The regular meeting of the Massachusetts Housing Finance Agency – doing business as MassHousing - was held on May 10, 2022. In accordance with Section 20 of An Act Extending Certain COVID-19 Measures Adopted During the State of Emergency, 2021 Mass. Acts 20, and Section 8 of An Act Making Appropriations for the Fiscal Year 2022 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects, 2022 Mass. Acts 22, 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):

- Jeanne Pinado, Chair
- Ping Yin Chai, Vice Chair
- Michael Dirrane
- Carolina Avellaneda
- Patricia McArdle
- Thomas Flynn
- Jennifer Maddox, ex officio
- Mark Attia, Designee of Michael Heffernan, ex officio

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

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

Chair Pinado then indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, by roll call vote, it was, by all Members present:

VOTED: That the minutes of the Regular Meeting held on April 12, 2022 are hereby approved and placed on record.

Ping Yin Chai joined the meeting after the minutes were approved.
Executive Director’s Report

Chrystal Kornegay began her report by detailing MassHousing’s focus on building infrastructure and expanding programming. From January 2022 to the end of June 2022 we plan to hire 41 people. Twenty-two of those positions will mostly be in Homeownership and the division has undertaken marketing of the statewide Housing Assistance Fund and is designing an expanded downpayment assistance program as well as the new broker origination channel. We are also operating the Neighborhood Stabilization Program on behalf of DHCD and our RFP for the program has generated 13 responses.

The DPA program has $65 million and the CommonWealth Builder program has $115 million. We have updated program guidelines for CommonWealth Builder and have been working with DHCD and MHP to implement the DPA program. The federal money is new money and there is a high level of compliance required with these funds. We are in the process of hiring a point person to oversee this compliance.

Ms. Kornegay continued by stating we are working on a budget and will present the budget to the Board in June. We are also in the process of creating a dashboard with our progress on our five-year business goals and this will be presented to the Board in July.

Mark Attia added that the federal ARPA funds will make a huge impact in the Commonwealth. There is a high level of compliance required by the federal government for these ARPA funds and the Executive Office of Administration and Finance (A&F) has fiduciary responsibility to oversee this compliance which is an incredible responsibility. The A&F office is staffing up and we have a lot of work to do. Mr. Attia commended MassHousing for their work with the HAF Program and for their work on the DPA program. Ms. Pinado commented this is an exciting time for MassHousing.

Diverse Business Engagement Update

Anthony Richards, Vice President of Equitable Business Development, began his presentation by announcing the Diversity and Inclusion Division will now be known as the Diverse Business Engagement Division. Our vision is to grow MassHousing’s business equitably by focusing on how we spend our money. We intend to provide advancement opportunities for diverse business and BIPOC workforce with a primary focus on MBE’s providing goods and services, construction/property management and also in workforce recruitment, retention and promotion.

Chair Pinado asked if we are tracking workforce utilization on the construction side and commented that it may be useful to see Boston projects tracked against City of Boston goals. She also inquired whether we are asking vendors about their own diversity efforts.

Mr. Richards answered yes we do ask vendors about their diversity efforts and noted that we recently revised our standard RFP forms to be more strategic and intentional is seeking information from respondents. He also noted that the division is currently transitioning the way we collect and report on diversity information and more information will be available in the
future. Carolina Avellaneda also asked if we are doing exit interviews with our current vendors as part of our assessments. Mr. Richards replied we have not done exit interviews but going forward we will solicit feedback.

Mr. Richards continued by discussing barrier breaking initiatives MassHousing is undertaking. We have created two specific tools that had not existed before: the Business Opportunity Portal and the Diverse Business Directory. The Business Opportunity Portal has been created in response to the demand from diverse companies seeking to identify emerging business opportunities. MassHousing borrowers (developers and general contractors) are able to forecast upcoming affordable housing development projects and business opportunities and market towards diverse companies. The Diverse Business Directory was created to respond to the demand from MassHousing borrowers who are seeking diverse talent to perform work in various trade categories. There is a Boston directory and a Commonwealth of Massachusetts directory now, but the new MassHousing directory lists certified or self-identified diverse businesses broken down by trade category, revenue size, scope of work, etc.

Mr. Richards went on to describe the timeline for the implementation of the department redesign. The plan is to onboard a Diverse Business Growth Manager in June and in July the Diverse Business Engagement Department goes live.

Carolina Avellaneda asked if we are receiving any funds for the diverse business directory or is MassHousing building it out and also funding it. Mr. Richards answered we are not receiving any funds for these initiatives but we have built the cost into the budget. MassHousing already uses software that can be built up for this function and we have the infrastructure in place to do this. Ms. Avellaneda asked what is planned as far as marketing these initiatives and stated it would be worthwhile to spend money on marketing to get the word out.

