Minutes of the Regular Meeting
of MassHousing
held on
December 10, 2019

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on December 10, 2019 at MassHousing's offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

Members
Michael Dirrane, Chair
Patricia McArdle
Lisa Serafin
Mark Attia, Designee of Michael Heffernan, ex officio
Janelle Chan, ex officio
Jerald Feldman

Members Not Present
Ping Yin Chai
Andris Silins
Carolina Avellaneda

Staff

Chrystal Kornegay	Nancy Slaney
Colin McNiece	Yashpal Balgobin
Carol McIver	Matthew Deych
Maureen Burke	Kathy Connolly
Laurie Bennett	Dan Gover
Antonio Torres	Gary Brown
Sarah Hall	Jennifer Rajala
Max Glikman	Deepak Karamcheti
Stephen Payson	Gail Bishop
Kevin Mello	Paul Hagerty
Bethany Wood	Joe Petty
Nancy Slaney	Steve Vickery
Jennifer Rajala	Chris Burns
Andrea Laing	Kane Levings
Sarah Hall	Mildred Mukasa
Antonio Torres	Charles Karimbakas
Jennifer Foley	Mounzer Aylouche
Cynthia Fernandes	Cynthia Lacasse
Daniel Staring	Mark Teden
Zan Bross	Henry Mukasa
Eric Gedstad	Rachel Madden
Michelle Shinnick	Tom Farmer
Anna Reppucci	Paul Scola
Myra Carmona	Paul McMorrow

Sergio Ferreira
Andrea Laing
Cibele Goncalves
Nancy McDonald
Stephen Payson
Kevin Mello
Anne Marie McPherson
Greg Watson
Mike Carthas
Kelly Johnson
Susan Sheffer
Paul Mulligan
Jeremy Meneses
Patricia Gavin
Belmira Fallon
Bethany Wood
Janel Mahon
Thomas Norton
Shelby Rosenberg
Amanda Melick
Kaitlyn Mulcahy
Linda Riccardi Donovan
Monique Gibbs
Hana Migliorato
Kathy Ryan
Ricky Ochilo

Guests Charles Carey, Mintz
Paul Haley, Barclays
Pearse O'Baoill, WinnCompanies
Matt Engler, Wells Fargo
Matt Page, Mintz
Mike Koessel, Citibank
Joe Tait, Raymond James
Brandon Wolanski, Barclays
Robert Foggio, Jeffries
Tim Sullivan, USB
George Jaeger, Bank of America
Meghan Hayes, Bank of America
Geoff Proulx, Morgan Stanley
James Tansey, HPAO Bureau
Joseph Monnito, B of A Securities

Chairman Dirrane convened the meeting to order at 2:00 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

VOTED: That the minutes of the meeting held on November 12, 2019 are hereby approved and placed on record.

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

Executive Director's Report

Ms. Kornegay began her report by discussing her participation, along with Rachel Madden, in a panel at the Investors Conference hosted by State Treasurer Deborah Goldberg. As a member of the panel, Ms. Kornegay described MassHousing in general, including some highlights of our two main bond indentures.

Ms. Kornegay continued by stating over the past several years there has been a growing interest from institutional and retail investors in impact investing and we are looking to tap into this growing set of investors interested in investments that promote social equity and address environmental issues. In mid-November, MassHousing priced $108 million of housing bonds labeled for the first time as "Sustainability Bonds."

Ms. Kornegay went on to explain the Agency's "Sustainability Bonds" label was designed to appeal to buyers who value both the social benefits provided by the Agency's affordable multifamily rental program and the environmental benefits that are expected through the use of energy efficiency standards and features for the rehab of the developments that will be financed with the Bonds. The Agency has enhanced the housing bonds offering statement to describe the alignment of these bonds with the International Capital Markets Association's Green Bond Principles, Social Bond Principles, and Sustainability Bond guidelines. The bonds also incorporate reference to the United Nations Sustainable Development Goals of no poverty, affordable and clean energy and sustainable cities and communities.

Ms. Kornegay continued by stating the deal pricing was very successful and there were orders placed by 6 institutional investors and 7 retail investors whose orders were influenced by the "Sustainability Bonds" label. We are excited about this and expect to see this type of participation in our multifamily bond issues grow and to assist in the sale of our bonds.

Next Ms. Kornegay discussed the second annual MassHousing Partner awards which were announced on November 20, 2019 at the Omni Parker House. The event was a great success and more than 135 of our business partners and stakeholders attended. Ms. Kornegay went on to state we could do very little without our partners who help us to originate and close loans, educate homebuyers, work with diverse businesses, build and maintain properties, make buildings more energy efficient, and help the most vulnerable of our society

Ms. Kornegay continued by stating FY2019 was a strong year production wise. In fact, FY2019 was the strongest year we have had in 5 years and this allowed us to serve 43,000 households. In addition, MassHousing had one of its most significant homeownership lending years in its history with total lending close to $800 million. That lending volume translates into a 31% increase in lending in Gateway Cities and we were able to reach more low-income borrowers.

As part of her "People Behind the Mission" program, Ms. Kornegay introduced Michelle Shinnick. Michele has been with MassHousing since 1989 and currently works as a Retirement Analyst. Ms. Kornegay thanked Michelle for her many years of service.

Home Ownership Update

Mounzer Aylouche gave an update on Home Ownership. Mr. Aylouche began by stating FY2019 was a great success for MassHousing's homeownership programs. Market changes in FY2020 require strategic action to ensure business strength. Lending to date in FY2020 is 801 total loans amounting to $212 million. Of that $212 million, $179 million was for conventional loans and $33 million for FHA loans. Mr. Aylouche continued by stating MassHousing made 438 down payment assistance loans with a total loan value of $3.8 million. Fifty-two percent of DPA loans were in Gateway Cities and 27% of the DPA loans went to minority borrowers.

Mr. Aylouche went on to explain volume has decreased in the last calendar year. Total volume has decreased by 51% compared to FY19. The most affected segment is the middle-income (100-135% AMI) which decreased 58% in volume. Mr. Aylouche went on to say the total MI-only loan volume in FY20 decreased by 30% compared to FY19. There was a 27% decrease in MI loans to minorities and a 24% decrease in MI loans to Gateway Cities.

