5	\$2,264	6	\$2,579	3	\$1,250	4	\$1,113	2	\$1,113
<b>Total</b>	<b>56</b>	<b>14</b>		<b>13</b>		<b>8</b>		<b>4</b>		<b>8</b>		<b>9</b>	

\* These units are not restricted, however, it has been difficult to fill these units at market rents, so the Current Owner has been marketing these at 80% AMI in order to keep occupancy levels high for the past several years in accordance with an AHMP updated in 2021

## 8. Operating Overview

Underwritten Operating Expenses	\$902,195 (approximately \$16,100/unit)
---------------------------------	---

**Basis of Operating Costs.** Historical and current operating performance.

## 9. Project Costs

**Base Scope:** The school building's scope consists of brick pointing and replacement, terracotta and limestone repairs, window replacement including interior trim, MAAB upgrades, exterior door replacement, tower roof replacement, low slope roof replacement, fascia and soffit replacement at towers, gutter/ceiling/and railing replacements at tower, repairs and replacements of concrete stairs and sidewalks, skylight replacement, retaining wall removal and rebuilding. At the townhouses, the scope includes the replacement of roofing, replacement of siding including additional insulation, replacement of windows, replacement of gutters and downspouts, HVAC upgrades, MEP upgrades, replacement of front porch roofs, new stairway railings, and spray foam insulation at the underside of shingle roof decks. The base scope of work at the triplexes consists of replacement of siding, roofing and gutters, windows, fencing repairs, trim repairs, and partial exterior door replacements.

**Additional Scope:** Scope was added to improve the curb appeal and marketability at the Development and address the deteriorating condition of several components of the property over the last four years. These improvements include an additional concrete walkway and stairway, concrete paneling on the façade of the building, roofing details, community room renovations, common area lighting upgrades, repainting of all common area hallways, replacement of common area flooring, additional common area furnishings, parking lot repairs, and refinishing of the elevator cab.

**BERDO:** To comply with the requirements of City of Boston's BERDO more fully, the Sponsor has identified additions to the project scope to improve the energy performance and emissions of the overall property. These include installation of a thermal barrier around the envelope of the buildings, higher performing windows, an energy recovery ventilation system, and conversion of the existing gas fired water heaters and boilers to electric air source heat pumps. Note that the BERDO scope additions are concentrated on the triplexes due to several factors, including the complimentary nature of the planned base scope of work. Implementing similar measures at the schoolhouse would significantly increase the project cost further due to the building's construction. The schoolhouse also lends itself to a hardship waiver under the City's regulations due to its age, historic status, and relatively recent replacement of gas-fired equipment under the LEAN program.

The combination of increased construction costs on the original scope since 2019, along with the additional livability scope and the BERDO upgrades has increased the overall cost by roughly \$8.2 million.

**Current Cost vs 2019**

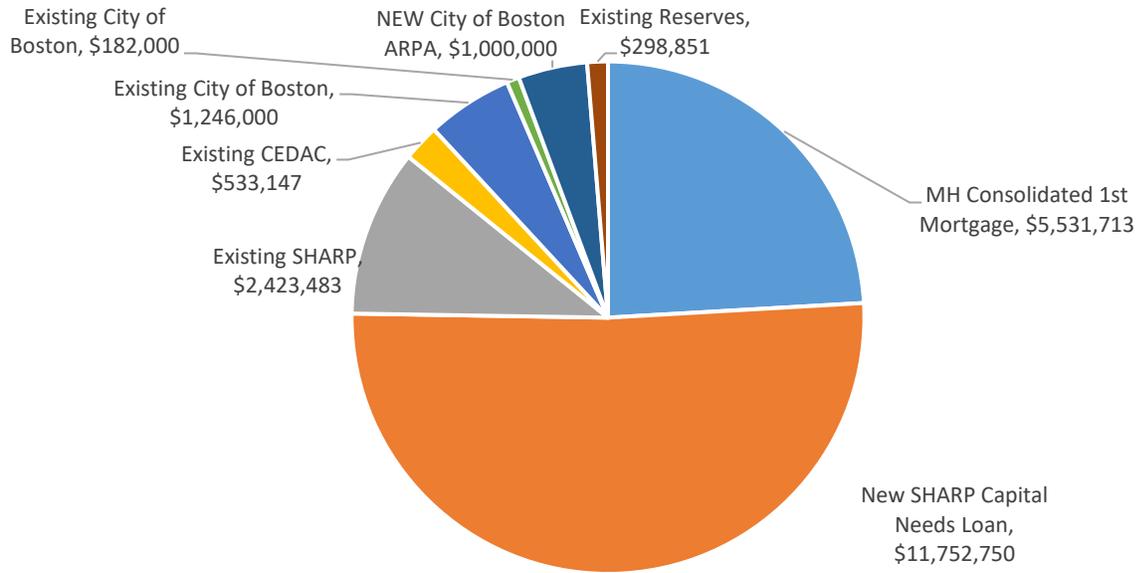
<b>Development Costs</b>	<b>Current Cost</b>	<b>Per Unit</b>	<b>2019 Costs</b>	<b>Per Unit</b>
Construction Base	\$5,939,989	\$106,071	\$3,292,075	\$58,787
Additional Scope	\$635,856	\$11,354	\$0	\$0
BERDO Scope	\$4,046,043	\$72,251	\$0	\$0
Contingency	\$531,094	\$9,484	\$356,200	\$6,361
General Development	\$1,083,199	\$19,343	\$450,894	\$8,052
Capitalized Reserves	\$815,420	\$14,561	\$724,490	\$12,937
Developer Fee	\$0	\$0	0	0
<b>Total Costs</b>	<b>\$13,051,601</b>	<b>\$233,064</b>	<b>\$4,823,659</b>	<b>\$86,137</b>

