

**Minutes of the Annual Meetings  
of the Members of MassHousing and its Affiliates:  
the Property Acquisition and Disposition Corporation (PADCO)  
and the Center for Community Recovery Innovations, Inc. (CCRI)  
held on  
October 9, 2018**

The annual meetings of the Massachusetts Housing Finance Agency – doing business as MassHousing – and its affiliates – the Massachusetts Housing Finance Agency Property Acquisition and Disposition Corporation (PADCO) and the Center for Community Recovery Innovations, Inc. (CCRI) – were held on October 9, 2018 at MassHousing’s offices located at One Beacon Street in Boston, Massachusetts. In attendance were:

**Members**      Michael Dirrane, Chair  
Mark Attia, designee of Michael Heffernan, ex officio  
Carolina Avellaneda  
Lisa Serafin  
Patricia McArdle  
Janelle Chan, ex officio  
Ping Yan Chai  
Andris Silins

<b>Staff</b>	Chrystal Kornegay	Henry Mukasa
	Beth Elliott	Sergio Ferreira
	Carol McIver	Cynthia Lacasse
	Maureen Burke	Lisa Fiandaca
	Laurie Bennett	Mounzer Aylouche
	Sarah Hall	Nancy McDonald
	Meaghan McCarthy	Nancy Slaney
	Kevin Mello	Hana Migliorato
	Mark Teden	Bethany Wood
	Andrew Golden	Carmen Beato
	Zan Bross	Leanne McGinty
	Kathy Connolly	Rachel Carlson
	Anna Reppucci	Anne Marie McPherson
	Eric Gedstad	Kelly Condon
	Deb Morse	Jennifer Foley
	Kaitlyn Mulcahy	Mildred Mukasa
	Kelly Johnson	Jill Lavacchia
	Belmira Johnson	Myra Carmona
	David Keene	Paul Mulligan
	Joseph Mullen	Deepak Karamcheti
	Craig Merry	Gail Bishop
	Susan Lynch	Joseph Hughes
	Chuck Karimbakas	Rachael Weaver
	Paul Scola	

**Guests**        Nick DiGeronimo, Barclays  
Pearse O’Baouill, WinnCompanies  
Tim Santucci, WinnCompanies  
Zak Kiritsy, Related Beal  
Matt Engler, Wells Fargo  
Paul Ladd, B of A Merrill Lynch  
Joe Monitto, B of A Merrill Lynch  
Jamie Oppedisano, JP Morgan  
Lori Hindle, PFM  
Barbara Krancke, McCarter  
Natacha Massih, McCarter

Chairman Dirrance convened the meeting to order at 2:00 p.m. He indicated that the first order of business was the approval of the minutes of the previous meeting. Upon a motion duly made and seconded, it was

**VOTED:**        That the minutes of the meeting held on September 11, 2018 are hereby approved and placed on record.

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

### **Executive Director’s Report**

Ms. Kornegay focused her report on “The People Behind the Mission.” She began by introducing Maureen McAllister. Ms. McAllister started her career with MassHousing as a temp and is now a Portfolio Manager in the Asset Management Department/Rental Management Division. One of Ms. McAllister’s proudest accomplishments is serving as Supportive Services Director for a Robert Wood Johnson Foundation grant. Her work with colleagues on that initiative ultimately lead to HUD allowing resident service coordinator expenses in operating budgets. Ms. Kornegay thanked Ms. McAllister for her ongoing commitment to MassHousing, our mission and the people we serve.

### **Vote Amending the OPEB Trust Agreement**

Charles Karimbakas introduced a vote amending the OPEB Trust Agreement. In 2008, the Members approved the establishment of the Massachusetts Housing Finance Agency Other Post-Employment Benefits Trust (the “OPEB Trust”) to fund the Agency’s non-pension obligations to retired employees. In accordance with the Members’ vote, the Agency executed an irrevocable trust agreement (the “OPEB Trust Agreement”) to create the trust and appointed as trustee a “MassHousing OPEB Committee.” The OPEB Trust Agreement, also in accordance with the Members’ vote, specifies that the OPEB Committee be composed of the following Agency personnel: (1) the Financial Director or equivalent position, (2) the Manager of Human Resources or equivalent position, (3) the Deputy Director or equivalent position, (4) one member appointed by the Agency Members (currently, Henry Mukasa), and (5) one member appointed by the Executive Director (currently Rachel Madden). To reflect the recent reorganization of officer positions, staff recommends that the OPEB Trust Agreement be updated to replace the Manager

of Human Resources and the Deputy Director, respectively, with the Vice President of Talent and Culture and the Chief Operating Officer as members of the MassHousing OPEB Committee. As Rachel Madden is the Chief Operating Officer, if this proposed change is adopted, the Executive Director will select a different Agency employee as her appointee to the OPEB Committee. Staff also recommends updating the OPEB Trust Agreement to describe in the Recitals the current Government Accounting Standards Board requirements for a trust of this type and to replace references to Government Accounting Standards Board statements that are no longer applicable. Upon a motion duly made and seconded, it was

