

**Minutes of the Regular Meeting
of the Members of MassHousing
held on
January 12, 2021**

The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on January 12, 2021. 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 meetings were conducted remotely through a publicly accessible Zoom meeting.

Participating remotely were the Members (by roll call):

Members Michael Dirrane, Chair
 Mark Attia, Designee of Michael Heffernan, ex officio
 Carolina Avellaneda
 Lisa Serafin
 Ping Yin Chai
 Andris Silins
 Patricia McArdle
 Jennifer Maddox, ex officio

Members
Not
Participating Jerald Feldman

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 2:00 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, by roll call vote of all the present Members:

VOTED: That the minutes of the meeting held on December 8, 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 wishing everyone a happy new year and expressed the hope that 2021 is a good year for all. Ms. Kornegay went on to say that MassHousing continues to do work in ways that were unexpected. So far the Agency has done about \$600 million in production for multi-family and about \$450 million in single family production midway through the fiscal year. Ms. Kornegay congratulated the teams that are continuing to do important work as we move forward into 2021.

Chariman Dirrane thanked Ms. Kornegay and everyone at MassHousing for their performance against very adverse conditions.

Business Transformation Plan Update

Dave Dreher, Erica Ford and Marc Held of EY presented a Business Transformation Plan Update for a long-term workplace strategy for MassHousing that considers evolving “ways of working” and drives business transformation.

The presenters from EY began by discussing the workplace assessment survey conducted with MassHousing employees. The response rate for the survey was 75%, which EY noted was incredibly high. Based on the survey, remote working has been very well received by MassHousing employees. A majority of MassHousing employees are comfortable with a permanent hybrid working arrangement going forward and 46% of employees prefer more than two days a week in the office, which is higher than originally participated.

EY recommends a hybrid working model for MassHousing which is comprised of both on-site and off-site work. The hybrid working model should revolve around three space usage profiles – mobile, flex and resident. Mobile workers will be primarily in the field, occasionally coming to the office for meetings. Flex workers would be in the office 2 to 3 times a week and working from home the rest of the time. Resident workers would be in the office 4 to 5 days a week.

EY recommends a phased re-entry approach to gradually increase the employee presence over time. Implementing this plan will reduce the real estate footprint 1.5 to 2 floors to generate savings and reconfigure retained space.

EY also recommends developing a formal Alternative Workplace Strategy Program (AWS). AWS implementation would be in three phases: (I) Hybrid Model Design (January 2021 to June 2021) - Update policies and procedures, design new processes for the hybrid working model to set a strong foundation and standardize operations; Phase II – AWS Activation (July 2021 to December 2022) – activate AWS deployment through business process and technology improvements to enhance productivity; and Phase III Transformation and Iteration (2023 and beyond) – transform the MassHousing workplace experience by adopting a hybrid working culture and optimizing business performance.

At the conclusion of the EY presentation Chairman Dirrane asked how MassHousing's response to the transition to remote working compared to other similar organizations dealing with the same issues. Erica Ford of EY responded that MassHousing was quick to move their employees to remote working and stayed connected to their employees throughout the workplace transformation. Other organizations were not as successful at staying connected and their employees felt isolated and disconnected. Ms. Ford went on to state that the executive leadership of MassHousing saw their opportunity to go remote earlier than some others. Marc Held of EY commented that MassHousing implemented technology steps very early and made laptops widely available to employees so that they could continue to work remotely.

A discussion then followed by the board members regarding the recommendations of the EY's Business Transformation Plan. Lisa Serafin commended the MassHousing leadership team for their efforts and also stated she believes doing the workplace transformation in phases is the right strategy. Carolina Avellaneda noted the need to pay particular attention to the resources that may be need in the Human Resources department in connection with this effort. Mark Attia stated he believes the model to be very thoughtful and likes the emphasis on adaptability. Mr. Attia said he looks forward to seeing these changes take place.

Chairman Dirrane then asked what other state quasi-agencies are doing for their employees. Jennifer Maddox responded she has been asked to participate in a committee to take a look at this hybrid model. Ms. Kornegay mentioned that Rachel Madden of MassHousing has been asked to participate in an Executive Steering Committee for the Commonwealth. Ms. Kornegay also stated MassHousing is in regular contact with its business partners and continually exchange information with them. Chairman Dirrane remarked he is grateful to Ms. Kornegay and her executive team for keeping the board apprised of the planned implementation of AWS.

Finance Update

Charles Karimbakas gave a brief overview of the portfolio. The information is consistent with the information from last month. Mr. Karimbakas will give a presentation on social bonds at the February board meeting.

Loan Committee

Franklin Park Apartments - Boston

Greg Watson presented a proposal for Approval to accept assignment of a HUD-issued Firm Commitment for FHA-insurance, Commitment of a first mortgage loan (the "New Loan) and Approval to finance the New Loan through the issuance of a Ginnie Mae MBS.