## 10. Sources and Uses

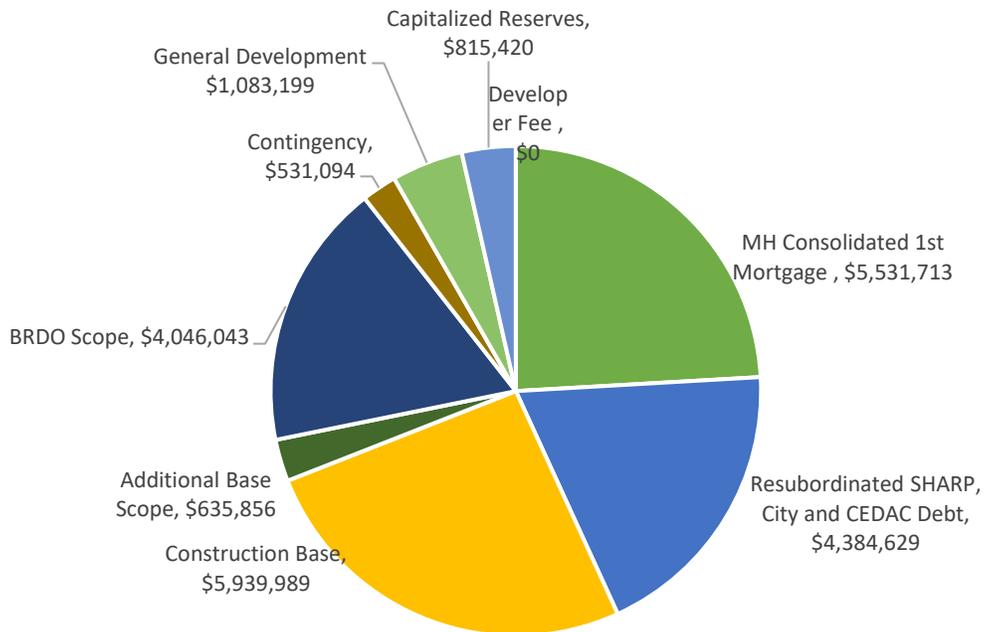
Sources of Funds	Total
MH Restructured First Loan	\$5,531,513
NEW Capital Needs Loan	\$11,752,750
Existing SHARP	\$2,423,483
Existing CEDAC	\$533,147
Existing City of Boston	\$1,246,000
Existing City of Boston	\$182,000
NEW City of Boston ARPA	\$1,000,000
Existing Reserves	\$298,851
<b>Total Sources</b>	<b>\$22,968,945</b>

Uses of Funds	Total	Per Unit
MH Consolidated Loans	\$5,531,713	\$98,781
Resubordinated SHARP, City and CEDAC Debt	\$4,384,629	\$78,297
Construction	\$10,621,888	\$189,676
Contingency	\$531,094	\$9,484
General Development	\$1,083,199	\$19,343
Capitalized Reserves	\$815,420	\$14,561
Developer Fee	\$0	\$0
<b>Total Residential Uses</b>	<b>\$22,967,943</b>	<b>\$410,160</b>

**Total Sources**



**Total Uses**



**11. First Year Income and Expenses**

<b>Operating Income</b>		per unit
Rental Income – Non-Voucher Unit Income	\$304,608	\$5,439
Rental Income – Section 8 Voucher Unit Income	\$937,500	\$16,741
Gross Potential Residential Income	\$1,242,108	\$22,181
Vacancy – Non-Voucher Units	\$15,230	\$272
Vacancy – Section 8 Voucher Units	\$46,875	\$837
Gross Residential Income:	\$1,180,003	\$21,071
Other Income	\$46,503	\$830
Effective Gross Income	\$1,226,506	\$21,902
<b>Operating Expenses</b>		
Residential Operating Expenses	\$902,195	\$16,111
Net Operating Income	\$324,310	\$5,791
Debt Service	\$269,178	\$4,807
Cash Flow	\$55,133	\$985
First Year Debt Service Coverage	1.20	

<b>Residential Operating Expense Detail</b>			<i>Per Unit</i>
Management Fee	5.0%	\$61,325	\$1,095
Administrative		\$139,163	\$2,485
Maintenance		\$213,250	\$3,808
Resident Services		\$450	\$8
Security		\$11,326	\$202
Utilities		\$186,934	\$3,338
Real Estate Taxes		\$87,787	\$1,568
Insurance		\$76,960	\$1,374
Replacement		\$125,000	\$2,232
Reserves			
Total		\$902,195	\$16,111

Operating Expenses as a Percent of EGI 73.6%

## 12. Underwriting

- 1.) MassHousing Existing Debt.** The Development is currently in the MassHousing mortgage portfolio with the following outstanding debt:

**Existing Loans (Principal/Interest) Before Closing:**

	Principal Balance*	Interest Balance*	Maturity	Interest Rate
MH Consolidated 1 <sup>st</sup> Mortgage	\$5,222,673	\$4,714,187	1/1/28	8%
MH Mortgage Increase	\$122,400	\$0	1/1/28	0%
MH Oper. Deficit Loan	<u>\$186,439</u>	<u>\$0</u>	1/1/28	6.5%
Total	\$5,531,512			
MH/EOHLC SHARP Loan				
	\$2,423,483	1,183,628	1/1/28	0.1%
CEDAC	\$305,510	\$227,636	1/1/30	1.76%
City of Boston	<u>\$1,428,000</u>	<u>\$0</u>	1/1/28	0%
Total	\$4,156,993			

\*Amounts to be confirmed and updated upon closing.