**Loan Committee**

**Hillcrest Acres, Attleboro**

Mike Carthas presented a proposal for Official Action Status, Commitment of Construction/Permanent Tax-Exempt Loan, Commitment of Tax-Exempt Bridge Loan, Commitment of Workforce Housing Subordinate Loan, Commitment of Additional Agency Subordinate Debt and Approval for the Use of Low-Income Housing Tax Credits for Hillcrest Acres in Attleboro.

Retirement Housing Foundation (the “Sponsor”) has requested a tax-exempt construction to permanent loan for the acquisition and rehabilitation of Hillcrest Acres (the “Development”). The Development was originally constructed in 1974 through HUD’s Section 236 mortgage program with MassHousing financing. The unaffiliated previous owner paid off the MassHousing loan in 2017, triggering 40T protections for existing residents. In July 2020, an affiliate of the Sponsor purchased the Development through a 40T exempt sale with an acquisition loan from Community Economic Development Assistance Corporation (“CEDAC”). The proposed financing herein will bring the development back into the MassHousing portfolio,
preserve 100 units of affordable rental housing, and fund a much-needed rehabilitation of the Development.

The Development sits on a 9.25-acre site in Attleboro a short distance to the MBTA Commuter Rail and Interstate 95. The site is near retail amenities, open space, social service organizations, and employment centers.

The Development consists of ten (10) low-rise residential buildings and one common area building. Residential buildings are comprised of one apartment building with one-bedroom units, two townhome buildings with three-bedroom units, and seven stacked flat buildings with two-bedroom units. All buildings are two-to-three stories.

All 100 units in the Development are subject to affordability restrictions. Thirteen units (13) will be income-restricted to households earning up to 30% of Area Median Income (“AMI”), of which eight (8) will benefit from a new project-based MRVP contract. An additional nineteen (19) units will be income-restricted to households earning up to 50% of AMI, twenty-three (23) units will be income-restricted to households earning up to 60% of AMI, and eighteen (18) units will be restricted to households earning up to 80% of AMI. Together, these 73 units will be subject to a LIHTC restriction.

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

VOTED: To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a loan commitment for the multifamily development known as “Hillcrest Acres” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of tax-exempt debt by the Agency not be in excess of $17,172,130.00 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 Retirement Housing Foundation (“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.

**VOTED:** To approve the findings and determinations set forth below and to authorize (a) a construction/permanent first mortgage loan in a principal amount of up to $6,158,000.00, 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 $7,579,704.00, in each case to be made to Hillcrest Acres RHF Partners Limited Partnership or another single-purpose entity controlled by Retirement Housing Foundation (the “Borrower”) as owner of the multifamily residential development known as “Hillcrest Acres” (the “Development”) and located in Attleboro, 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) Submission of “As-Built” plans for the boiler replacement work,

2) Additional Sources sufficient to cover increased uses must be known in advance of closing with the source and timing acceptable to MassHousing’s Vice President of Multifamily Programs or his designee,

3) In advance of Construction Closing, the Borrower will provide the Agency with supporting documentation from the LIHTC Syndicator relating to the potential increase in LIHTC-eligible units and corresponding increase in LIHTC equity, which sets forth terms and conditions to acceptable to MassHousing’s Vice President of Multifamily Programs or his designee,

4) The final unit mix and amount of additional LIHTC equity shall be required to be finalized at least 3 months prior to Permanent Loan Conversion. At that time, the Borrower will provide the Agency with such documentation as is requested by the Agency, including a current rent roll, to assist with any necessary resizing of the loan in order to comply with Agency closing standards and HUD Risk Share Requirements. All other underwriting parameters of the loan including, but not limited to, rate, term, reserve requirements and operating expenses will not be adjusted in connection with any such loan resizing.

5) In connection with any such loan resizing, prior to Permanent Loan Conversion and submission to HUD for Risk Share Insurance, Borrower will be required to make a mandatory repayment of the first mortgage loan in such amount as is determined necessary in order to comply with Agency closing standards and HUD Risk Share requirements.

**FURTHER VOTED:** To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $2,700,000.00 (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: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $1,000,000.00 on such terms as are approved by the Executive Director and the Vice President of Multifamily Programs, and their respective designees, each acting singly.

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.

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 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;
(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.

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:

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

2. Shortage of Affordable Housing Units in the Market Area

Note: The market needs data reflects the information available to A&M staff as of the date of collection December 3, 2021, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the “novel coronavirus’ known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 811 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.7 %, and range between 97.5% and 100%. None of the comparables were offering rental concessions.