The transaction will be a refinancing of Franklin Park Apartments, which contains 219 units in fifteen buildings in Boston. The loan will provide funds to repay existing debt, complete repairs, fully fund the replacement reserves and withdraw equity.

Franklin Park Apartments consists of fifteen buildings on twelve sites within the Dorchester and Roxbury neighborhoods of Boston. While the buildings are on separate legal parcels, they are

owned and managed by a single entity, operate under one project-based Section 8 Contract, and are marketed as one project. The Development contains a total of 219 one-, two-, three-, four-, and five-bedroom units, with between five and 39 units within each building. Two of the fifteen buildings include elevators and are four stories, while the remaining thirteen buildings are three-story walk-up buildings. All of the units are restricted to occupancy by households earning less than 60% of the AMI. Of the 219 units, 155 are covered by a project-based Section 8 contract.

New Franklin Park Limited Partnership is the current owner and will retain ownership of Franklin Park Apartments. In December 2020 the Agency approved a Level Two Transfer of Ownership with respect to the development, which facilitated an affiliate of the Sponsor obtaining a 99.99% limited partner interest in New Franklin Park Limited Partnership from the exiting tax-credit investor. Upon a motion duly made and seconded, by roll call vote, it was, by all the Members present:

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 \$32,116,700, 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 \$43,357,545 nor less than \$20,875,855 to New Franklin Park Limited Partnership (the “Borrower”) for Franklin Park Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower in the approximate amount of \$32,116,700 (the “New Loan”), subject to the limitation that the final amount of such loan shall not be more than \$43,357,545 nor less than \$20,875,855 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 Franklin Park Apartments.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

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

219 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

In-house data for larger market and mixed-income complexes (approximately 867 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 95.4%, and range between 95% and 96.9%. Two out of the five comparables reviewed were offering rental concessions to prospective tenants. These include free rent and reduced security deposits. The property has operated as mixed income property and the average vacancy rate for the property for the past 5 years is 1.93%. My review of similar mixed-income/subsidized portfolio properties (537 units) demonstrated a weighted average vacancy rate of approximately 2.39%.

3rd Qtr. 2020 CoStar data for the subject's Roxbury/Dorchester submarket (6,084 units) has an overall vacancy rate at 16.4% YTD, which is an increase of 8.7% from one year ago. CoStar data for the Boston market (233,539 units) has an overall vacancy rate of 8.2% YTD, which is an increase of 2.97% from one year ago. The Roxbury/Dorchester submarket vacancy rate is projected to decrease to 16.1% over the next five years, while the Boston Market is projected to decrease to 8.1%.

CoStar, submarket data for the 4-5 Star building type (2,209 units) indicates a 4th Qtr. 2020 vacancy rate of 26.9% and an average asking rent of \$2,500, while submarket data for the subject's 3 Star building type (2,803 units) indicates a 4th Qtr. 2020 vacancy rate of 16.4% at an average asking rent of \$2,292 and 1-2 Star buildings(2,462 units) indicates a 4th Qtr. 2020 vacancy rate of 6.9% at an average asking rent of \$1,521. 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 14 properties included in this group are three properties that are in the initial lease up with a vacancy rates of 66.3%, 41.7% and 23.5%.

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.

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 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	3	4	5
Number of Units	95	99	10	5	10
Net SF/Unit	651	815	1,196	1,250	1,826
Elev./Non-Elev.	Non-Elev./Elev.	Non-Elev./Elev.	Non-Elev./Elev.	Non-Elev./Elev.	Non-Elev./Elev.
Market Rate Rent (insert)	\$3,167	\$3,453	\$4,326	\$4,856	\$5,150
MHFA Below Market Rent (Cost-Based Rent)	\$1,426	\$1,712	\$2,585	\$3,115	\$3,409
MHFA Adjusted Rent	30% of 80% of AMI				
Underwriting Rents					
Section 8 PBV	\$1,784	\$2,120	\$2,585	\$3,115	\$3,409
LIHTC 60%	\$1,011	\$1,253			
Section 811 PBV		\$2,105			

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.

Mystic Place Apartments – Medford

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

The proceeds of the New Loan will be used to pay off all outstanding indebtedness, which includes a MassHousing first mortgage loan and a MassHousing subordinate loan. The refinancing proceeds will also fund over \$4,000,000 in critical and non-critical repairs, pay transaction costs, and fund a nine-month debt service reserve.

The subject site is a 9.2-acre parcel in Medford less than two blocks from the Mystic River and approximately one-quarter mile north of Interstate Highway 93. In addition to the residential buildings, there is a covered parking garage and an outdoor pool. Mystic Place Apartments comprises three multi-story buildings with 465 units. The structures, originally built in 1975, have between ten and fourteen stories and there is a four-story parking garage and a security kiosk on the site. Amenities include a fitness center and community function spaces.