**Loans (Principal/Interest) After Closing:**

	Principal Balance	Interest Balance	Maturity	Interest Rate
Restructured MH Debt*	\$5,531,513	\$0	2074	AFR
New Capital Needs Loan <u>\$12,000,000</u>		<u>\$0</u>	2074	0.1%
New City of Boston -ARPA Loan	<u>\$1,000,000</u>	<u>\$0</u>	2074	
Total	\$18,531,513	\$0		
Existing SHARP Loan	\$2,423,483	\$0	2074	0.1%
CEDAC	\$305,510	\$0	2074	1.76%
City of Boston	<u>\$1,428,000</u>	<u>\$0</u>	2074	0%
Total	\$4,156,993	\$0		

\*Encompasses three existing MassHousing Loans.

Upon closing, the principal amount of the MassHousing Loans will be amended and restated into a single note, which will accrue interest at AFR for a term of up to 50 years. Meanwhile, the interest amount of the MassHousing Loans shall be forgiven. The Current

Owner is also seeking term extension and interest forgiveness on the existing SHARP loan from EOHLC and the same for the existing debt from the City of Boston and CEDAC, as applicable.

- 2.) **Forbearance to be Extended.** The Development has been governed by a Forbearance Agreement since 2003 that has recently expired. The agreement included a cashflow sharing arrangement in lieu of a standard debt service payment. Such forbearance is being extended to allow time for closing of the transaction presented here with the cashflow sharing aspect predominantly staying in place upon closing of the proposed transaction.
- 3.) **Loan Amortization/Repayment.** Until such time that the Development is sold or refinanced, debt on the First Loan will be repaid based upon the greater of 83% Net Operating Income or \$100,000, which fixed amount may be amended from time to time in any year should net operating income be insufficient to make such payments in MassHousing's sole discretion. The amount of monthly debt service shall be set annually based on the New Owner's proposed annual budget and paid monthly. Such payment is referred to herein as the Debt Service Payment. The New Owner shall also make annual payments to MassHousing with respect to the remaining cash flow of the Development, calculated in accordance with MassHousing requirements and certified by the New Owner and its auditor (the "Cash Flow from the Development") for the repayment of such debt (such payments, as detailed more fully below, shall be referred to as the "Cash Flow Sharing Payments").

Cash Flow Sharing: The remaining cash available after payment of the Debt Service Payment will be distributed as follows: 25% to MassHousing to repay the First Loan, until paid in full then to the Capital Needs Loan, 12.5% to the City of Boston debt, 12.5% to EOHLC on the Existing SHARP debt and 50% to the New Owner.

The Cash Flow Sharing Payments due for the preceding fiscal year shall be paid within ninety (90) days after the end of each fiscal year.

- 4.) **Capital Needs Loan.** The Sources and Uses in this commitment proposal reflect a restructured First Loan amount of \$5,531,513 and a Capital Needs Loan Amount of \$11,752,750. The MassHousing Financing Summary in Section 3 above and the Votes below allow for an "Up To" Loan amount of \$12,000,000 for the Capital Needs Loan. The principal amount of the Capital Needs Loan shall not exceed the minimum amount necessary to address the immediate capital needs of the Development, sufficiently fund the replacement reserve account and approved transaction costs, and shall be subject to final confirmation by MassHousing, based on the required scope and other available funding source(s). MassHousing, to the extent possible, will fund the new Capital Needs Loan from SHARP Capital Needs funds. To the extent necessary, all or a part of the new Capital Needs Loan will be funded from the Opportunity Fund.

**5.) Operating Expenses.** The high operating expenses are mostly driven by maintenance costs and the Annual Deposit to Replacement Reserves (“ADRR”). Since the construction scope focuses on major capital improvements of building systems and common area improvements, funds from the replacement reserves, along with a reduced maintenance budget, will be available to address in-unit upgrades over time. These improvements should also result in overall reduction in maintenance and utility costs. The Developer is still performing the energy analysis; therefore, such savings have not yet been factored into the cashflow projections.

Underwriting Criteria and Loan Terms	Phillips Brooks School	Underwriting Standards
1. DSCR	1.20x	Minimum of 1.10
2. Term/Amortization	50 y / N/A	30-40 y, fully-amortizing
3. Loan to Value	N/A	Maximum of 90% based on third party "as-proposed" investment value
4. Underwriting Rents	As a cash flow loan, we have included all current Mobile Section 8 voucher payments in projected rental income	<p>Lesser of:</p> <ul style="list-style-type: none"> <li>• PB-Rental Subsidy contract or market supported rents</li> <li>• Programmatic rent cap or rents supported by MassHousing market review.</li> </ul> <p>Generally, 25% of any mobile Section 8 voucher tenant income based on historical occupancy</p>
5. Vacancy Allowance	5%	<p>Minimum of:</p> <ul style="list-style-type: none"> <li>• 2.5% for PB – Rental Subsidy</li> <li>• 3.0% for LIHTC</li> <li>• 5.0% for unrestricted or workforce housing</li> </ul>
6. Affordability	See Section 4, Description of Affordability Mix	<p>Minimum of:</p> <ul style="list-style-type: none"> <li>• 20% at 80% of AMI for MassHousing Statute</li> <li>• 40% at 60% or 20% at 50% of AMI for loans with FHA Insurance, HUD/FFB, Tax-Exempt Bond, and/or Federal LIHTC</li> </ul>
7. Annual Deposits to Replacement Reserves	\$2,232 unit / year	<p>Minimum of:</p> <ul style="list-style-type: none"> <li>• \$360 unit / year (new construction)</li> <li>• \$500 unit / year (rehab)</li> </ul> <p>Note: Additional initial deposit to reserves may be required by the third-party CNA to fund twenty-year capital needs.</p>
8. Operating Expenses	Approximately \$16,000 unit / year	Typically, between \$11,000 and \$15,000 per unit.