CoStar data for the subject’s Outlying Bristol County Multi-Family Submarket (6,214 units) has an overall vacancy rate at 3.7% YTD, which is an increase of 1.34% from one year ago. CoStar data for the Providence market (55,267 units) has an overall vacancy rate of 2.2% YTD, which is a decrease of 1.02% from one year ago. The rate is projected to decrease to 3.0% over the next five years, while the Providence market is projected to increase to 2.9%.
CoStar, submarket data for the 4-5 Star building type (1,916 units) indicates a 4th Qtr. 2021 vacancy rate of 1.2% and an average asking rent of $2,065, while submarket data for the subject’s 3 Star building type (2,805 units) indicates a 4th Qtr. 2021 vacancy rate of 5.9% at an average asking rent of $1,727. 1-2 Star buildings (1,493 units) indicate a 4th Qtr. 2021 vacancy rate of 2.9% at an average asking rent of $1,377. 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 (12/21/20), the City of Attleboro has 17,978-year-round housing units, 1,169 (6.5%) of which are subsidized for low/moderate income households.

Further, the Attleboro Housing Authority (AHA) owns and/or operates four State funded Elderly/Disabled Public Housing developments which have 319 one-bedroom units. Per the representative of AHA, Massachusetts Housing Authorities have transitioned to the centralized CHAMP waiting list system and they are unable to tell end how many people are on the wait list. The also participate in the Massachusetts Rental Voucher Program and the breakdown of applicants are as follows, 1BR – 240 applicants, 2BR-454 applicants and 3BR- 179 applicants. Also, per the AHA representative, they administer 176 Section 8 Housing Choice Vouchers in the centralized waiting list administered through the state and wait time is over ten years.

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 17,632 households in the City of Attleboro approximately 54.7% earned less than the HUD published 2021 AMI ($86,500), approximately 28.9% earned less than 50% of 2021 AMI, approximately 34.1% earned less than 60% of the 2021 AMI and approximately 46.9% earned less than 80% of the 2021 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:**

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Units</td>
<td>16</td>
<td>72</td>
<td>12</td>
</tr>
<tr>
<td>Net SF/Unit</td>
<td>750</td>
<td>900</td>
<td>1250</td>
</tr>
<tr>
<td>Elev./Non-Elev.</td>
<td>E</td>
<td>E</td>
<td>E</td>
</tr>
<tr>
<td><strong>Market Rate Rent</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>(10% Rate 20 Yr. Term)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MHFA Below Market Rent</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>(Cost-Based Rent)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MHFA Adjusted Rent</strong></td>
<td>Up to 30% of 80% of AMI</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Underwriting Rents**

<table>
<thead>
<tr>
<th>LIHTC 30% AMI</th>
<th>$1,026</th>
<th>$1,234</th>
<th>$1,525</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIHTC 50% AMI</td>
<td>$763</td>
<td>$908</td>
<td>$1,043</td>
</tr>
<tr>
<td>LIHTC 60% AMI</td>
<td>$925</td>
<td>$1,103</td>
<td>$1,268</td>
</tr>
<tr>
<td>LIHTC 80% AMI</td>
<td>$1,250</td>
<td>$1,440</td>
<td>$1,718</td>
</tr>
<tr>
<td>WFH 80% AMI</td>
<td>$1,250</td>
<td>$1,440</td>
<td>$1,718</td>
</tr>
</tbody>
</table>

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.

**1599 Columbus Avenue, Boston (Jamaica Plain)**

Jeff Geller presented a proposal for Official Action Status, Approval of the Use of Low-Income Housing Tax Credits and Commitment of a Tax-Exempt Conduit Loan for 1599 Columbus Avenue in Jamaica Plain.

May 10, 2022 Board Minutes
The proposed financing of 1599 Columbus Avenue (the “Development”) will support the creation of 65 new units of affordable rental housing and approximately 3,200 sf of non-residential community or commercial space.

The Development will be created by consolidating five parcels owned by 1599 Columbus LLC and constructing a six-story building containing 65 units. The upper floors will be dedicated to residential space and a common laundry room, with the first floor containing the non-residential community or commercial space. The residential space contains 20 one-bedroom units, 36 two-bedroom units, and nine (9) three-bedroom units. The Development includes 18 off-street, partially covered parking spaces on the ground floor, 16 of which are for residents, as well as indoor bike storage for each unit. The site is located one-tenth of a mile from the Jackson Square MBTA station on the Orange Line.

MassHousing’s role in this transaction will be to act as the nominal lender of tax-exempt bond proceeds under the Conduit Loan Program to allow the Borrower to access 4% LIHTC equity. Eastern Bank will purchase the tax-exempt bonds at construction closing. Silicon Valley Bank (“SVB”) will be the construction lender and tax credit equity investor. Massachusetts Housing Partnership (“MHP”) will purchase the tax-exempt bonds from Eastern Bank at permanent conversion and make the permanent loan.

The site includes five separate parcels, which will be consolidated into one parcel as part of the transaction, and is approximately half an acre in size, with frontage on Columbus Avenue and Amory Street. Current uses include vacant land, two vacant buildings, and surface parking. The existing building will be demolished, and the site will be brought to level grade in preparation for construction of the new building.