Mr. Aylouche continued by mentioning the possible causes for the decrease in loan volume including the current low interest rate environment, risk-based loan pricing industry-wide but not at MassHousing, competitive risk-based MI rates from MI companies and DPA loan amounts that are not impactful for higher-income borrowers purchasing more expensive homes.

Mr. Aylouche outlined strategic actions MassHousing is taking to increase loan volume. MassHousing has acquired a $59 million loan servicing portfolio and we are ready to start servicing these loans in January. We are also participating in Freddie Mac's Cash-Released Xchange Program which will allow us to bid on packages of loans. In addition, it is recommended we lower the cost of MI for middle-income borrowers and adopt loan-level pricing adjustments. We can also potentially increase the DPA loan amount for borrowers in Gateway Cities and Boston.

Chairman Dirrane asked Mr. Aylouche what efforts we are making to retain our current portfolio. Mr. Aylouche answered we are at a disadvantage because we only offer limited cash out financing. Chairman Dirrane commented we need to have our higher income borrowers subsidize our lower income borrowers. Chairman Dirrane continued by saying we need to find other income streams. Participating in the Freddie Mac program is the right thing to do and lower interest rates are not helping us.

Loan Committee

Mattapan Station 4% - Mattapan

Sarah Hall presented Official Action Status, Commitment of Permanent Tax-Exempt Loan, Commitment of Tax-Exempt Loan Bridge Loan, Commitment of Workforce Housing Subordinate Loan and Approval for the Use of Low Income Housing Tax Credits for Mattapan Station 4%.

The 2.48-acre site on which both Mattapan Station 4% and Mattapan Station 9% will be built is currently an under-utilized MBTA parking lot. The project is located next to the Mattapan Square Commercial District, Mattapan's commercial center. The site is also within walking distance to grocery stores, banks, pharmacies, parks, school and libraries.

The overall Mattapan Station 4% and 9% transaction involves the new construction of a single six-story elevatored building, with 10,000 square feet of first floor retail space (all of which is included in the 9% portion) and 135 apartment units on the second through sixth floors. There will be no designated parking for this transit-oriented development. This proposal focuses on the 114-unit 4% LIHTC and Workforce Housing transaction.

The 114-unit condominium will include 16 units for extremely low-income households (at or below 30% of AMI), supported by Project Based Section 8 vouchers and an MRVP contract. Forty-nine units will be for individuals and families earning 50% AMI or less and 7 units will be for households earning 60% AMI or less. There will be 42 units up to 80% of AMI, 30 of which will be designated workforce housing units and receive MassHousing Workforce Housing Funds.

The property will have a 99-year ground lease with the MBTA to be executed at closing. As part of this ground lease, the developer will be making annual payments, allocated to the 4% portion of the project, of $185,778 to the MBTA. There will also be an initial payment, included in the development budget, of $377,920 for this portion of the project.

The third-party appraisal and market study are underway. To the extent that the conclusions in either report impact underwritten rents, or loan-to-value, the loan size will be adjusted accordingly.

The total development costs include: (1) infrastructure costs required to ready the site for the new building, (2) additional construction costs related to parking provided for MBTA commuters, and (3) the premium for passive house construction.

The Borrower plans to use Income Averaging. All 42 of the 80% AMI units, including the Workforce Housing units, will be tax credit eligible because of the 30% and 50% restrictions on 65 other units, bringing the average restriction to below 58% of AMI. The use of Income Averaging ultimately needs to be approved by DHCD.

The developer proposes an enhanced developer fee that exceeds the QAP standard but is within the 15% National Council of State Housing Agencies (NCSHA) Recommended Developer Fee limits. This proposal, which is subject to DHCD approval, is consistent with the Developer's method on a number of previous transactions and, as is always the case, the actual paid developer fee will not exceed the QAP limit. Any amount of this "exception" fee above the 2019 QAP standard calculation will be deferred. The deferred developer fee is payable only from future property cash flow available for the annual 10% limited dividend. The Developer, then, receives no more paid developer fee or annual cash flow than they would receive had the strategy not been implemented.

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

Use of the 4% Credits must be approved by DHCD as the "housing credit agency" under Section 42 of the Code who must make the determination required under Section 42(m)(1)(D) of the Code that the development and financing proposal meets the requirements of the Commonwealth's Qualified Allocation Plan. In addition, MassHousing, as the issuer of tax-exempt obligations which generate the 4% Credits must determine under Section 42(m)(2)(D) of the Code that the amount of 4% Credits does not exceed the amount necessary for the financial feasibility and long-term viability of the development. Such determination shall be made applying the standards set forth in the proposed Board vote herein, as required by Section 42(m) (2) (B) of the Code. Upon a motion duly made and seconded, 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 "Mattapan Station 4%" (the "Development") at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of debt by the Agency not be in excess of $30,980,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

OFFICIAL ACTION STATUS FINDINGS

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

1. Preservation of Affordable Housing and Nuestra Comunidad Development Corporation ("Developer") have 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 is acceptable for the intended housing.
4. There is a need for the proposed housing in the community.

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 $14,480,000, 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 $16,500,000, in each case to be made to Mattapan Station 4% LLC or another single-purpose entity controlled by Mattapan Station 4% LLC (the "Borrower") as owner of the multifamily residential development known as "Mattapan Station 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:

1. The underwriting rents and Workforce Housing units AMI tier are subject to a final third-party market study acceptable to MassHousing and may be adjusted accordingly.

FURTHER VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $3,000,000 (1) to be funded from that portion of the Opportunity Fund approved by the Members of MassHousing on March 8, 2016, designated and reserved for workforce housing programs and (2) subject to the terms and conditions of MassHousing's Workforce Program Guidelines adopted by the Members on July 12, 2016, as amended, and to any applicable delegations of authority previously approved by the Members of MassHousing.

FURTHER VOTED:

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 "Mattapan Station 4%" (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 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

The Loan 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. Provision of Low-income Set-aside Units

All 114 units (100%) in the Development will be affordable to low-income and moderate-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

In-house data for larger market and mixed-income complexes (approximately 1,988 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.7%, and range between 93.7% and 100%. My review of similar mixed income/subsidized portfolio properties (486 units) demonstrated a weighted average vacancy rate of approximately .843%.