Pursuant to the existing MassHousing Disposition Agreement, 140 of the units are affordable to households at or below 80% of AMI. Three hundred twenty-four are unrestricted market rate and there is one non-revenue model unit.

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 \$99,500,000. The proceeds will be used to repay \$86,325,738 in existing indebtedness, complete approximately \$4,000,000 in critical and non-critical repairs, and fund a 9-month debt service reserve and 20% assurance of completion. Once the funds from the debt service reserve and assurance of completion have been released, the borrower pledges to deposit them into the replacement reserve account. The \$8,099,011 (\$17,417 per unit) replacement reserve balance will remain in that account. Upon a motion duly made and seconded, by roll call vote, it was, by all the Members present,:

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 \$99,500,000, 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 \$134,325,000 nor less than \$64,675,000 to Mystic Place, LLC (the “Borrower”) for Mystic Place Apartments and (2) to make the FHA-insured first mortgage loan to the Borrower for Mystic Place Apartments in the approximate amount of \$99,500,000 subject to the limitation that the final amount of such loan shall not be more than \$134,325,000 nor less than \$64,675,000 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 Mystic Place Apartments.

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

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

One hundred forty units (30%) 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 November 4, 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 November 30, 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. 1,967 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. 94.6%, and occupancy levels range between 91% and 98.8%. Three of the comparables reviewed were offering rent concessions of free rent between one and two months.

3rd Qtr. 2020 CoStar data for the subject's Everett/Malden/Medford/Melrose submarket (10,464 units) has an overall vacancy rate at 11.4% YTD, which is an increase of 3.51% from one year ago. CoStar data for the Boston market (233,030 units) has an overall vacancy rate of 8.6% YTD, which is an increase of 3.41% from one year ago. The Everett/Malden/Medford/Melrose submarket vacancy rate is projected to remain at 11.4% over the next five years, while the Boston Market is projected to decrease to 8.5%.

CoStar, submarket data for the 4-5 Star building type (5,906 units) indicates a 3rd Qtr. 2020 vacancy rate of 15.8% and an average asking rent of \$2,308, while submarket data for the subject's

3 Star building type (1,479 units) indicates a 3rd Qtr. 2020 vacancy rate of 6.0% at an average asking rent of \$1,916 and 1-2 Star buildings(3,079 units) indicates a 3rd Qtr. 2020 vacancy rate of 6.9.% at an average asking rent of \$1,753. 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 Medford has 23,968-year-round housing units, 1,694 (7.1%) of which are subsidized for low/moderate-income households.

The Medford Housing Authority (MHA) owns/operates one State Elderly/Disabled property with a total of 144 one- bedroom of which 2 units are fully handicapped accessible. Per the representative of MHA, there are 1,964 applicants on the waiting list. MHA also owns/operates five Federal Elderly/Disabled properties with a total of 407 units, which consist of 382 one-bedroom units and 25 two- bedroom units, of which 19 are fully handicapped accessible. Per the representative there are 527 applicants on the one bedroom waiting list and 68 applicants on the two-bedroom waiting list. MHA also owns and operates two Federal family properties with a total of 290 units which consist of 17 one-bedroom units, 159 two-bedroom units, 108 three-bedroom units and 6 four- bedroom units, of which 24 units are fully handicapped accessible. Per the representative there are 127 applicants on the one-bedroom waiting list, 465 on the two-bedroom waiting list, 238 on the three-bedroom waiting list and 33 on the four-bedroom waiting list.

MHA also administers 987 Section 8 Housing Choice Vouchers. According to the representative, MHA participates in Massachusetts Centralized Section 8 Waiting list and according to the representative of MHA there are 209,667 applicants on the list of those applicants, 50 are Medford applicants. Lastly. MHA administers 15 Massachusetts Rental Vouchers (MRVP) and per the representative there are 79 applicants on the waiting list.

U.S. Census data from the 2014-2018 American Community Survey (ACS) indicates that of the 23,016 households in the City of Medford 62.1% earned less than the HUD published 2020 AMI (\$119,000), approximately 35.4% earned less than 50% of 2020 AMI, approximately 42.3% earned less than 60% of the 2020 AMI and approximately 51.4% 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 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
Number of Units	186	278
Net SF/Unit	612	900
Elev./Non-Elev.	E	E
Market Rate Rent (insert)	\$3,234	\$3,667
MHFA Below Market Rent (Cost-Based Rent)	\$1,920	\$2,353
MHFA Adjusted Rent	30% of 80% of AMI	
Underwriting Rents		
80% AMI	\$1,853	\$2,286
Market Rate	\$1,964	\$2,374

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 3:07 p.m. Upon a motion duly made and seconded, it was

VOTED: To adjourn the MassHousing meeting at 3:07 p.m.

A true record.

Attest.



Colin M. McNiece
Secretary