1599 Columbus Avenue is designed as a six-story building with a ground floor podium and five stories of fire-resistant wood construction. The ground floor will provide 18 partially covered parking spaces, two of which will be leased to the tenants of the non-residential space, property management space (including a community room and on-site manager’s office), and approximately 3,200 sf non-residential space. The non-residential space is proposed to be used for a community-oriented tenant, which could include commercial, office, community, or artists’ use. There is no commercial income included in the pro forma rent. The upper floors will contain 20 one-bedroom units, 36 two-bedroom units, and nine (9) three-bedroom units.

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

VOTED: To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for a loan commitment for the multifamily development known as “1599 Columbus Avenue” (the “Development”) at such time as it is submitted; (ii) this vote to serve as a declaration of official intent under Treasury Regulations Section 1.150-2 to fund all or a portion of costs paid or incurred after this date from the proceeds of a tax-exempt debt issue of the Agency if the Agency shall approve and fund the Development; (iii) that the issuance of tax-exempt debt by the Agency not be in excess of $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. Urban Edge Housing Corporation (the “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.

**VOTED:** To approve the findings and determinations set forth below and to authorize the issuance of multifamily tax-exempt obligations in an estimated principal amount of $22,000,000, in one or more series pursuant to one or more indentures and/or financing agreements with such terms, interest rates, redemption provisions and maturity schedules as shall be approved by any of the Executive Director, General Counsel, Financial Director, Comptroller, or Manager of Finance and Bond Compliance, acting singly, and any officer or employee of MassHousing acting in such capacity or otherwise authorized to perform specific acts or duties by resolution of MassHousing (each an “Authorized Officer”), each Authorized Officer, acting singly, being authorized to execute and deliver such agreements and any other documents, instruments, and agreements necessary to effectuate the purposes of a conduit financing, with the proceeds of such issuance to be lent to 1599 Columbus LLC or another single-purpose entity controlled by Urban Edge Housing Corporation (the “Borrower”) as owner of the multifamily residential development known as “1599 Columbus Avenue” (the “Development”) and located in Boston, Massachusetts, and in accordance with the applicable Conduit Loan Closing Standards approved by the Members of MassHousing on September 12, 2017 and delegations of authority previously approved by
the Members of MassHousing, 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: 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, each acting singly, prior to loan closing, to be used in connection with the multifamily development located in Boston, Massachusetts and known as “1599 Columbus Avenue” (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 Underwriting, the General Counsel or the designee of any of the foregoing, each acting singly, to set the amount of 4% Credits to be used in connection with the Development applying the standards set forth in the immediately preceding vote.

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.

FURTHER VOTED: That MassHousing authorizes the Executive Director and the Vice President of Multifamily Programs, and their respective designees, each acting singly, to permit the owner and management agent of the Development to use as its tenant selection plan and affirmative fair housing marketing plan the form of Affirmative Fair Housing Marketing + Tenant or Buyer Selection Plan (Boston Fair Housing Commission) in such form as has been approved by the City of Boston and subject to review and approval by MassHousing’s Director of Rental Management.

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:
   Sixty-five 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
   The market needs data reflects the information available to A&M staff as of the date of collection April 15, 2022 and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

   In-house data for larger market and mixed-income complexes (approximately 784 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged
Second Qtr. 2022 CoStar data for the subject’s JP/Roslindale/West Roxbury Submarket (6422 units) has an overall vacancy rate at 4.0 % YTD, which is a decrease of 1.65% from one year ago. CoStar data for the Boston market (248,132 units) has an overall vacancy rate of 3.9% YTD, which is a decrease of 2.86 % from one year ago. The JP/Roslindale/West Roxbury Submarket vacancy rate is projected to increase to 5.8% over the next five years, while the Boston market is projected to increase to 4.9%.

CoStar, submarket data for the 4-5 Star building type (1,808 units) indicates a 2nd Qtr. 2022 vacancy rate of 5.7 % and an average asking rent of $2,983, while submarket data for the subject’s 3 Star building type (2,102 units) indicates a 2nd Qtr. 2022 vacancy rate of 4.7 % at an average asking rent of $2,124 and 1-2 Star buildings (2,512 units) indicates a 2nd Qtr. 2022 vacancy rate of 2.2% at an average asking rent of $1,682. 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 (12/21/20), the City of Boston 269,482 year-round housing units, 55,509 (20.6%) of which are subsidized for low/moderate income households.

As of January 2022, 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 2016-2021 American Community Survey (ACS) indicates that of the 273,188 households in the City of Boston approximately 67.9% earned less than the HUD published 2021 AMI, approximately 45.4% earned less than 50% of 2021 AMI, approximately 51.6 % earned less than 60% of the 2021 AMI, and approximately 60.1 %earned less than 80% of the 2021 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 not lead to the undue concentration of low-income households. Although it is a low-income development, it is located in a neighborhood experiencing rapidly rising market rents.