### 13. Low-Income Housing Tax Credits

N/A

## Phillips Brooks School VOTES AND FINDINGS

### PROPOSALS AND VOTES

**VOTED:** To authorize a restructuring of the debt requested by Phillips Brooks School Limited Partnership or another single purposes entity controlled by WinnDevelopment Company Limited Partnership (the “Current Owner”), the current owner of Phillips Brooks School (the “Development”), located in Boston, Massachusetts, on such terms and conditions as required by the Chief Executive Officer or Vice President of Multifamily Programs, generally on the terms set forth above and in accordance with the applicable general closing standards and delegations of authority previously approved by the Board, as deemed applicable by the Vice President of Multifamily Programs or the General Counsel, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the Special Conditions set forth below, with such changes thereto as may be approved by the Vice President of Multifamily Programs;

### SPECIAL CONDITIONS:

1. The Current Owner and the general partners shall execute a release of all claims relating to the Development, if required by the General Counsel, in form and substance acceptable to the General Counsel.
2. The Current Owner shall provide evidence acceptable to MassHousing confirming the current status of CEDAC and City of Boston debt and shall request a write-down of any accrued interest, if required by the Vice President of Multifamily Programs, with any remaining debt to be deferred and subordinated to the MassHousing Loans and the SHARP Debt described above.
3. The Current Owner shall provide sufficient documentation to the General Counsel to evidence the forgiveness by the Massachusetts Executive Office of Housing and Livable Communities of SHARP interest debt, to the extent required by the Vice President of Multi-Family Programs.
4. The Current Owner shall execute on or before closing a Disposition Agreement, in the form required by the General Counsel, that shall subject the Development to affordability in perpetuity as follows:

That 41% (23) of the residential units at the Development be restricted to households with incomes not more than 50% of Area Median Income (AMI) and 43% (24) of the units to

households with incomes not more than 80% of AMI. The rents shall not exceed 30% of such income limit, in perpetuity.

5. The Current Owner shall provide sufficient documentation, as may be required by the General Counsel, to evidence that the terms of any agreements relating to any past disputes between parties related to the Development, have been satisfied.

FURTHER VOTED: To approve the findings and determinations contained in Attachment C hereto and to authorize the Chief Executive Officer to determine to make a loan to the Current Owner in the amount of up to \$12,000,000, all or a portion of which may be funded with SHARP funds available pursuant to the Memorandum of Understanding dated as of December 15, 2011, by and among MassHousing, EOHLC (formerly DHCD) and the Executive Office of Administration and Finance of the Commonwealth of Massachusetts, or all or a portion of which may be funded from the unreserved portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016.

FURTHER VOTED: To authorize the Chief Executive Officer or her designee to forgive that portion of existing MassHousing interest debt required for the financial viability of the proposed transaction (estimated at \$4,714,187), as such amount may be adjusted at the discretion of the Chief Executive Officer.

FURTHER VOTED: To approve the transfer of ownership of the Development from the Current Owner to the New Owner, or to another proposed new owner acceptable to the Chief Executive Officer and the Vice President of Multifamily Programs, such that the New Owner shall be composed of the entities set forth in the attached Exhibit A or such other entities as may be acceptable to the Chief Executive Officer and the Vice President of Multifamily Programs, except as otherwise approved by the Chief Executive Officer and the Vice President of Multifamily Programs, subject to any requirements of the General Counsel, and subject to the approved New Owner's assumption of all then-existing debt and obligations of the Current Owner, and further subject to any additional conditions required by the Vice President of Multifamily Programs or the General Counsel.

FURTHER VOTED: To authorize the Chief Executive Officer and Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the Current Owner and the New Owner to enter into, or assume, mortgage loans with third parties with respect to the Development, provided that (1) any such mortgage loans shall be subordinated to

MassHousing's mortgage loans authorized in the votes set forth above, and (2) any such subordinate mortgage loans shall be subject to MassHousing's requirements pertaining to subordinate mortgages, in a manner acceptable to the General Counsel or his designee.

**FURTHER VOTED:** That the Executive Director, the Vice President of Multifamily Programs, the General Counsel and the Deputy General Counsel are each authorized to execute any and all documents required to consummate the transactions described in the votes above.

## 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:**

47 units (84%) 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 December 12, 2023. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the indicated collection date.

In-house data for larger market and mixed-income complexes (approximately 770 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.12%, and range between 96% and 100%. One of the comparables reviewed was offering a rental concession of ½ months free rent to prospective tenants.

CoStar data for the subject's Roxbury/Dorchester Submarket (8,094 units) has an overall vacancy rate at 14.8% YTD, which is an increase of 5.32% from one year ago. CoStar data for the Boston market (267,995 units) has an overall vacancy rate of 5.1% YTD, which is an increase of .69% from one year ago. The Roxbury/Dorchester Submarket vacancy rate is projected to decrease to 12.6% over the next five years, while the Boston market is projected to increase to 5.2%.

CoStar, submarket data for the 4-5 Star building type (2,415 units) indicates 4th Qtr. 2023 vacancy rate of 25.9% and an average asking rent of \$2,972, while submarket data for the subject's 3 Star building type (3,105 units) indicates a 4th Qtr. 2023 vacancy rate of 7.2% at an average asking rent of \$2,625 and 1-2 Star buildings(2,574 units) indicates a 4th Qtr. 2023 vacancy rate of 13.6% at an average asking rent of \$2,118. 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 78.6% earned less than the HUD published 2023 AMI (\$149,300), approximately 46.8% earned less than 50% of 2023 AMI, approximately 53.1% earned less than 60% of the 2023AMI, and approximately 65.6 %earned less than 80% of the 2023AMI.