REIS, Inc. data (2nd Qtr. 2019) for the subject's Boston City submarket has a vacancy rate at 4.8% YTD (5.1% Boston Metro). This rate is projected to increase to 6.5% over the next five years, while the Boston Metro is projected to increase to 5.5%. Vacancies in the Boston City submarket have averaged approximately 6.1% over the last five years, while the Boston Metro is slightly lower at 4.7% over the last five years.

REIS, Inc. submarket data for the Class A building type (9,556 units) indicates a 2nd Qtr. 2019 vacancy rate of 3.8% and an average asking rent of $2,986 and, REIS, Inc. submarket data for the subject's Class B/C building type 8,570 units) indicates a 2nd Qtr. 2019 vacancy rate of 4.9% at an average asking rent of $1,972. The development when completed along with the proposed amenities, more closely reflects the Class low A to high B/C property type and is reflected in both the vacancy rate and market rent potential. The 2nd Qtr. 2019 REIS, Inc. data indicates that the Boston City submarket is offering .80 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston 269,482-year-round housing units, 51,283 (19%) of which are subsidized for low/moderate income households.

According to the Boston Housing Authority's (BHA), the BHA owns and operates 63 family and elderly/disabled developments with a total of 10,343 units. The BHA also administers 14,481 Housing Choice Vouchers. In addition, the City of Boston's Annual Plan (FY2018) indicated that BHA maintain the following wait lists: There are 1,102 households on the Section 8 tenant-based assistance wait list, including 840 families with children, 256 families with disabilities and 40 elderly families. The BHA also had Single applicants on the waiting list. In addition, there were 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. They also maintain a Public Housing Wait list with 34,949 including 14,720 families with children, 9,524 families with disabilities and 4,154 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open. Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 263,229 households in the City of Boston approximately 70.2% earned less than the HUD published 2019 AMI ($113,300), approximately 48.0% earned less than 50% of 2019 AMI, approximately 54.8 % earned less than 60% of the 2019 AMI and approximately 61.9% earned less than 80% of the 2019 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 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. Although it is a low-income development, it provides housing opportunities for several household incomes.

5. Elimination 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. Staff is not aware of units within the same market area that require demolition or compulsory repair. 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:

Number of Bedrooms	0	1	2	3
Number of Units	1	28	77	8
Net SF/Unit	503	640	783	1392
Elev./Non-Elev.	E	E	E	E
Market Rate Rent	$4,768	$4,556	$4,814	$5,513
(10% Rate 20 Yr. Term)				
MHFA Below Market Rent	$2,718	$2,505	$2,763	$3,463
(Cost-Based Rent)				
MHFA Adjusted Rent		30% of Income		
Underwriting Rents				
LIHTC 30% AMI S.8 PBV			$2,250	$2,925
LIHTC 30% AMI MRVP PBV		$1,266		
LIHTC 50% AMI		$1,056	$1,267	$1,463
LIHTC 60% AMI		$1,267	$1,520	
Workforce Housing 80% AMI	$1,577	$1,688	$2,027	$2,341
Utility Allowance	$0	$0	$0	$0

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.

Mattapan Station 9% - Mattapan

Sarah Hall presented a Commitment of Permanent Loan for Mattapan Station 9%. The 2.48-acre site on which both Mattapan Station 4% and Mattapan Station 9% will be built is currently an under-utilized MBTA parking lot. The project is located next to the Mattapan Square Commercial District, Mattapan's commercial center. The site is also within walking distance to grocery stores, banks, pharmacies, parks, school and libraries.

The overall Mattapan Station 4% and 9% transaction involves the new construction of a single six-story elevatored building, with 10,000 square feet of first floor retail space (all of which is included in the 9% portion) and 135 apartment units on the second through sixth floors. There will be no designated parking for this transit-oriented development. This proposal focuses on the 21-unit 9% LIHTC transaction.

The 21-unit condominium will include 2 units for extremely low-income households (at or below 30% of AMI) supported by Project Based Section 8 rental subsidy. Nineteen units will be created for individuals and families earning 60% AMI or less.

The property will be subject to a 99-year ground lease with the MBTA to be executed at closing. As part of this ground lease, the developer will be making annual payments allocated to the 9% portion of the development of $35,700 to the MBTA. There will also be an initial payment, included in the development budget, of $59,335. Upon a motion duly made and seconded, 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 $2,140,000, such first loan to be insured under the HUD HFA Risk Sharing program to be made to Mattapan Station 9% Limited Partnership or another single-purposed entity controlled by Mattapan Station 9% LLC (the "Borrower") as owner of the multifamily residential development known as Mattapan Station 9% (the "Development") and located in Boston, Massachusetts, and in accordance with the applicable general closing requirements for loans previously approved by the Board and the general delegations of authority previously adopted by the Board, and further subject to (1) compliance with all applicable laws and regulations and requirements of applicable financing programs; and (2) the following special conditions: None.

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

The Loan 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:

6. Provision of Low-income Set-aside Units

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

7. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 1,988 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.7%, and range between 93.7% and 100%. My review of similar mixed income/subsidized portfolio properties (486 units) demonstrated a weighted average vacancy rate of approximately .843%.

REIS, Inc. data (2nd Qtr. 2019) for the subject's Boston City submarket has a vacancy rate at 4.8% YTD (5.1% Boston Metro). This rate is projected to increase to 6.5% over the next five years, while the Boston Metro is projected to increase to 5.5%. Vacancies in the Boston City submarket have averaged approximately 6.1% over the last five years, while the Boston Metro is slightly lower at 4.7% over the last five years.

REIS, Inc. submarket data for the Class A building type (9,556 units) indicates a 2nd Qtr. 2019 vacancy rate of 3.8% and an average asking rent of $2,986 and, REIS, Inc. submarket data for the subject's Class B/C building type 8,570 units) indicates a 2nd Qtr. 2019 vacancy rate of 4.9% at an average asking rent of $1,972. The development when completed along with the proposed amenities, more closely reflects the Class low A to high B/C property type and is reflected in both the vacancy rate and market rent potential. The 2nd Qtr. 2019 REIS, Inc. data indicates that the Boston City submarket is offering .80 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston 269,482-year-round housing units, 51,283 (19%) of which are subsidized for low/moderate income households.