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:

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>1</th>
<th>2</th>
<th>3</th>
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</thead>
<tbody>
<tr>
<td>Number of Units</td>
<td>20</td>
<td>36</td>
<td>9</td>
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<tr>
<td>Net SF/Unit</td>
<td>593</td>
<td>822</td>
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**Market Rate Rent**

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**(insert)**

**MHFA Below Market Rent**

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<th>$1,515</th>
<th>$1,677</th>
<th>$2,381</th>
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**(Cost-Based Rent)**

**MHFA Adjusted Rent**

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<th></th>
<th>30% of 80% of AMI</th>
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**Underwriting Rents**

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<th>$1,826</th>
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<td>MRVP</td>
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<td></td>
<td></td>
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<tr>
<td>Project-Based Section 8</td>
<td>-</td>
<td>$2,174</td>
<td>$2,694</td>
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<tr>
<td>Section 811</td>
<td>$1,714</td>
<td>-</td>
<td>-</td>
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<tr>
<td>60% AMI</td>
<td>$1,322</td>
<td>$1,553</td>
<td>$1,743</td>
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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.

**25 Sixth Street – Rental, Chelsea**

Kathleen Evans presented a proposal for Commitment of Taxable Permanent Loan and Commitment of Subordinate Workforce Housing Loan for 25 Sixth Street in Chelsea.

The proposed financing of 25 Sixth Street – Rental will support the creation of 56 new units of affordable rental housing in a Qualified Census Tract (“QCT”) and Opportunity Zone within the Gateway City of Chelsea. In addition to the sources mentioned above, the Development will benefit from a subordinate Capital Magnet Fund loan that will be approved separately.

The Development will be one condominium within one building that also includes 25 Sixth Street – Homeownership, a separate condominium unit that contains six moderate-income homeownership units restricted under the CommonWealth Builder (“CWB”) program. The proposed building will redevelop a light industrial site adjacent to a new MBTA Silver Line station and enhance pedestrian connectivity between the station and the Chelsea downtown Bellingham Square neighborhood.

May 10, 2022 Board Minutes
The site is a 0.60-acre parcel in Chelsea that currently houses a light industrial building. The site is edged by the Silver Line to the north, Sixth Street running from the northwest to southeast angles of the site, and existing developments to the east. The Silver Line provides transportation to South Station in the City of Boston with stops in major employment areas such as Logan Airport and Boston’s Seaport District; the site is also near the current Chelsea Commuter Rail Station.

The Sponsor proposes the construction of one mid-rise building that would fill the triangular site. The ground floor includes townhouse style units along Sixth Street with covered parking for 40 vehicles and 62 bicycles in the balance of the building. The higher floors are all V-shaped, open to the north and the Silver Line; the recess of the building features a second-floor roof deck courtyard (approximately 4,000 square feet).

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

VOTED: To approve the findings and determinations set forth below and to authorize a permanent first mortgage loan in a principal amount of up to $7,300,000, such first loan to be insured under the HUD HFA Risk Sharing Program, to be made to 25 Sixth LLC or another single-purpose, sole-asset entity controlled by The Neighborhood Developers, Inc. (the “Borrower”) as owner of the multifamily residential development known as “25 Sixth Street” and located in Chelsea, Massachusetts (the “Development”), and in accordance with the applicable general closing standards and delegations of authority previously approved, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special condition: Financing for the homeownership component of the overall Development, which, in the opinion of the Executive Director or the Vice President of Multifamily Programs, or their respective designees, together with other sources, is sufficient to fund construction of the overall Development, shall have been committed and closed.

FURTHER VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $1,200,000 (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: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $937,600.00 on such terms as are approved by the Executive Director or the Vice President of Multifamily Programs or their respective designee.

Third-Party Subordinate Mortgage Loans

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

STATUTORY FINDINGS AND DETERMINATIONS

Statutory Findings:

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

1. **The affordability of rents for 20% of the units:**
   44 units (79%) in the Development will be affordable to low-income persons and families, as specified in the Act, at rents that do not exceed the adjusted rentals shown in the rent schedule below.

2. **Shortage of Affordable Housing Units in the Market Area:**
   The market needs data reflects the information available to A&M staff as of the date of collection February 10, 2022, and may not fully incorporate the potentially adverse impact(s) that the ongoing COVID-19 virus may have on the overall economy or on the local housing markets. The global outbreak of the “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. Further, the reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

   In-house data for larger market and mixed-income complexes (approximately 1,153 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 96.5%, and range between 93% and 99%. One of the comparable developments reviewed was offering a rental concession of one month free for new move-ins.

