Minutes of the
Regular Meeting of
the Members of
MassHousing
held on September 8, 2020

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on September 8, 2020. In accordance with the Order Suspending Certain Provisions of the Open Meeting Law, GL.c.30A Section 20 issued by Governor Baker on March 12, 2020, no Members were physically present and the meeting was conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the following Members (by roll call):

Members

Michael Dirrane, Chair
Mark Attia, Designee of Michael Heffernan, ex officio
Carolina Avellaneda
Lisa Serafin
Jennifer Maddox, ex officio
Andris Silins
Jerald Feldman

Members Not Participating Ping Yin Chai
Patricia McArdle

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

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

Chairman Dirrane convened the meeting to order at 2:06 p.m. He indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, it was, by roll call vote, approved by all the Members:

VOTED: That the minutes of the meeting held on July 14, 2020 are hereby approved and placed on record.

Chairman Dirrane then called upon Chrystal Kornegay, MassHousing's Executive Director, for her monthly report to the Members.

Executive Director's Report

Ms. Kornegay began by discussing the eviction moratorium. The eviction moratorium has been extended to October 17, 2020 by Governor Baker. Jennifer Maddox is leading the inter-agency task force for ideas and recommendations for the governor to consider to address evictions when the moratorium is lifted.

Ms. Kornegay next discussed the Addressing Racial Inequities Town Hall Meeting that was held on August 11, 2020. More than 100 MassHousing staff participated. Participants saw an in-depth presentation on the racial disparities in housing, and then broke into groups for conversations on Housing Stability; Creating Opportunities for Diverse Business Owners; Maintaining a Diverse and Inclusive Organization; and Training and Advocacy. The ideas generated from these conversations will be used to develop new strategies for the Agency moving forward.

Ms. Kornegay continued by discussing the CommonWealth Builder Program. The CommonWealth Builder Program will increase the construction of single-family homes and condos affordable to households with moderate incomes, especially in communities of color.

Ms. Kornegay went on to discuss the Workforce Advantage Program which is a complementary program to the CommonWealth Builder Program. The Commonwealth of Massachusetts has allocated $2.5 million to MassHousing to support our downpayment assistance program.

In addition to other funds the Agency has made available for downpayment assistance ("DPA"), the Agency was allocated $2,500,000 in the Fiscal Year 2020 Supplemental Budget for its DPA program, and in April 27, 2020, was awarded $2,250,000 from Community Development Financial Institutions Fund to enhance its DPA initiatives.

The DPA Funds would be applied under MassHousing's Workforce Advantage 2.0 program. MassHousing Workforce Advantage 2.0 is a modification of the Workforce Advantage Program previously approved in February. The new program will have a Statewide DPA initiative as well as one that is focused on Gateway Cities featuring a deferred payment option at 0% rate, with no mortgage insurance premium payments made by borrowers. In addition, Workforce Advantage 2.0 will be available for single family and two-family properties across the Commonwealth. Upon a motion duly made and seconded, it was, <u>by roll call vote</u>, approved by all the Members.

VOTED: To approve the Massachusetts Housing Finance Agency Workforce Advantage 2.0 program consistent with the terms attached, and to authorize the Executive Director, in consultation with the Vice President of Homeownership Programs and General Counsel, to modify such terms from time to time, as the Executive Director, in consultation with the Vice President of Homeownership Programs and General Counsel, deems necessary or appropriate for the orderly implementation of the Massachusetts Housing Finance Agency Workforce Advantage 2.0 program, with notification to the Agency Members of any material modification thereto.

FURTHER VOTED: To authorize the Agency to re-allocate all or any portion of funds remaining from the $2,500,000 appropriation under House No. 4246 (Line 7004-1010) (the "DPA Funds"), which DPA Funds were accepted and deposited in the Opportunity Fund to be applied to the original Workforce Advantage Program pursuant to a February 11, 2020 vote of approval by the Members, to the MassHousing Workforce Advantage 2.0 program.

FURTHER VOTED: To authorize the Agency to accept the $2,250,000 award (the "CMF Funds") received by the Agency from the Community Development Financial Institutions Fund ("CDFI") pursuant to the terms of the 2019 Capital Magnet Fund Assistance Agreement entered into between CDFI and the Agency, and commit ninety-five percent (95%) of the CMF

FURTHER VOTED: To authorize the Executive Director, Vice President of Homeownership, 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.