According to the Boston Housing Authority's (BHA), the BHA owns and operates 63 family and elderly/disabled developments with a total of 10,343 units. The BHA also administers 14,481 Housing Choice Vouchers. In addition, the City of Boston's Annual Plan (FY2018) indicated that BHA maintain the following wait lists: There are 1,102 households on the Section 8 tenant-based assistance wait list, including 840 families with children, 256 families with disabilities and 40 elderly families. The BHA also had Single applicants on the waiting list. In addition, there were 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. They also maintain a Public Housing Wait list with 34,949 including 14,720 families with children, 9,524 families with disabilities and 4,154 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open. Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 263,229 households in the City of Boston approximately 70.2% earned less than the HUD published

2019 AMI ($113,300), approximately 48.0% earned less than 50% of 2019 AMI, approximately 54.8 % earned less than 60% of the 2019 AMI and approximately 61.9% earned less than 80% of the 2019 AMI.

8. 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 below) and the rents for this project, MassHousing staff finds that private enterprise alone cannot supply such housing.

9. No Undue Concentration of Low-income Households

The financing herein proposed does not lead to the undue concentration of low-income households. Although it is a low-income development, it provides housing opportunities for several household incomes.

10. Elimination 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. Staff is not aware of units within the same market area that require demolition or compulsory repair. 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	5	10	4	2
Net SF/Unit	503	640	783	1392
Elev./Non-Elev.	E	E	E	E
Market Rate Rent (10% Rate 20 Yr. Term)	$6,080	$6,163	$6,653	$6,864
MHFA Below Market Rent (Cost-Based Rent)	$3,414	$3,497	$3,987	$4,198
MHFA Adjusted Rent	30% of Income			

Underwriting Rents				
LIHTC 30% AMI S.8 PBV			$2,250	
LIHTC 60% AMI	$1,183	$1,266	$1,520	$1,756
Utility Allowance	$0	$0	$0	$0

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.

Whittier at Cabot 4% - Roxbury

Sarah Hall presented an Increase to Permanent Loan Authorization for Whittier at Cabot 4% in Roxbury. On September 12, 2017, the Agency approved a permanent first mortgage of up to $9,200,000 for Whittier at Cabot 4%. Prior to closing, the loan amount was increased to $9,315,000. The Borrower has now requested a $3,342,970 increase the permanent loan to $12,657,970 to fund construction period cost overruns caused by project delays and unexpected environmental remediation costs. The project can support the additional debt because the Boston Housing Authority (the "BHA") has approved a project-based voucher payment standard equal to 110% of the 2020 Fair Market Rent ("FMR"), a rent level significantly higher than what was approved in 2017.

The proposed loan amount exceeds 90% of loan-to-value based on the 2017 MassHousing commissioned as-proposed appraisal. An updated third-party appraisal will be required. To the extent that the conclusions in the report impact the loan-to-value, the loan size will be adjusted accordingly. Upon a motion duly made and seconded, it was

VOTED: To authorize (a) an increase of $3,342,970 in the permanent first mortgage loan previously authorized by the Members on September 12, 2017, from $9,200,000 to a principal amount of up to $12,657,970 to be insured upon completion under the HUD HFA Risk Sharing Program to be made to Whittier Phase 1 4% Limited Partnership or another single-purpose entity controlled by Preservation of Affordable Housing (the "Borrower") as owner of the multifamily residential development known as "Whittier at Cabot 4%" (the Development") and located in Boston, Massachusetts, and in accordable 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.

Whittier at Cabot 9% - Roxbury

Sarah Hall presented a Commitment of Subordinate Serviced Permanent Loan for Whittier at Cabot 9% in Roxbury. On September 12, 2017, the Agency approved a permanent first mortgage of up to $5,550,000 for Whittier at Cabot 9%. Since the permanent first mortgage cannot be increased beyond the approved loan amount because there is no more FFB allocation, the Borrower has requested a $275,734 subordinate, must-pay loan to fund construction period cost overruns caused by project delays and unexpected environmental remediation costs. The project can support the additional debt because the Boston Housing Authority (the "BHA") has approved a project-based voucher payment standard equal to 110% of the 2020 Fair Market Rent ("FMR"), a rent level significantly higher than what was approved in 2017.

Upon a motion duly made and seconded, it was

VOTED: To authorize (a) a subordinate serviced permanent mortgage loan in a principal amount of up to $275,734 to be made to Whittier Phase 1 9% Limited Partnership or another single purpose entity controlled by Preservation of Affordable Housing Inc. (the "Borrower") as owner of the multifamily residential development known as "Whittier at Cabot 9%" 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: None

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Whittier Phase 2 - Roxbury

Sarah Hall presented Official Action Status, Commitment for Tax-Exempt Permanent Loan, Commitment of Tax-Exempt Bridge Loan, Commitment of Workforce Housing Subordinate Loan and Approval for the Use of Low-Income Housing Tax Credits for Whittier Phase 2 in Roxbury.

The 3.79-acre site is located in the Roxbury Neighborhood of Boston and is 0.1 miles southwest of the Ruggles MBTA station. Whittier Phase 2 is the second phase of the three-phase onsite redevelopment of Whittier Street Apartments under the Whittier Choice Neighborhoods Initiative. Whittier Phase 1A, which contains a total of 92 new units, is targeting substantial completion of construction by end of calendar year 2019. The demolition of existing buildings on the Whittier Phase 2 parcel is complete.

The total redevelopment will include mixed-income housing in six buildings including a mix of flat- and townhouse-style rental units. The existing Whittier Street Apartment buildings were constructed in the early 1950s with no major renovations to date. Phase 2 comprises two 3-story buildings.

Phase 2 of the redevelopment consists of 52 mixed-income units, including 24 units under a project-based Section 8 voucher HAP administered by the Boston Housing Authority ("BHA"), 7 LIHTC units at 60% of AMI, 10 LIHTC units at 80% of AMI, 7 workforce housing units restricted at 100% of AMI and 4 market units.

The project site is owned by the BHA. The BHA has selected POAH to develop the site. As with Phase 1A, the BHA will maintain ownership of the land, and the 4% partnership will enter a 99-year ground lease with the BHA.