### **3. Inability of Private Enterprise Alone to Supply Affordable Housing**

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

### **4. No Undue Concentration of Low-income Households**

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

### **5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units**

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

**Rental Determinations:**

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

**Rent Schedule:**

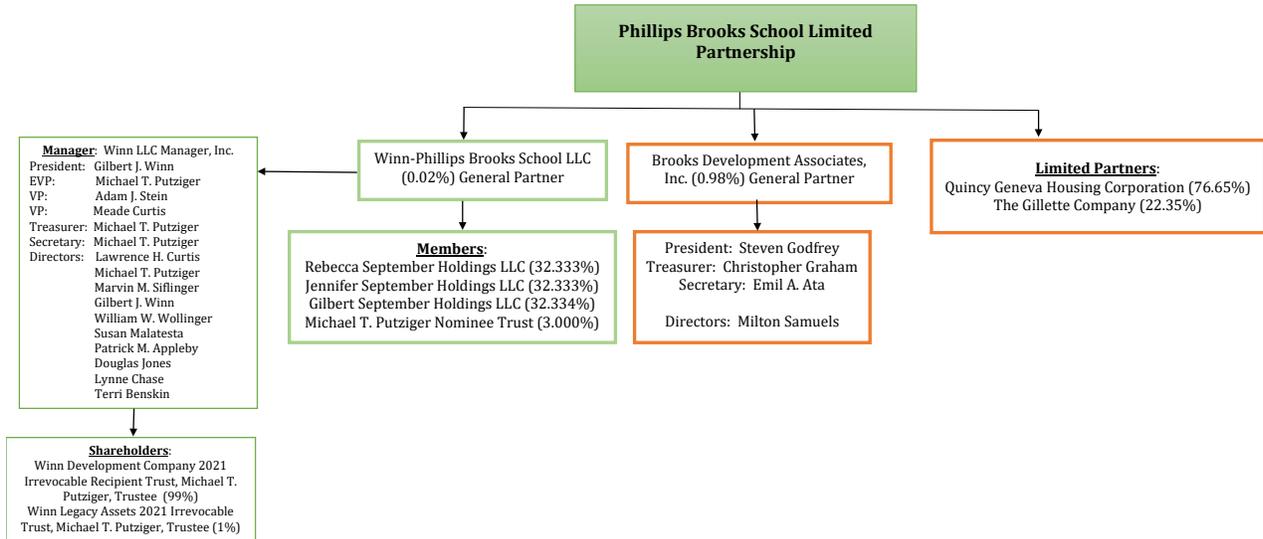
Number of Bedrooms	0	1	2	3
Number of Units	1	4	26	25
Net SF/Unit	540	773	909	1152
Elev./Non-Elev.	Y	Y	Y	Y
<b>Market Rate Rent</b> (insert)	\$1547	\$2059	\$2385	\$2601
<b>MHFA Below Market Rent</b> (Cost-Based Rent)	\$952	\$1464	\$1790	\$2006
<b>MHFA Adjusted Rent</b>	30% of Income			
<b>Underwriting Rents</b>				
Section 8 - 30% AMI		\$1601	\$2015	\$2586
Section 8 - 50% AMI			\$2126	\$2264
Section 8 - 80% AMI			\$2250	\$2579
Low-income - 50% AMI			\$1315	\$1250
Low-income – 80% AMI	\$952	\$1052	\$1293	\$1113