Finance Update

Charles Karimbakas gave a finance update as of August 31, 2020. Delinquencies are at 9% for $350 million in loans. In August there were 154 claims for the MI Plus program for a total of 710 MI Plus claims since March 17, 2020. The volume of calls to the call center have been down. There has also been significant payoff activity as well as lot of activity with purchases and refinancings. Mr. Karimbakas continued by discussing the multi-family business. There are three delinquencies, but no loans are in forbearance. Overall, activity has been consistent across the portfolio for forbearances, delinquencies and MI Plus claims throughout the summer.

Ms. Kornegay commented we have two buffers for our portfolio. Forbearances are backed by our MI Plus program and on the rental side, our portfolio is backed by project-based contracts with the government so we do not see the same fluctuation in our portfolio as others may.

Mark Attia asked if there has been improvement since May in our portfolio. He asked if these are the same loans, but are no longer delinquent. Mr. Attia asked how many loans have become delinquent since March. Mr. Karimbakas said that he would get that information.

There was a discussion as to whether or not loans that have MI Plus claims are technically in forbearance and whether they are counted in the total delinquency number. Ms. Kornegay explained that it depends. MI Plus pays the principal and interest on the loan, but borrowers are still responsible to pay the taxes and insurance on their property. Chairman Dirrane also wondered whether on the multifamily side the Agency could offload some of the risk by using resinsurance to free up capital. Mr. Karimbakas responded that we are exploring options.

Ms. Kornegay asked Mounzer Aylouche for his comments. Mr. Aylouche said that call center representatives are coached to reach out to those who may be delinquent and to emphasize that forbearance does not mean forgiveness. In order to qualify for the MI Plus program, the borrower has to be unemployed. A borrower can elect forbearance if the borrower is still employed. Mr. Aylouche continued by explaining call center representatives also work with borrowers to create a workout plan to get out of forbearance and we reach out to the borrowers to do this.

Lisa Serafin had questions about the three multifamily developments that are delinquent. She asked if these particular developments had anything in common that caused them to become delinquent and asked if we are doing anything to keep an eye on these loans. Mr. Karimbakas responded that there was nothing in particular about these loans, but that sometimes borrowers are just late with their payments.

Rental Update

Mark Teden gave an update on the multifamily portfolio. Mr. Teden began with the pipeline management report which touched on some of the issues just raised with the finance update by Mr. Karimbakas. Mr. Teden began by stating that when we are competing for capital and looking for additional capital sources, we cannot compete with MAP or GSE on a regular basis. As far as niche business, we are looking at 3 to 5 additional deals and will look at these niche transactions.

Mr. Teden continued by stating most borrowers have pipeline activity extending for 2 to 3 years. We currently have 100 opportunities in the Lead Management pipeline for a total of $1.6 billion. Over half of this portfolio is tax-exempt and will flow into the workflow pipeline.

For the Pipeline Management report, which tracks loans in process, rental starts tracking when there is a signed term sheet. Staff tracks the construction and lease activity and the impact on workflow. Because we have conceptual agreement on loan structure, terms and conditions before an opportunity is tracked on the report, a very high percentage of the loans will close. In the construction/lease-up phase, –MassHousing is the actual construction lender for about 1/3 of the portfolio. All of the loans tracked in this phase have two closings. The "initial close" where we close either our construction loan or a forward commitment and a "second close" where we either convert the construction to permanent status, or fund our previously committed permanent loan. The second closing generates a fair amount of work for both Legal and Underwriting. We need to do 50% of the work at the first closing in order to do the second closing and to move the loan into the permanent phase. Some of these loans will slip into next year. While the pace of business is slowing, demand is robust as ever.

Mr. Teden went on to explain that the Multifamily area coordinates heavily with both the Legal and Finance teams for closings and for bond issuance and ties all the activity together in one place. There is a wide range of effort that happens before loans come before the Board.

Lisa Serafin asked about the pipeline management report and whether all 26 deals projected to close by the end of 2020 have come before the board already. Mr. Teden said he would confirm the number after reviewing the report.