   1st Qtr. 2022 CoStar data for the subject’s East Boston/Chelsea submarket (5,755 units) has an overall vacancy rate at 12.9% YTD, which is an increase of 5.81% from one year ago. CoStar data for the Boston market (247,440 units) has an overall vacancy rate of 4.1% YTD, which is a decrease of 3.56% from one year ago. The East Boston/Chelsea submarket vacancy rate is projected to decrease to 5.4% over the next five years, while the Boston Market is projected to increase to 4.8%.

   CoStar, submarket data for the 4-5 Star building type (3,515 units) indicates a 1st Qtr. 2022 vacancy rate of 19.9% and an average asking rent of $2,772, while submarket data for the subject’s 3 Star building type (1,014 units) indicates a 1st Qtr. 2022 vacancy rate of 1.9% at an average asking rent of $2,271 and 1-2 Star buildings (1,226 units) indicates a 1st Qtr. 2022 vacancy rate of 1.7% at an average asking rent of $1,547. 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 (12/21/20), the City of Chelsea has 12,592 year round housing units, 2,414 (19.2%) of which are subsidized for low/moderate income households.

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

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

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

U.S. Census data from the 2015-2019 American Community Survey (ACS) indicates that of the 13,268 households in the City of Chelsea approximately 77.8% earned less than the HUD published 2021 AMI ($120,800), approximately 58.0% earned less than 50% of 2021 AMI, approximately 71.4% earned less than 60% of the 2021 AMI, and approximately 77.1% earned less than 80% of the 2021 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 provides housing opportunities for several tiers of household incomes and does not lead to an undue concentration of low-income households.

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

**Rental Determinations:**

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

**Rent Schedule:**

<table>
<thead>
<tr>
<th>Number of Bedrooms</th>
<th>Number of Units</th>
<th>Net SF/Unit</th>
<th>Elev./Non-Elev.</th>
<th>Market Rate Rent</th>
<th>MHFA Below Market Rent</th>
<th>MHFA Adjusted Rent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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<td>3</td>
<td>11</td>
<td>Y</td>
<td>$2,657</td>
<td>$2,163</td>
<td></td>
</tr>
</tbody>
</table>

(insert)

**Underwriting Rents**

|                                |                  |              |                  |
|--------------------------------|------------------|--------------|
| PB-Section 8 30% AMI           | $2,086           | $2,539       | $3,164           |
| LIHTC 60% AMI                  | $1,404           | $1,682       | $1,941           |
| Workforce Housing 90% AMI      | $1,900           |              |                  |

* Section 8 and LIHTC rents net of utility allowance

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.

**PAC 10 Lofts, Lawrence**

Kathleen Evans presented a proposal of Recommitment of a Tax-Exempt Permanent and/or Equity Bridge Loan with Sale of Participation Interest, Commitment of a Tax-Exempt Conduit Loan and Recommitment of Subordinate Workforce Housing Loan for PAC 10 Lofts in Lawrence.

May 10, 2022 Board Minutes
The proposed financing of Pac-10 Lofts, Phase 1 (the “Development”) will support the affordability in 170 of the 180 recently developed units in downtown Lawrence. On February 14, 2017, the Agency approved a forward commitment of a permanent loan and an equity bridge loan, for a total of $22,804,906 in tax-exempt financing, to support the adaptive reuse of a portion of the historic Pacific Mill building. Reed Community Partners (the “Sponsor”) also admitted U.S. Bancorp Community Development Corporation (“US Bank”) and obtained a construction loan from Sterling Bank (the “Construction Lender”).

Construction on the Development began in March 2018 and was scheduled to be complete in September 2019. The process faced substantial delays including those listed below:

- Natural gas explosions in the Merrimack Valley led to a citywide construction shutdown; this caused a two-month delay.
- Subcontractor error led to water damage in more than half of the units; coupled with a lengthy insurance claim process, this caused an eighteen-month delay.
- COVID-19 lockdowns and protocols also caused ongoing delays and complications.

In addition to delaying the construction timeline, these factors resulted in cost overruns of approximately $22,000,000 and, at the end of 2021, led US Bank to exercise its repurchase right and assign their 99.99% interest in the Company to the Sponsor.

Since that time, the Sponsor has marketed that interest to other parties and secured a Letter of Intent from Affordable Housing Partners Inc, a Berkshire Hathaway Group affiliated company with an anticipated closing in June 2022. With the increased project costs, in order for the project to receive the Low-Income Housing Tax Credits the project must be funded with additional volume cap to meet the so-called 50% test. Further, to allow for the Historic Tax Credit to be maintained a new investor must be admitted prior to completion. Therefore, MassHousing’s approval for the additional volume cap is needed to help facilitate this action.

Despite significant delays, cost increases, and the departure of US Bank, the original tax credit partner, the Development remains viable due primarily to the following factors:

1. Significant cost increases are largely tax credit eligible.
2. The “4% LIHTC Fix” legislation, coupled with recently-issued IRS clarifications, create a path that will allow significant additional equity.
3. Lawrence remains an attractive market for multifamily rental housing and, while rent levels dipped during COVID, units at the Development are leasing at levels 15-20% higher than what was underwritten in 2017.
4. Management of occupied units is satisfactory, with strong income-to-expense ratios.