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

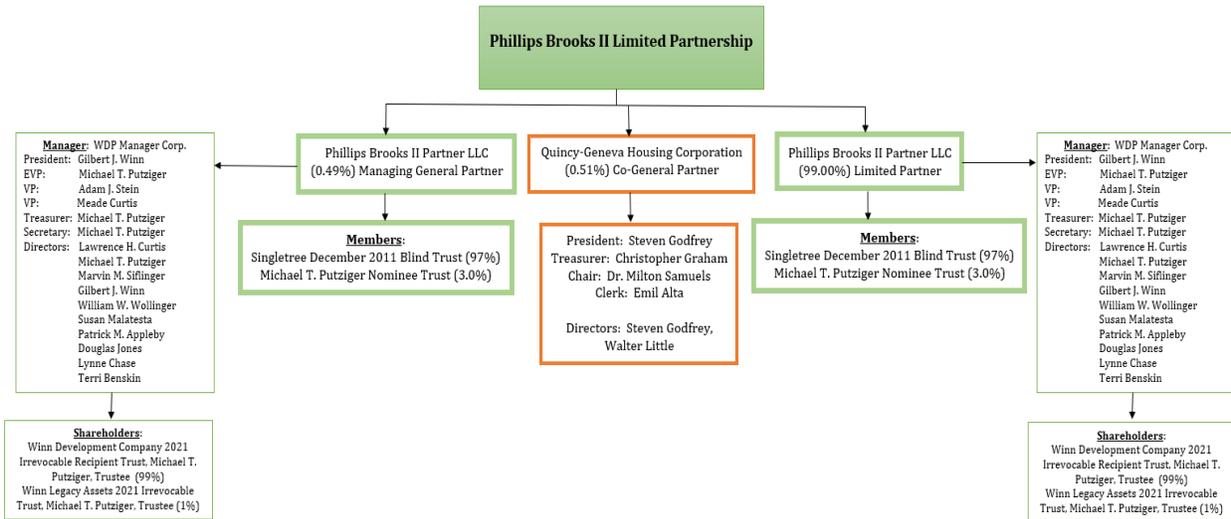


## Exhibit A Current Organizational Structure



# New Organizational Structure

ORGANIZATIONAL STRUCTURE OF PHILLIPS BROOKS II LIMITED PARTNERSHIP



Loan Commitment Proposal | January 9, 2024

# Phillips Brooks Schools



## 1. General Project Information

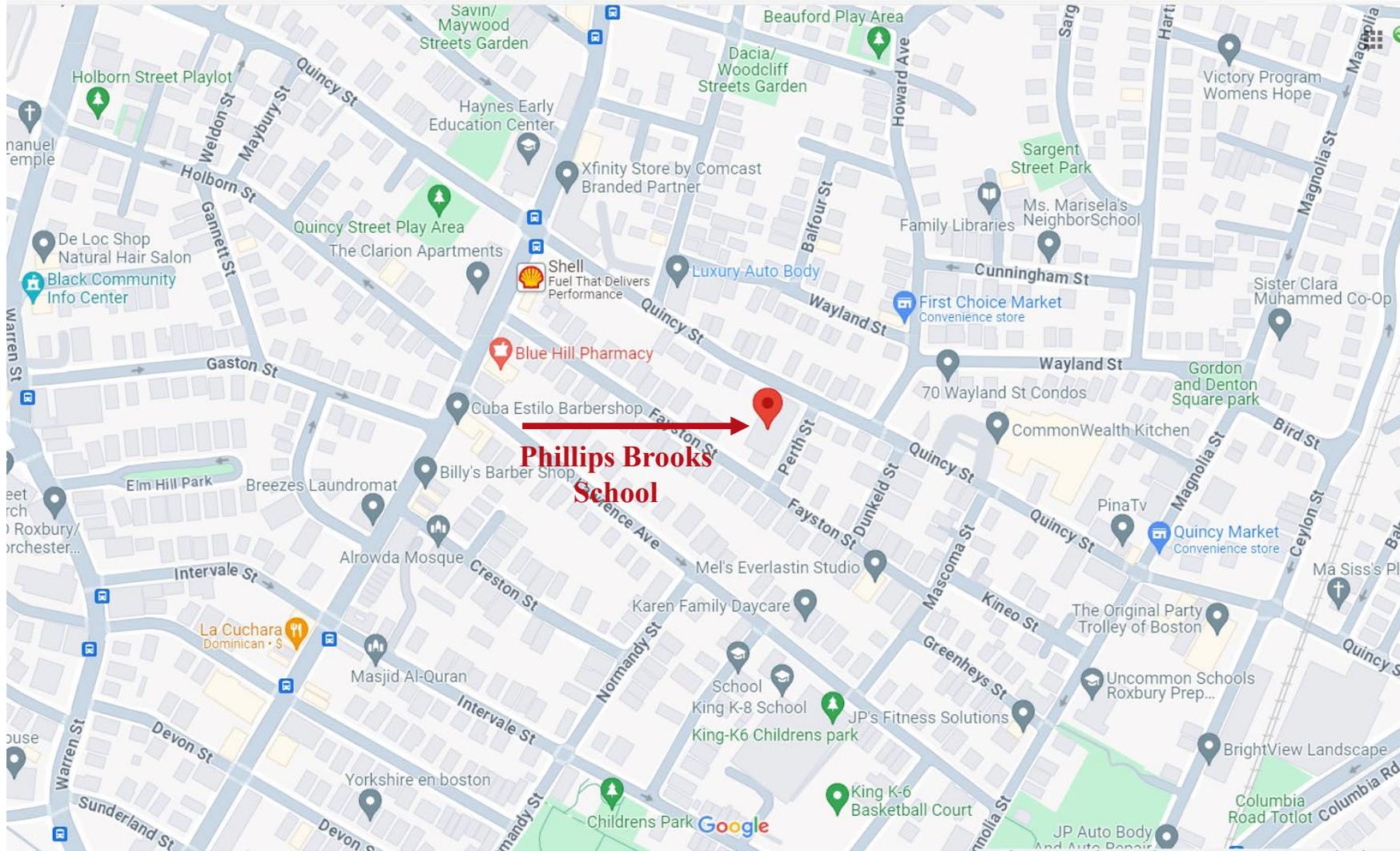
Location	5 Perth Street, Boston, MA 02121
Sponsor	WinnDevelopment Company Limited Partnership
Transaction Type	Preservation
Funding Type	Other (Capital Needs Loan)
Execution Type	Taxable
Credit Enhancement	None
MH Risk Rating	Financial: D Physical Condition: D Compliance: C
Post-Closing/Post-Rehab MH Risk Rating	Financial: B Physical Condition: B Compliance: A
Total Rental Units	56
Affordability Mix	47 Affordable 9 Market

## Deal Team Members

Origination	Mike Carthas
Underwriting	Dan Staring
Asset Management	Lee-Ann Brooks, Dan Barbanell



# Phillips Brooks School | Boston



# Borrower Team

Mortgagor Entity	Current Borrower: Phillips Brooks School Limited Partnership New Borrower: Phillips Brooks II Limited Partnership
Developer / Sponsor	WinnDevelopment Company Limited Partnership
General Partner / Managing Member	<p>GPs in Current Ownership: Winn-Phillips Brooks School, LLC (WINN LLC Manager Inc – Manager of GP Brooks Development Associates, Inc.</p> <p>GPs in New Ownership: Phillips Brooks II Partners LLC (WDP Manager Corp. -Manager of GP)</p> <p>Quincy Geneva Housing Corporation</p>
Management Company	Winn Managed Properties, LLC (d/b/a WinnResidential)
Architect	EHA Design, Inc.
General Contractor	Keith Construction

# Unit Mix

Unit Size	Total Units	SHARP PROGRAM UNITS										UNRESTRICTED	
		Mobile Section 8 - 30% AMI		Mobile Section 8 - 50% AMI		Mobile Section 8 < 80% AMI		Low-Income - 50% AMI		Low Income - 80% AMI		Market*	
		#	Rent	#	Rent	#	Rent	#	Rent	#	Rent	#	Rent
0 BR	1	0	\$0	0	\$0	0	\$0	0	\$0	1	\$952		
1 BR	4	3	\$1,601	0	\$0	0	\$0	0	\$0			1	\$1,052
2 BR	26	6	\$2,015	8	\$2,126	2	\$2,250	1	\$1,315	3	\$1,293	6	\$1,293
3 BR	25	5	\$2,586	5	\$2,264	6	\$2,579	3	\$1,250	4	\$1,113	2	\$1,113
<b>Total</b>	<b>56</b>	<b>14</b>		<b>13</b>		<b>8</b>		<b>4</b>		<b>8</b>		<b>9</b>	