Loan Committee

Joseph's House – Fitchburg

Max Glikman presented proposals for Approval to Accept Assignment of a HUD-Issued Firm Commitment for FHA-Insurance; a Commitment of a First Mortgage Loan (the "New Loan"); and Approval to Finance the New Loan through the Issuance of a Ginnie Mae MBS for Joseph's House in Fitchburg. Joseph's House is a 140-unit senior and family development on 3.65 acres of land in Fitchburg's Cleghorn neighborhood. The neighborhood is primarily made up of older single and multi-family homes and is conveniently located to shopping, service, and transportation options in the surrounding area.

The Development features two brick buildings that are connected by a closed walkway. The original building ("convent building") is a five-story elevator building that was constructed in the early 1900s as a convent and was converted to its current use as apartments in 1984. The convent building contains 15 senior units. The second building ("main building") is a seven-story elevator building that was constructed in 1984 and contains 125 units, of which 115 are senior restricted apartments and 10 are townhouse-style family units. The Development features a community room with a full kitchen and ample seating, a puzzle room, and a solarium. The property also employs a full-time Resident Service Coordinator. Additionally, there are 90 parking spaces at the Development.

The Development receives assistance from a Section 8 Project-Based HAP Renewal Contract that covers 139 of the 140 units at the subject property. The remaining unit was previously utilized by an in-house caretaker but is now rented as an unrestricted market rate unit. Prior to closing, Joseph's House LLC (the "Borrower") will terminate the existing contract and enter into a new 20-year Section 8 contract.

Over the past three years, the Borrower has completed over $532,000 ($3,800 per unit) in capital improvements and upgrades. Upgrades include: replacement of windows in the convent building, upgrades to kitchen cabinets in dwelling units, replacement of carpets throughout the building, replacement of heaters in the common areas, replacement of the entry doors, and repointing of the brick exterior of the buildings. Upon a motion duly made, and seconded, by roll call vote, it was:

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $12,880,000, or such other amount as evidenced in the HUD Firm Commitment, subject to the limitation that the final amount of such loan shall not be more than $17,388,000 nor less than $8,372,000 to Joseph's House LLC (the "Borrower") for Joseph's House and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of $12,880,000 (the "New Loan"), subject to the limitation that the final amount of such loan shall not be more than $17,388,000 nor less than $8,372,000 on terms acceptable to MassHousing, subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED:

That the Massachusetts Housing Finance Agency, acting through its officers authorized under the Ginnie Mae resolution adopted by the Agency on May 14, 2019, is hereby authorized and directed to do all acts and things, and to execute and deliver any and all documents, certificates, securities and instruments necessary or desirable to effectuate the funding of a first mortgage loan insured by the U.S. Department of Housing and Urban Development, acting through the Federal Housing Commissioner, under Section 223(f) of the National Housing Act, to the Borrower for Joseph's House.

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:**
   139 units (99%) 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**
   Note: The market needs data reflects the information available to A&M staff as of the date of collection July 10, 2020, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization

("WHO") on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (appx. 1,009 units) in the area revealed a strong market, with increasing rental and occupancy rates over the last three years. Current occupancy rates of the 5 developments reviewed averaged appx. 98.2%, and range between 96.0% and 100%. The subject has operated as a 100% Section 8 development since approximately 1982, and based on historic data the development and has an average vacancy rate of 0.40% over the last five years. My review of similar subsidized portfolio properties, 6 developments with a total of 964 units have a weighted average vacancy rate of 3.54%.
3rd Qtr. 2020 CoStar data for the subject's Fitchburg/Leominster submarket (3,336 units) has an overall vacancy rate at 3.1% YTD, which is an increase of 0.60% from one year ago. CoStar data for the Worcester market (25,621 units) has an overall vacancy rate of 3.2% YTD, which is an increase of 0.33% from one year ago. The Fitchburg/Leominster submarket vacancy rate is projected to stay the same at 3.1% over the next five years, while the Worcester market is projected to increase to 3.4%.

CoStar, submarket data for the 4-5 Star building type (284 units) indicates a 3rd Qtr. 2020 vacancy rate of 5.9% and an average asking rent of $1,359, while submarket data for the subject's 3 Star building type (1,500 units) indicates a 3rd Qtr. 2020 vacancy rate of 1.9% at an average asking rent of $1,427 and 1-2 Star buildings (1,552 units) indicates a 3rd Qtr. 2020 vacancy rate of 3.7% at an average asking rent of $1,009. The development with its amenities, more closely reflects the 3 Star building type, and is reflected in both the vacancy rate and market rent potential**.**

According to the Department of Housing and Community Development's (DHCD) *Chapter 40B Subsidized Housing Inventory (09/14/17)*, the city of Fitchburg has 17,058-year round housing units, 1,486 (8.7%) of which are subsidized for low/moderate-income households.