The original MassHousing Permanent Loan Agreement executed with the borrower and Construction Lender has expired, and the new structure, including the potential conduit private placement, presented herein are being considered to fund the deal in a sufficient amount pass the 50% bond test and make possible the new investment of tax credit equity necessary for financial
feasibility. While the Development has encountered numerous obstacles, it is an attractive building in an emerging market that is poised for strong performance over the long term.

The Development is located on Methuen Street running parallel to Essex Street, formerly the Lawrence’s primary commercial corridor. This portion of Essex Street remains densely-packed with nearly 100 historic buildings ranging from one to twelve stories. There are multiple community groups dedicated to revitalizing this area.

The Development is one portion of the former Pacific Mills cotton complex. The Pacific Mills was incorporated in 1853 and the original mills and print works were built by the Essex Company, remodeled in 1882, and enlarged and added to over the many years of its operation. Portions of the complex have been redeveloped as lofts and for other uses.

Pac-10 was conceived in two phases, of which the Development is the first. Currently, this phase is partially complete with 40% of the units occupied under Temporary Certificates of Occupancy. The Owner is working to complete the overall building and receive the Final Certification of Occupancy in the next few months.

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

**VOTED:** To approve the findings and determinations set forth below and to authorize a permanent first mortgage loan in a principal amount of up to $11,100,000, to be made to Taom Pacific I, LLC or another single-purpose entity controlled by Reed Realty Advisors LLC (the “Borrower”) as owner of the multifamily residential development known as “Pac-10 Lofts, Phase 1” (the “Development”) and located in Lawrence, 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, terms and requirements:

(a) Agreement on terms and conditions related to the proposed participation sale between MassHousing and Sterling Bank & Trust, if applicable; (b) Approval by DHCD of the increased amount of tax credits and (c) approval by MassHousing bond counsel of the proposed structure of the transaction.

**FURTHER VOTED:** To approve the findings and determinations set forth below and to authorize the issuance of multifamily tax-exempt obligations in an estimated principal amount of $24,668,000, in one or more series pursuant to one or more indentures and/or financing agreements with such terms, interest rates, redemption provisions and maturity schedules as shall be approved by any of the Executive Director, General Counsel, Financial Director, Comptroller, or Manager of Finance and Bond Compliance, acting singly, and any officer or employee of MassHousing acting in such
capacity or otherwise authorized to perform specific acts or duties by resolution of MassHousing (each an “Authorized Officer”), each Authorized Officer, acting singly, being authorized to execute and deliver such agreements and any other documents, instruments, and agreements necessary to effectuate the purposes of a conduit financing, with the proceeds of such issuance to be lent to Taom Pacific I, LLC or another single-purpose entity controlled by Reed Realty Advisors LLC (the “Borrower”) as owner of the multifamily residential development known as “Pac 10 Lofts” (the “Development”) and located in Lawrence, Massachusetts, and in accordance with the applicable Conduit Loan Closing Standards approved by the Members of MassHousing on September 12, 2017 and delegations of authority previously approved by the Members of MassHousing, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions:

(a) Receipt of Sterling Bank’s Commitment for the loans contemplated

FURTHER VOTED: To delegate to the Vice President of Multifamily Programs and the General Counsel, jointly, the ability to approve a modification of the structure of the transaction, including, without limitation, a potential increase in the first mortgage loan up to $17,668,000 and a bridge loan of up to $18,000,000; all subject to review of final underwriting, and such terms, conditions, and other diligence as may be required by the Vice President of Multifamily Programs and the General Counsel.

FURTHER VOTED: To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed $5,000,000 (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, except that the per unit amount and the total cap of $3,000,000 shall be waived.

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 Lawrence, Massachusetts and known as “Pac 10 Lofts” (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

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:**
   170 units (94%) in the Development will be affordable to low-income persons and families, as specified in the Act, at the adjusted rentals shown in the rent schedule below.

2. **Shortage of Affordable Housing Units in the Market Area**
   The market needs data reflects the information available to A&M staff as of the date of collection May 3, 2022, and may not fully incorporate the potentially adverse impact(s) that the COVID-19 virus has had on the overall economy or on the local housing markets, since being declared a pandemic by the World Health Organization (WHO) in March 2020. Further, the
reader is cautioned and reminded that any observations, comparisons, and/or conclusions are based on the data as of the aforementioned collection date.

In-house data for larger market and mixed-income complexes (approximately 1,222 units) in the area revealed a strong rental market. Current occupancy rates of the comparable properties reviewed averaged approximately 98.6%, and range between 97% and 100%. None of the comparables were offering concessions.