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

Use of the 4% Credits must be approved by DHCD as the "housing credit agency" under Section 42 of the Code who must make the determination required under Section 42(m)(1)(D) of the Code that the development and financing proposal meets the requirements of the Commonwealth's Qualified Allocation Plan. In addition, MassHousing, as the issuer of tax-exempt obligations which generate the 4% Credits must determine under Section 42(m)(2)(D) of the Code that the amount of 4% Credits does not exceed the amount necessary for the financial feasibility and long-term viability of the development. Such determination shall be made applying the standards set forth in the proposed Board vote herein, as required by Section 42(m) (2) (B) of the Code.

Upon a motion duly made and seconded, 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 "Whittier Phase 2" (the "Development") at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of debt by the Agency not be in excess of $18,884,800 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. The Preservation of Affordable Housing LLC ("Developer") has acceptable multifamily housing development experience and acceptable credit history.

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

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

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

Mortgage Loans

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 $14,998,000, 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 $2,170,000, in each case to be made to Whittier 2 Preservation Associates Limited Partnership or another single purpose entity controlled by Preservation of Affordable Housing Inc. (the "Borrower") as owner of the multifamily residential development known as "Whittier Phase 2" 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: None

FURTHER VOTED:

To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $700,000 (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 Whittier Phase 2 will not exceed the amount which is necessary for the financial feasibility of the Development and its viability as a qualified low-income housing project throughout the credit period, having taken into consideration:

(a) the sources and uses of funds and the total financing planned for the Development;

(b) any proceeds or receipts expected to be generated by reason of tax benefits;

(c) the percentage of the tax credit amount used for Development costs other than the cost of intermediaries; and

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

FURTHER VOTED:

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

FURTHER VOTED:

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

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

1. Provision of low-income set-aside units:

41 units (79%) 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

In-house data for larger market and mixed-income complexes (approximately 811 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 97.7%, and range between 94.5% and 100%. Staff review of similar mixed income/subsidized portfolio properties (576 units) demonstrated a weighted average vacancy rate of approximately 1.32%.

REIS, Inc. data (2nd Qtr. 2019) for the subject's Boston City submarket has a vacancy rate at 4.8% YTD (5.1% Boston Metro). This rate is projected to increase to 6.5% over the next five years, while the Boston Metro is projected to increase to 5.5%. Vacancies in the Boston City submarket have averaged approximately 6.1% over the last five years, while the Boston Metro is slightly lower at 4.7% over the last five years.

REIS, Inc. submarket data for the Class A building type (9,556 units) indicates a 2nd Qtr. 2019 vacancy rate of 3.8% and an average asking rent of $2,986 and, REIS, Inc. submarket data for the subject's Class B/C building type (8,570 units) indicates a 2nd Qtr. 2019 vacancy rate of 4.9% and an average asking rent of $1,972. The development when completed along with the proposed amenities, more closely reflects the low end of the Class A and high end of the Class B/C property type and is reflected in both the vacancy rate and market rent potential. The 1st Qtr. 2019 REIS, Inc. data indicates that the Boston City submarket is offering .80 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of Boston 269,482 year round housing units, 51,283 (19%) of which are subsidized for low/moderate income households.

According to the Boston Housing Authority's (BHA) 5-year plan (2015-2019), the BHA owns and operates 63 family and elderly/disabled developments with a total of 10,343 units. The BHA also administers 14,481 Housing Choice Vouchers. In addition, the City of Boston's Annual Plan (FY2018) indicated that BHA maintain the following wait lists: There are 1,102 households on the Section 8 tenant-based assistance wait list, including 840 families with children, 256 families with disabilities and 40 elderly families. The BHA also had Single applicants on the waiting list. In addition, there were 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. They also maintain a Public Housing Wait list with 34,949 including 14,720 families with children, 9,524 families with disabilities and 4,154 elderly families. The BHA also had single applicants on the waiting list and families that fit into one or more categories. This waiting list is open. Boston Housing Authority (BHA) owns and/or operates approximately 63 housing developments of which 36 are elderly/disabled and 27 are family for a total of 12,623 housing units.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 263,229 households in the City of Boston approximately 70.2% earned less than the HUD published 2019 AMI ($113,300), approximately 48.0% earned less than 50% of 2019 AMI, approximately 54.8 % earned less than 60% of the 2019 AMI and approximately 61.9% earned less than 80% of the 2019 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. As a truly mixed-income development, the range of AMI tiers is from 30% AMI to 100% AMI, along with a portion of the units to be rented at unrestricted market rates.

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:

Rent Schedule			
Number of Bedrooms	1	3	4
Number of Units	10	36	6
Net SF/Unit	690	1120	1335
Elev./Non-Elev.	N	N	N
Market Rate Rent	$5,062	$6,004	$6,303
(10% Rate 20 Yr. Term)			
MHFA Below Market Rent	$2,583	$3,525	$3,824
(Cost-Based Rent)			
MHFA Adjusted Rent	30% of Income		
Underwriting Rents			
LIHTC 30% -50% AMI S.8 PBV	$2,090	$3,168	$3,444
LIHTC 60% AMI	$1,178	$1,617	$1,796
LIHTC 80% AMI	$1,580	$2,173	$2,587
Worforce Housing 100% AMI	$1,900	$2,634	$0
Market Units	$2,179	$3,168	$0
Utility Allowance	$93	$146	$171

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.

Merrimack Valley Apartments - Methuen

Sarah Hall presented an approval assignment of a HUD-assigned Firm Commitment for FHA-insurance, Commitment of a first mortgage loan and approval to finance the new loan through the issuance of a Ginnie Mae MBS for Merrimack Valley Apartments in Methuen.

The 3.69-acre site is located adjacent to Interstate 495 in Methuen, about a mile from the town's downtown area. Built in 1983, the development consists of 6 two-story age-restricted apartment buildings and 1 single-story community building located on 3.69 acres of land. The property also includes 57 parking spaces.

The 60-unit development is 100% subsidized through the Section 8 Program and consists of all one-bedroom units. The current owner owns the property fee simple. There will be no change in the ownership structure as part of this refinancing.
Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of $7,920,000. The proceeds will be used to repay $2,624,976 in existing indebtedness, complete approximately $45,908 in critical and non-critical repairs, fund an initial deposit to replacement reserves of $655,000 or $10,917 per unit, and fund an equity take-out of just under $4.3 million.