The Fitchburg Housing Authority ("FHA") owns and operates 307 units of state-funded properties for elderly/disabled residents and 213 units for families. Per the representative of FHA, they use CHAMP (managed by DHCD) for state public housing applications and there are approximately 4,244 applicants on the waiting list broken down as follows; 967 Elderly/Disabled applicants, 157 Congregate Elderly/Disabled applicants and 3,541 Family applicants. FHA also owns and operates 50 Federal public housing units and the representative indicated there are over 2,000 applicants on that list.

FHA also administers 214 Section 8 housing choice vouchers. According to the representative, FHA participates with Centralized Massachusetts Section 8 Housing Choice Waiting list which is currently open and the estimated wait time is over five years.

U.S. Census data from the 2014-2018American Community Survey ("ACS") indicates that of the 14,817 households in the City of Fitchburg 66.5% earned less than the HUD published 2020 AMI ($83,200), approximately 39.4% earned less than 50% of 2020 AMI, approximately 46.5% earned less than 60% of the 2020 AMI and approximately 59.2% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

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

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1	2	2 (TH)	3 (TH)
Number of Units	116	14	7	3
Net SF/Unit	490	950	950	1,150
Elev./Non-Elev.	E	E	E	E
Market Rate Rent	$1,707	$1,985	$2,050	$2,260
MHFA Below Market Rent (Cost-Based Rent)	$1,177	$1,455	$1,520	$1,730
MHFA Adjusted Rent	30% of Income			

Underwriting Rents				
Project-Based Section 8	$1,180	$1,455	$1,520	$1,730
Unrestricted	$850	-	-	-

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.

Bartlett Station – Building A (4%) – Roxbury

Max Glikman presented a proposal for Official Action Status; Commitment of a Tax-Exempt Equity Bridge Loan; Commitment of a Tax-Exempt Permanent Loan; and Approval for the use of Low Income Housing Tax Credits for Bartlett Station – Building A in Roxbury. Bartlett Station – Building A is the conclusion of the two-part Phase One of the five-phase redevelopment of the former Bartlett Yard garage site, an 8.5-acre parcel of land just outside of Nubian Square (f/k/a Dudley Square). Building A, as a whole, will consist of 60 affordable apartments, approximately 11,600 net sf of retail and community service facility space, associated parking spaces, and other amenities. The site benefits from direct proximity to neighborhood amenities such as restaurants, cafes, shops, a Boston Public Library, and a transit hub at Dudley Station.The project consists of a 4% LIHTC component with 16 units and a 9% LIHTC component with 44 units. These votes relate to the 4% component.

Seven (7) units will benefit from a new project-based Section 811 contract and will be restricted at 30% of AMI; nine (9) units will be restricted as Workforce Housing at 80% of AMI. All 16 units will be LIHTC-eligible through Income Averaging.

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

VOTED: To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a loan commitment for the multifamily development known as "Bartlett Station – Building A (4%)" (the "Development") at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of tax-exempt debt by the Agency not be in excess of $6,762,500 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

Official Action Status Findings

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

1. Nuestra Comunidad Development Corporartion and Windale Developers, Inc. ("Developer") each has acceptable multifamily housing development experience and acceptable credit history.

2. The Developer has demonstrated an arms'-length evidence of site control either by an option agreement, a purchase and sale agreement, a deed, a contract of sale for the site, and/or other legal evidence of site control, with the land price and/or ground lease rent evident.

3. The proposed site of the Development is acceptable for the intended housing.

4. There is a need for the proposed housing in the community.

Mortgage Loans

Staff has reviewed the proposal for (i) permanent, bridge and subordinate loan financing and (ii) the use of Low-Income Housing Tax Credits and proposes the following votes for approval. Upon a motion duly made, and seconded, by roll call vote, it was:

VOTED: To approve the findings and determinations set forth below and to authorize (a) a permanent first mortgage loan in a principal amount of up to $3,210,000, 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 $2,200,000, in each case to be made to Bartlett A 4 LIHTC LLC or another single-purpose entity controlled by Bartlett Place LLC (the "Borrower") as owner of the multifamily residential development known as "Bartlett Station – Building A (4%)" (the "Development") and located in Boston, 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:

a) Subject to MassHousing's determination that, if the commercial income is secured by a master lease, the master lessee meets MassHousing credit requirements.