2nd Qtr. 2022 CoStar data for the subject’s Lawrence/Haverhill submarket (9,292 units) has an overall vacancy rate at 4.2% YTD, which is an decrease of .36 % from one year ago. CoStar data for the Boston market (248,755 units) has an overall vacancy rate of 4.0% YTD, which is a decrease of 2.52% from one year ago. The Lawrence/Haverhill submarket vacancy rate is projected to increase to 5.2% over the next five years, while the Boston market is projected to increase to 5.0%.

CoStar, submarket data for the 4-5 Star building type (3,099 units) indicates a 3rd Qtr. 2022 vacancy rate of 3.1% and an average asking rent of $2,052, while submarket data for the subject’s 3 Star building type (2,8026 units) indicates a 2nd Qtr. 2022 vacancy rate of 6.5% at an average asking rent of $1,805- and 1-2-Star buildings (3,391 units) indicates a 2nd Qtr. 2022 vacancy rate of 2.0% at an average asking rent of $1,518. 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 (12/21/20), the City of Lawrence has 27,092 year-round housing units, 4,017 (14.8%) of which are subsidized for low/moderate income households.

In addition, the Lawrence Housing Authority (LHA) manages 1,056 Federally assisted units comprised of 546 family units and 510 elderly/disabled units. The family units are broken does as follows; 111- one-bedroom units, 266- two- bedroom units, 137 -three-bedroom units and 32- four-bedroom units. Per the representative of LHA the wait list for the family units is as follows, 213 applicants for one-bedroom, 363 applicants for the two bedroom units 213 applicants, for the three bedroom 78 applicants for the four- bedroom. Regarding the federally assisted elderly/disabled units, the units are broken down as follow; 81 studios, 504- one-bedroom, and 36-two-bedroom units. Per the representative of LHA the wait list is as follows;1,526 studios and one bedroom units and 29 applicants for the two-bedrooms.

LHA also manages 522 State assisted units comprised of 451 family units and 71 elderly/disabled units. The family units are broken does as follows; 24- one-bedroom units, 247 - two- bedroom units, 170- three-bedroom units and 10-four- bedroom units. Per the representative from LHA, the wait list for the state-assisted family units are as follows; 902 applicants for one -bedroom, 1,525 applicants for two bedrooms, 980 applicants for three bedrooms and 247 applicants for four- bedrooms. Lastly, LHA manages 71 state-assisted elderly/disabled one-bedroom units, per LHA, there are 1,909 applicants on the wait list.
Regarding Section 8 Housing Choice Vouchers, the Lawrence Housing Authority is authorized to administer 998 Section 8 vouchers. Per the representative of LHA, they participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting list and the anticipated wait time is from 5 to 10 years.

U.S. Census data from the 2016-2020 American Community Survey (ACS) indicates that of the 26,551 households in the City of Lawrence, approximately 78.5% earned less than the HUD published 2021 AMI ($105,400), 55.7% earned less than 50% of 2021 AMI, approximately 62.7% earned less than 60% of the 2021 AMI and approximately 72.7% earned less than 80% of the 2021 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 not lead to the undue concentration of low-income households. Although it is a low-income development, it is located in a neighborhood experiencing rapidly rising market rents.

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:

<table>
<thead>
<tr>
<th></th>
<th>82</th>
<th>10</th>
<th>88</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Bedrooms</td>
<td>82</td>
<td>10</td>
<td>88</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of Units</td>
<td>82</td>
<td>10</td>
<td>88</td>
<td>N/A</td>
</tr>
<tr>
<td>Net SF/Unit</td>
<td>685</td>
<td>1075</td>
<td>1350</td>
<td>N/A</td>
</tr>
<tr>
<td>Elev./Non-Elev.</td>
<td>Elevator</td>
<td>Elevator</td>
<td>Elevator</td>
<td>N/A</td>
</tr>
<tr>
<td>Market Rate Rent</td>
<td>$1,623</td>
<td>$1,860</td>
<td>$2,033</td>
<td>N/A</td>
</tr>
<tr>
<td>MHFA Below Market Rent</td>
<td>$1,135</td>
<td>$1,373</td>
<td>$1,546</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| MHFA Adjusted Rent   | 30% of Income
| Underwriting Rents   | 30% of AMI | $580 | $697 | $806 | N/A |
| 60% of AMI           | $1,162 | $1,394 | $1,611 | N/A |
| 80% of AMI - WFH     | $1,248 | $1,498 | $1,648 | N/A |
| Market               | $1,391 | $1,670 | $1,764 | N/A |

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

Chair Pinado asked if there was any other old or new business for the Members’ consideration. There was none. There being no other old or new business, the meeting adjourned at 3:01 p.m.

A true record.

Attest.

Colin M. McNiece
Secretary

May 10, 2022 Board Minutes