As noted above, the current Physical Condition Risk Rating is a D. As part of MassHousing's risk rating process, there are three categories under physical condition: replacement reserve analysis, property inspection results, and REAC score (if applicable). The replacement reserve analysis is weighted more heavily than the other two categories, so Merrimack Valley Apartments, which currently has less than five years' worth of replacement reserves on deposit, achieved only a D even though the property was reported in good condition during the most recent physical inspection and it passed the most recent REAC. Asset Management has reviewed the third-party capital needs assessment commissioned as part of this transaction and has determined that the initial and annual deposits to the replacement reserve account will address the reserve account deficiency such that the risk rating can be adjusted accordingly after closing.

The Sponsor, through its nonprofit development subsidiary, Common Ground, plans to use the equity proceeds to address capital needs at other properties in their expanding portfolio of affordable housing throughout the Merrimack Valley. Upon a motion duly made and seconded, 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 $7,920,000, 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 $10,692,000 nor less than $5,148,000 to Merrimack Valley Senior Housing, LLC (the "Borrower") for Merrimack Valley Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower for Merrimack Valley Apartments in the approximate amount of $7,920,000 subject to the limitation that the final amount of such loan shall not be more than $10,692,000 nor less than $5,148,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages granted by the Board on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED:

That the Massachusetts Housing Finance Agency, acting through its officers 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 Merrimack Valley Apartments.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

6. The affordability of rents for 20% of the units:

Sixty 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.

7. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 1,148 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.3%, and range between 96.4% and 100%.

REIS, Inc. data (3rd Qtr. 2019) for the subject's North Shore/Merrimack River Valley submarket have projected a vacancy rate at 3.6% YTD (5.1% Boston Metro). This rate is projected to decrease 3.4% over the next five years, while the Boston Metro is projected to increase to 5.3%. Vacancies in the North Shore/Merrimack River Valley submarket have averaged approximately 3.4% over the last five years, while the Boston Metro vacancy rate has averaged 4.8%

Further, REIS, Inc. submarket data for the subject's Class A building type (14,851 units) indicates a 3rd Qtr. 2019 vacancy rate of 8.5% and an average asking rent of $2,297. REIS, Inc. submarket data for the Class B/C building type (19,985 units) indicates a 3rd Qtr. 2019 vacancy rate of 1.4% and an average asking rent of $1,886. However, the development when completed may more closely reflects a Class B/C property type in both the vacancy rate and market rent potential.

None of the comparables reviewed offered concessions, however the use of concessions continues in the Boston Metro and the 3rd Qtr. 2019 REIS, Inc. data indicates that the North Shore/Merrimack River Valley submarket is offering .38 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (09/14/17), the City of Methuen has 18,268-year-round housing units, 1,641 (9%) of which are subsidized for low/moderate income households.

In addition, the Methuen Housing Authority (MHA) manages 411 State subsidized Family and Elderly units and 42 Federally subsidized family units. Per the representative of MHA, there are a combined 5,703 applicants on the state waiting list and 19 applicants on the Federal Family waiting list. MHA is also authorized to administer 563 Section 8 Housing Choice Vouchers. Per the representative of MHA there are a total 4,252 applicants on the Section 8 waiting list.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 17,665 households in the City of Methuen, approximately 61.4 % earned less than the HUD published 2019 AMI $102,100), approximately 35.7% earned less than 50% of 2019 AMI, approximately 42.1% earned less than 60% of the 2019 AMI and approximately 51% earned less than 80% of the 2019 AMI.

8. 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.

9. 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.

10. Elimination or Repair of Unsafe or Unsanitary Dwelling Units

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

Rental Determinations:

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

Rent Schedule:

Number of Bedrooms	1
Number of Units	60
Net SF/Unit	480
Elev./Non-Elev.	E

Market Rate Rent (10% Rate 20 Yr. Term)	$2,304
MHFA Below Market Rent (Cost-Based Rent)	$1,550
MHFA Adjusted Rent	30% of 80% of AMI
Underwriting Rents	$1,550

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.

Melville Towers – New Bedford

Sarah Hall presented Approval assignment of a HUD-issued Firm Commitment for FHA-insurance, Commitment of a first mortgage loan and approval to finance the New Loan through the issuance of a Ginnie Mae MBS.

The subject site is a 2.40-acre parcel located in New Bedford's downtown. Melville Towers consists of a single 327-unit, age-restricted residential building and a two-story commercial building under long-term lease to the Drug Enforcement Agency.

319 units are covered under a project-based Section 8 contract, set to be renewed under Mark-up-to-Market as part of this transaction.

The current owner owns the property fee simple. There will be no change in the ownership structure as part of this refinancing.

Rockport Mortgage Corporation is requesting FHA mortgage insurance in the amount of $42,920,000. The proceeds will be used to repay $26,352,054 in existing indebtedness, complete approximately $177,800 in critical and non-critical repairs, and withdraw $13.6 million in equity. The $2,000,000 ($6,116 per unit) replacement reserve balance will remain in that account.

Upon a motion duly made and seconded, it was

VOTED: To approve the findings and determinations set forth below and to authorize the Massachusetts Housing Finance Agency ("MassHousing") (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing

Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of $42,920,000, 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 $57,942,000 nor less than $27,898,000 to Melville Towers, Limited Partnership (the "Borrower") for Melville Towers Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower for Melville Towers Apartments in the approximate amount of $42,920,000 subject to the limitation that the final amount of such loan shall not be more than $57,942,000 nor less than $27,898,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages granted by the Board on October 14, 2014 and subject to MassHousing's General Closing Conditions for loans made under MassHousing's MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Board on November 12, 2014.

FURTHER VOTED: That the Massachusetts Housing Finance Agency, acting through its officers 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 Melville Towers Apartments.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

11. The affordability of rents for 20% of the units:

326 units (99.6%) 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.

12. Shortage of Affordable Housing Units in the Market Area

In-house data for larger market and mixed-income complexes (approximately 805 units) in the area revealed a strong rental market. Current occupancy rates of the five comparable properties reviewed averaged approximately 99.2% and range between 96% and 100%.