FURTHER VOTED:

To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $900,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing's Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

FURTHER VOTED:

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 Boston, Massachusetts and known as "Bartlett Station – Building A (4%)" (the "<u>Development</u>") 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 Operations, the General Counsel or the designee of any of the foregoing, each acting singly, to set the amount of 4% Credits to be used in connection with the Development applying the standards set forth in the immediately preceding vote.

FURTHER VOTED:

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

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

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

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

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

Note: The market needs data reflects the information available to A&M staff as of the date of collection July 10, 2020, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 723 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.2%, and range between 94.5% and 100%. My review of similar mixed-income/subsidized portfolio properties (1,125 units) demonstrated a weighted average vacancy rate of approximately 0.91%.

3rd Qtr. 2020 CoStar data for the subject's Roxbury/Dorchester submarket (6,504 units) has an overall vacancy rate at 7.37% YTD, which is a decrease of 2.23% from one year ago. CoStar data for the Boston market (225,787 units) has an overall vacancy rate of 6.7% YTD, which is an increase of 2.03% from one year ago. The Roxbury/Dorchester submarket vacancy rate is projected to increase to 7.4% over the next five years, while the Boston Market is projected to decrease to 6.5%.

CoStar, submarket data for the 4-5 Star building type (1,366 units) indicates a 3rd Qtr. 2020 vacancy rate of 22.6% and an average asking rent of $2,526, while submarket data for the subject's 3 Star building type (2,748 units) indicates a 3rd Qtr. 2020 vacancy rate of 4.3% at an average asking rent of $2,277 and 1-2 Star buildings (2,887 units) indicates a 3rd Qtr. 2020 vacancy rate of 3.0% at an average asking rent of $1,512. 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. The reason for the high vacancy for the 4-5 Star building types is because out of the 10 properties included in this group, one property is in the initial lease up with a vacancy rate of 41.2%.
According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston has 269,482 year round housing units, 51,283 (19%) of which are subsidized for low/moderate income households.

As of January 2020, the Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 274,674 households in the City of Boston approximately 68.3% earned less than the HUD published 2020 AMI ($119,000), approximately 45.4% earned less than 50% of 2020 AMI, approximately 51.7% earned less than 60% of the 2020 AMI, and approximately 59.4% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed does not lead to the undue concentration of low-income households.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

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

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	8	4	4
Net SF / Unit	671	885	1166
Elevator Y/N	Y	Y	Y
Market Rate Rent (10% Rate 20 Year Term)	$3,012	$3,145	$3,465
MHFA Below Market Rent (Cost-Based Rent)	$1,933	$2,066	$2,386
MHFA Adjusted Rent	30% of 60% of AMI		
Underwriting Rents			
Section 8	$1,963	$2,383	$2,977
WFH at 80%	$1,721	$2,066	$2,386

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.

Bartlett Station – Building A (9%) – Roxbury

Max Glikman presented a proposal for Commitment of a Taxable Permanent Loan for Bartlett Station – Building A (9%) in Roxbury. Bartlett Station – Building A is situated on an 8.5-acre parcel of land just outside of Nubian Square. The site benefits from direct proximity to neighborhood amenities such as restaurants, cafes, shops, a Boston Public Library, and a transit hub at Dudley Station.

Building A, as a whole, is a five-story building consisting of 60 affordable apartments, retail and community service facility space, 58 parking spaces, and other amenities for residents.

All 44 units of the 9% portion will be affordable at or below 60% of AMI, with 9 units restricted to 30% AMI, 12 units restricted to 50% of AMI and 23 restricted to 60% of AMI. One of the units will be covered under a Section 811 contract, 8 units will be covered under a project-based Section 8 contract, and 4 units will be covered under an MRVP contract. Upon a motion duly made, and seconded, by roll call vote, it was

VOTED: To approve the findings and determinations set forth below and to authorize a permanent first mortgage loan in a principal amount of up to $6,900,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to Bartlett A 9 LIHTC LLC or another single-purpose, sole-asset entity controlled by Bartlett Place LLC (the "Borrower") as owner of the multifamily residential development known as "Bartlett Station – Building A (9%)" and located in Boston, Massachusetts (the "Development"), 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:

a) Subject to MassHousing's determination that, if the commercial income is secured by a master lease, the master lessee meets MassHousing credit requirements.