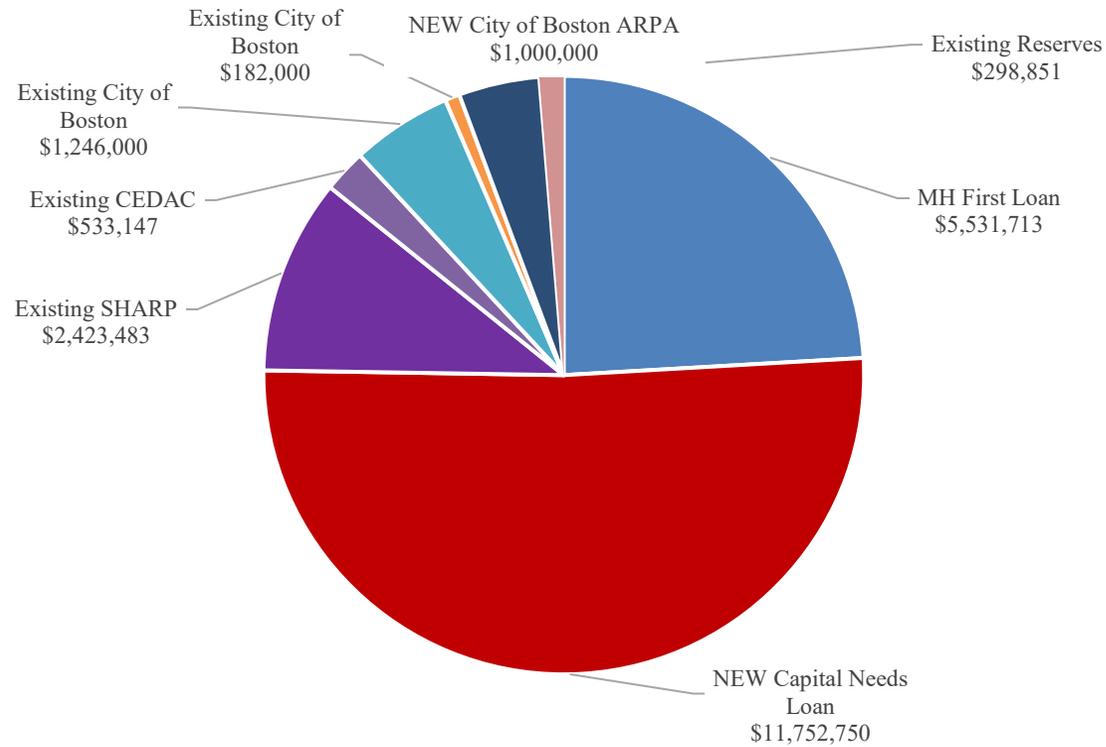
\* These units are not restricted, however, it has been difficult to fill these units at market rents, so the Current Owner has been marketing these at 80% AMI in order to keep occupancy levels high for the past several years in accordance with an AHMP updated in 2021.

# Project Costs

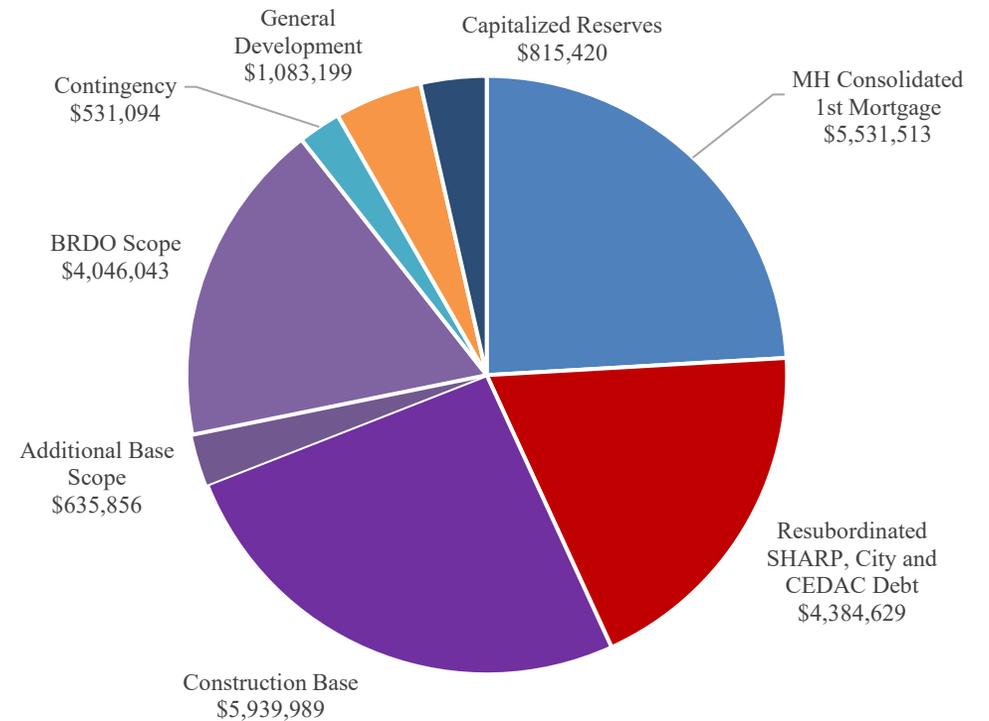
Residential Uses of Funds	Total		Base Costs 2019	
		<i>Per Unit</i>		<i>Per Unit</i>
MH Consolidated Loans	\$5,531,713	\$98,781	\$5,538,786	\$98,907
Resubordinated SHARP, City and CEDAC Debt	\$4,384,629	\$78,297	\$4,384,629	\$78,297
Construction Base	\$5,939,989	\$106,071	\$3,292,075	\$58,787
BERDO Scope	\$4,046,043	\$72,251	\$0	\$0
Contingency	\$531,094	\$9,484	\$356,200	\$6,361
General Development	\$1,083,199	\$19,343	\$450,894	\$8,052
Capitalized Reserves	\$815,420	\$14,561	\$724,490	\$12,937
Developer Fee	\$0	\$0	0	0
<b>Total Residential Uses</b>	<b>\$22,332,087</b>	<b>\$398,788</b>	<b>\$14,747,074</b>	<b>\$263,341</b>