There is no submarket data for New Bedford, therefore South/SE Suburban area data was used because it is the closest submarket to New Bedford. *REIS, Inc.* data (3rd Qtr. 2019) for the subject's South/SE Suburban submarket have projected a vacancy rate at 4.4% YTD (5.1% Boston Metro). This rate is projected to increase to 5.1% over the next five years, while the Boston Metro is projected to increase to 5.3%. Vacancies in the South/SE Suburban submarket have averaged approximately 4.9% over the last five years, while the Boston Metro vacancy rate has averaged 4.8%.

Further, REIS, Inc. submarket data for the subject's Class A building type (4,658) indicates a 3rd Qtr. 2019 vacancy rate of 4.7% and an average asking rent of $1,923. However, the development when completed may more closely reflects a Class B/C property type in both the vacancy rate and market rent potential. REIS, Inc. submarket data for the Class B/C building type (12,216 units) indicates a 3rd Qtr. 2019 vacancy rate of 4.1% and an average asking rent of $1,593.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/14/17), the City of New Bedford has 42,816-year-round housing units, 5,110 (11.9%) of which are subsidized for low/moderate income households.

In addition, the New Bedford Housing Authority (NBHA) owns/manages 23 Federally assisted family properties with a total of 1,458 units consisting of one, two, three, four- and five-bedroom units. Per the representative of NBHA the wait list for the family units is as follows; 625 applicants for one bedrooms, 1,198 applicants for the two-bedroom units, 641 applicants for the three-bedroom units, 119 applicants for the four-bedroom units and 19 applicants for the five-bedroom units. NBA also owns/manages 6 Federally assisted elderly/disabled properties with a total of 258 units. Per the representative of NBHA, there are 1,033 applicants on the wait list for the elderly/disabled.

NBHA also manages 11 State assisted family properties with a total of 215 units. Per the representative of NBHA there are 5,827 applicants on the waiting list. NBHA participate with CHAMP, the state-wide waiting list, and the representative could not provide a breakdown by bedroom size. NBHA also owns one State assisted Elderly property with a total of 202 units. Per the representative of NBHA there are 1,665 applicants on the this wait list. Finally, NBHA administers 1,799 Housing Choice Vouchers and per the representative of NBHA they participate on the state centralized waiting list and per the representative there are 2,500-2,700 applicants on the list for New Bedford.

U.S. Census data from the 2013-2017 American Community Survey (ACS) indicates that of the 39,491 households in the City of New Bedford, approximately 57.7% earned less than the HUD published 2019 AMI ($75,700), approximately 47.7% earned less than 50% of 2019 AMI, approximately 54.6% earned less than 60% of the 2019 AMI and approximately 65.6% earned less than 80% of the 2019 AMI.

13. 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.

14. 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.

15. 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
Number of Units		285	41
Net SF/Unit		525	685
Elev./Non-Elev.		E	E
Market Rate Rent		$2,212	$2,384
(10% Rate 20 Yr. Term)			
MHFA Below Market Rent		$1,497	$1,669
(Cost-Based Rent)			
MHFA Adjusted Rent		30% of Income	
Underwriting Rents	Section 8	$1,510	$1,710
	Non-Section 8	$760	$870

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.

Blue Mountain Apartments - Boston

Antonio Torres presented an Increase to Construction/Permanent Building Loan Authorization. On September 10, 2019, the Agency approved a construction/permanent first mortgage of up to $49,560,000 for Blue Mountain Apartments. The Borrower has requested a $2,690,000 increase to the construction/permanent loan to address a funding gap due to higher development costs and lower than expected sources of funds. The requested total new loan amount is $52,250,000. The higher loan amount is supportable due to the interest rate being locked at 3.89% in the December bond issue (compared to the 4.04% loan processing rate) and a current 1.19 DSC (compared to the 1.24 loan processing DSC).

The Borrower has requested a $2,690,000 increase to the construction/permanent loan to address a funding gap due to higher development costs and lower than expected sources of funds. The tax exempt bonds for this transaction have already been issued, and any additional loan proceeds will be taxable. The financing gap is due to both reduced transaction sources and an increase in uses.

The increase in development costs of approximately $881,879 is related to higher general development costs, increased operating reserves, and a larger initial deposit to replacement reserves. In addition, $520,000 in acquisition cost has been reallocated to the Building Loan from the Land Loan. The Land Loan was decreased from $13,020,000 to $12,500,000 based on MassHousing's third party appraisal. Construction costs have decreased slightly based on final pricing.

A decrease of approximately $1,600,000 in sources is due to less LIHTC and Federal HTC equity. This decrease is a result of to two factors: 1) The assumed Applicable Federal Rate has dropped from 3.21% to 3.17% and 2) Less Historic Tax Credit equity because of reduced rehab costs and fewer buildings qualifying for the substantial rehabilitation test. In addition, the borrower is assuming a smaller percentage of cash from operations as a source in accordance with the investor's requirements. The total Developer Fee and Overhead has been reduced by $285,077, however less fee is being deferred upfront in order to meet repayment requirements.

VOTED: To authorize an increase of $2,690,000 in the construction/permament first mortgage loan previously authorized by the Members on September 10, 2019, from $49,560,000 to a principal amount of up to $52,250,000 to be insured upon completion under the HUD HFA Risk Sharing Program to be made to Blue Mountain Owner LLC or another single-purpose entity controlled by NHP Foundation, Inc. (the "Borrower") as owner of the multifamily residential development known as "Blue Mountain Apartments" (the Development") and located in Boston, Massachusetts, and in accordable 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.

Morse Apartments - Brookline

Max Glikman presented Official Action Status for Morse Apartments in Brookline. Morse Apartments is located at 90 Longwood Avenue in Brookline. The development is a 99-unit elderly-restricted, high-rise, elevator building that include 29 parking spaces. It is anticipated that all 99 units will be LIHTC units restricted to 60% of AMI. BHA submitted an application to convert this property to Project-Based Section 8 Vouchers under HUD's Rental Assistance Demonstration (RAD) program and has received preliminary approval and a RAD reservation in the form of a RAD Commitment to Enter Into Housing Assistance Payments. Ninety-eight (98) units will benefit from Section 8 assistance in the form of 20-year Housing Assistance Payment contracts with BHA. As part of the RAD conversion, BHA will utilize its own Project-Based Vouchers (PBV) for five units as well as Project-Based Tenant Protection Vouchers (TPV) for 25 units.