Third-Party Subordinate Mortgage Loans

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

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

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

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

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

Note: The market needs data reflects the information available to A&M staff as of the date of collection July 10, 2020, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020.

Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 723 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.2%, and range between 94.5% and 100%. My review of similar mixed-income/subsidized portfolio properties (1,125 units) demonstrated a weighted average vacancy rate of approximately 0.91%.

3rd Qtr. 2020 CoStar data for the subject's Roxbury/Dorchester submarket (6,504 units) has an overall vacancy rate at 7.37% YTD, which is a decrease of 2.23% from one year ago. CoStar data for the Boston market (225,787 units) has an overall vacancy rate of 6.7% YTD, which is an increase of 2.03% from one year ago. The Roxbury/Dorchester submarket vacancy rate is projected to increase to 7.4% over the next five years, while the Boston Market is projected to decrease to 6.5%.

CoStar, submarket data for the 4-5 Star building type (1,366 units) indicates a 3rd Qtr. 2020 vacancy rate of 22.6% and an average asking rent of $2,526, while submarket data for the subject's 3 Star building type (2,748 units) indicates a 3rd Qtr. 2020 vacancy rate of 4.3% at an average asking rent of $2,277 and 1-2 Star buildings (2,887 units) indicates a 3rd Qtr. 2020 vacancy rate of 3.0% at an average asking rent of $1,512. 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. The reason for the high vacancy for the 4-5 Star building types is because out of the 10 properties included in this group, one property is in the initial lease up with a vacancy rate of 41.2%.
According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston has 269,482 year round housing units, 51,283 (19%) of which are subsidized for low/moderate income households.

As of January 2020, the Boston Housing Authority (BHA) owns and operates 27 family and 36 elderly/disabled developments with a total of 12,501 units. The BHA also administers 14,574 units of Leased Housing, consisting of 12,216 Housing Choice Vouchers, 1,441 Project Based and 198 Moderate Rehab. In addition, the City of Boston's Annual Plan (FY2020) indicated that the BHA maintains the following wait lists: There are 15,140 households on the Leased Housing waiting list. This is broken down by families with children, families with disabilities and elderly families. The BHA also had Single applicants on the waiting list. There were also instances of families that fit into more than one category. This waiting list has been closed since November 2008 and there are no plans to reopen at his time. The BHA also maintains a Public Housing Wait list with 41,038 applicants.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 274,674 households in the City of Boston approximately 68.3% earned less than the HUD published 2020 AMI ($119,000), approximately 45.4% earned less than 50% of 2020 AMI, approximately 51.7% earned less than 60% of the 2020 AMI, and approximately 59.4% earned less than 80% of the 2020 AMI.

3. Inability of Private Enterprise Alone to Supply Affordable Housing

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

4. No Undue Concentration of Low-income Households

The financing herein proposed does not lead to the undue concentration of low-income households.

5. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

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

Rent Schedule:

Number of Bedrooms	1	2	3
Number of Units	4	30	10
Net SF/Unit	671	885	1166
Elev./Non-Elev.	Y	Y	Y
Market Rate Rent (10% Rate 20 Year Term)	$2,496	$2,414	$2,901
MHFA Below Market Rent (Cost-Based Rent)	$1,653	$1,571	$2,058
MHFA Adjusted Rent	30% of 80% of AMI		
Underwriting Rents			
Section 811	$1,963	$2,383	$2,977
LIHTC at 50%	$1,019	$1,217	$1,398
LITHC at 60%	$1,247	$1,491	$1,714
Section 8	$1,963	$2,383	$2,977
MRVP	$1,440	$1,728	$1,995

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

Chairman Dirrane asked if there was any other old or new business for the Members' consideration. There was none.

Chairman Dirrane asked for a motion to adjourn the meeting at 2:54 p.m. Upon a motion duly made and seconded, by roll call vote, it was

VOTED: To adjourn the MassHousing meeting at 2:54 p.m.

A true record.

Attest:

Carol McIver
Assistant Secretary