# Sources and Uses

## Total Sources



## Total Uses



# Principal/Interest Loans

## Existing Loans (Principal/Interest) Before Closing:

	Principal Balance*	Interest Balance*	Maturity	Interest Rate
MH First Mortgage	\$5,222,673	\$4,714,187	1/1/28	8%
MH Mortgage Increase	\$122,400	\$0	1/1/28	0%
MH Oper. Deficit Loan	<u>\$186,439</u>	<u>\$0</u>	1/1/28	6.5%
<b>Total</b>	<b>\$5,531,512</b>			
MH/DHCD SHARP Loan	\$2,423,483	1,183,628	1/1/28	0.1%
CEDAC	\$305,510	?	1/1/30	1.76%
City of Boston	<u>\$1,428,000</u>	<u>\$0</u>	1/1/28	0%
<b>Total</b>	<b>\$4,156,993</b>			

## Loans (Principal/Interest) After Closing:

	Principal Balance	Interest Balance	Maturity	Interest Rate
Restructured First Loan	\$5,531,513	\$0	2074	AFR
New Capital Needs Loan	\$12,000,000	<u>\$0</u>	2074	0.1%
New City of Boston – ARPA Loan	<u>\$1,000,000</u>			
<b>Total</b>	<b>\$18,531,513</b>	<b>\$0</b>		
Existing SHARP Loan	\$2,423,483	\$0	2074	0.1%
CEDAC	\$305,510	\$0	2074	1.76%
City of Boston	<u>\$1,428,000</u>	<u>\$0</u>	2074	0%
<b>Total</b>	<b>\$4,156,993</b>	<b>\$0</b>		

# Underwriting Notes

1. MassHousing Existing Debt
2. Forbearance to be Extended
3. Loan Amortization/Repayment
4. Capital Needs Loan
5. Operating Expenses

# Recommended Votes

- Restructuring of Existing MassHousing and SHARP Debt
- Commitment of a Capital Needs Loan
- Forgiveness of Interest on MassHousing Debt
- Level One Transfer of Ownership

# Delinquency Summary Report



Dec 31, 2023

**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	\$16,955,148	0	\$0	0.00%	0.00%
	Mixed Income	29	\$396,649,486	0	\$0	0.00%	0.00%
	Options for Independence	17	\$619,655	0	\$0	0.00%	0.00%
	RDAL Only	1	\$18,926,303	0	\$0	0.00%	0.00%
<b>Other - Total</b>		<b>50</b>	<b>\$433,150,593</b>	<b>0</b>	<b>\$0</b>	<b>0.00%</b>	<b>0.00%</b>
Section 8	Loan Mgmt Set Aside	27	\$746,127,689	0	\$0	0.00%	0.00%
	New Construction	84	\$1,349,406,758	0	\$0	0.00%	0.00%
	Sec 8 Project-Based	6	\$146,111,634	0	\$0	0.00%	0.00%
	Substantial Rehab	65	\$914,024,471	0	\$0	0.00%	0.00%
<b>Section 8 - Total</b>		<b>182</b>	<b>\$3,155,670,552</b>	<b>0</b>	<b>\$0</b>	<b>0.00%</b>	<b>0.00%</b>
SHARP - RDAL	SHARP and RDAL	2	\$35,664,603	0	\$0	0.00%	0.00%
	SHARP Only	3	\$24,527,831	1	\$5,221,799	21.29%	33.33%
<b>SHARP - RDAL - Total</b>		<b>5</b>	<b>\$60,192,434</b>	<b>1</b>	<b>\$5,221,799</b>	<b>8.68%</b>	<b>20.00%</b>
Mixed Financing	4% Credits	59	\$573,899,690	1	\$33,825,580	5.89%	1.69%
	9% Credits	53	\$179,724,469	0	\$0	0.00%	0.00%
	Internally Subsidized	17	\$320,621,636	0	\$0	0.00%	0.00%
	Miscellaneous	50	\$558,792,790	0	\$0	0.00%	0.00%
	Other Soft Debt	1	\$759,164	0	\$0	0.00%	0.00%
<b>Mixed Financing - Total</b>		<b>180</b>	<b>\$1,633,797,749</b>	<b>1</b>	<b>\$33,825,580</b>	<b>2.07%</b>	<b>0.56%</b>
<b>Overall - Total</b>		<b>417</b>	<b>\$5,282,811,328</b>	<b>2</b>	<b>\$39,047,379</b>	<b>0.74%</b>	<b>0.48%</b>

# Delinquency Detail



Dec 31, 2023  
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	\$17,136,579	12

## 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	\$5,221,799	\$290,761	9
<b>Overall - Total</b>			<b>236</b>	<b>\$39,047,379</b>	<b>\$17,427,340</b>	

## Comments Detail



Dec 31, 2023

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	Aug 1, 2024
<b>Total</b>		<b>Number of Devs: 1</b>			<b>\$11,825,874.99</b>		