As the building is currently occupied, the rehabilitation will be done with tenants remaining in place, relocating them only as necessary to vacant units within the building as their units are renovated. BHA has already begun holding units vacant for this purpose. BHA has engaged Housing Opportunities Unlimited, the same relocation advisor managing the O'Shea House renovation, to develop a relocation plan and oversee the relocation process. The Construction Manager (CM), Colantonio, Inc., has substantial experience with occupied rehab and is the CM for O'Shea House currently.

Upon a motion duly made and seconded, 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 "Morse Apartments" (the "Development") at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of debt by the Agency not be in excess of $27,500,000 in principal amount for the Development; and (iv) that the issuance of debt occur not later than 18 months after the latest of (a) the date on which the earliest expenditure subject to Treasury Regulations Section 1.150-2 is paid, (b) the date on which the property is placed in service or abandoned, but in no event more than three years after the earliest expenditure is paid, or (c) the date otherwise permitted by the Internal Revenue Code or Treasury Regulations promulgated thereunder.

OFFICIAL ACTION STATUS FINDINGS:

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

1. The Brookline Housing Authority ("Developer/Sponsor") 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

Bergen Circle - Springfield

Sarah Hall presented Level One Transfer of Ownership – Change in Ownership and Control and Continuation of Mortgage Note.

Bergen Circle (the "Development") was originally constructed in 1976 under HUD's Section 236 Program and was financed with a MassHousing loan. The Development experienced construction delays, cost overruns, and ongoing operating issues from the beginning.

In 1987, the Development was transferred to the Current Owner and recapitalized and renovated using 9% LIHTC. At that time, the Current Owner's affiliated management company, American Shelter Corporation, took over property management. The existing MassHousing Section 236 mortgage loan remained in place. The transfer was structured as a "bargain sale" by which the property was first conveyed to MassHousing and then to the Current Owner. In order to support the agreed-upon acquisition cost, MassHousing provided a subordinate purchase money loan in the amount of amount of $3,547,072 (the "Purchase Money Loan"), which was secured by a subordinate mortgage and made coterminous with the Section 236 loan. By its terms, all payments of principal and interest (accruing at the rate of 8.21%) due on the Purchase Money Loan were deferred until maturity.

Even after the recapitalization and the change in ownership, the Development remained a troubled asset. Starting in 2005, the decline in physical conditioned worsened noticeably. Asset Management Review (AMR) scores were consistently poor and in 2013, the Development was placed on an Action Plan to address deficiencies in physical condition, capital planning, staffing, and security. While some progress was made as a result of the Action Plan and there was a period of stabilization, the positive improvements were not sustained due to lack of consistent oversight by the Current Owner and Management Agent.

As a result of findings identified during an AMR in 2018, a second Action Plan was implemented in May 2018 to address significant deferred maintenance, insufficient capital planning, unsatisfactory implementation of HUD requirements, and lack of effective maintenance systems and managerial controls. Once again, some progress was made in the administrative function (organization of resident files, implementation of HUD's Enterprise Verification System) but the physical condition and maintenance policies and procedures remained problematic. The overall rating of the 2019 AMR was deemed unsatisfactory.

In conjunction with the implementation of the second Action Plan, MassHousing initiated discussions with the Current Owner to develop an approach to manage the subordinate Purchase Money Loan, which was set to mature on March 1, 2019 and had grown to an outstanding balance of over $40 million. Given the substandard property management and ownership, Staff advised the Current Owner that, absent its repayment, any consideration by MassHousing to modify or extend the Purchase Money Loan would require sale of the Development to a new ownership entity with replacement of the management company. The Development was listed for sale and multiple offers to purchase were received, but this process stalled. Although the Section 236 loan matured and was paid in full on March 1, 2019, the Purchase Money Loan, now in first priority position, was not repaid and is currently in default with an outstanding balance of over $48 million.
As an alternative to sale of the Development and in an effort to mitigate exit tax consequences to the Current Owner's partners (which include TMO), Lightstone/American Shelter and TMO have recently reached an agreement through which TMO will purchase and assume control of the General Partner interest and take over management of the Development through its management affiliate. To support this transition, MassHousing has extended an offer to provide a new, fully-amortizing loan to complete approximately $8 million in repairs.

Concurrent with these negotiations, MassHousing Staff continues to exercise careful oversight of on-site maintenance and security. In preparation for the long-term preservation transaction, Staff has also worked to start the requisite third-party reports and to size a new loan sufficient to stabilize the Development for the long-term. The complete preservation transaction is expected to be presented to MassHousing for approval in early 2020 in order to facilitate a closing in the first quarter of 2020.

In light of the progress made to date with respect to the transfer of interest, and to remove the current default and immediate threat of foreclosure, Staff is recommending a continuation of the term of the Purchase Money Loan to March 31, 2020.

Upon a motion duly made and seconded, it was

VOTED: That MassHousing approves a Level One Transfer (the "Transfer") of the ownership of Bergen Circle Realty LLC, the general partner and/or ultimate controlling interest of Century Pacific Housing Partnership X, owner of Bergen Circle, from Lightstone Group and/or American Shelter Corp. and/or its principals, including David W. Lichtenstein to The Michaels Organization or its affiliate, subject to the requirements of the Transfer of Ownership Policy approved by MassHousing on August 14, 2007, and further subject to the Special Conditions set forth below and any additional conditions required by the Director of Rental Management and the General Counsel.

Special Conditions: None.

VOTED: That MassHousing approves the continuation of a Mortgage Note dated as of December 30, 1987 from Century Pacific Housing Partnership X to MassHousing in the original principal amount of $3,547,072 (with an outstanding balance of $48,002,331 as of November 30, 2019), as amended, to March 31, 2020, in accordance with such terms and conditions as required by the Executive Director and/or the Vice President of Multifamily Programs.

Hearing no further business, Chairman Dirrane asked for a motion to adjourn the meeting at 3:02p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 3:02 p.m.

A true record.

Attest.

Colin M. McNiece
Secretary