**VOTED:** To approve amendment to the Irrevocable Trust Agreement made by the Agency and the MassHousing OPEB Committee, as trustee, dated June 26, 2008 with respect to the Massachusetts Housing Finance Agency OPEB Trust (the “OPEB Trust Agreement”) to (i) update the composition of the MassHousing OPEB Committee by replacing the Deputy Director position with the Chief Operating Officer (or equivalent) position and the Manager of Human Resources position with the Vice President of Talent and Culture (or equivalent) position; and (ii) update the Recitals to describe the current Government Accounting Standards Board requirements for a trust of this type and replace all references to Government Accounting Standards Board statements that are no longer applicable.

**FURTHER**

**VOTED:** To authorize the Executive Director, Financial Director, or the General Counsel to execute an amendment of the OPEB Trust Agreement effectuating the change described in the immediately preceding vote.

**Finance Update and Opportunity Fund Vote**

Charles Karimbakas next presented a finance update. Mr. Karimbakas stated that MassHousing had another strong year in FY18, with lending production of more than \$1 billion. He also reported that MassHousing’s PCBA contract expires in 2018, but is expected to be renewed. In addition, Mr. Karimbakas noted that, generally speaking, rising interest rate environments are financially advantageous to agencies like MassHousing. Rising interest rates generate more investment income, fewer existing MassHousing loans pre-pay and most importantly, debt that is tax-exempt is worth more.

Mr. Karimbakas continued by informing the Members that MassHousing received an unqualified audit opinion from PwC for the FY18 financials. Total operating income is up \$9 million to \$20.5 million, or 75% from FY17. Total assets increased 2.0% to \$5.43 billion. Operating expenses were down \$6 million; this included interest expense and administrative costs.

Mr. Karimbakas next explained several non-cash expenses that occurred in FY18. One such item was mark-to-market expense for single-family MBS. Another item is that GASB 75 became effective, bringing our OPEB liability “on the books” for a liability of \$22 million. The OPEB trust is approximately 60% funded, which is amongst the highest in the Commonwealth. Mr. Karimbakas then noted that multifamily loan loss increased \$8 million from FY17. Finally, Mr. Karimbakas indicated that there was a special item of \$6 million for amortization acceleration on

old swaps. MassHousing terminated an old swap at no cost and rebid, saving MassHousing almost \$1 million in FY18. Mr. Karimbakas concluded his finance report by stating MassHousing generated \$31.5 million of excess revenues over expenses in the WCF in FY18.

Several members asked questions of Mr. Karimbakas regarding these non-cash items. After responding to those questions, Mr. Karimbakas turned to a discussion related to the Opportunity Fund.

Mr. Karimbakas began this portion of his presentation by stating that the Agency established the Opportunity Fund to support mission-driven initiatives in March 2016 (the "Opportunity Fund"). One of the funding concepts for the Opportunity Fund was the contribution of 50% of excess earnings after bond transfers from each fiscal year. The idea behind this concept was to use half of all excess earnings to build Agency capital while using the remaining half for mission-driven initiatives.

At this time, staff recommends that 50% of the excess earnings after bond transfers from fiscal year 2018 be contributed to the Opportunity Fund. Excess earnings for fiscal year 2018 were \$31,552,000, which results in a recommended contribution of \$15,776,000. Upon a motion duly made and seconded it was,

**VOTED:** To contribute \$15,776,000 of the excess earnings after bond transfers from fiscal year 2018 to the Opportunity Fund established by the Members on March 8, 2016.

Ms. Kornegay stated there will be a discussion at a future meeting regarding use of the Opportunity Fund.

### **MassHousing Annual Meeting**

Chairman Dirrane then turned his attention to the Annual Meetings of MassHousing and its affiliates. He referred the Members to the proposed slate of officers. Upon a motion duly made and seconded, it was

**VOTED:** That Ping Yin Chai is hereby elected to serve as the Vice-Chair of MassHousing.

**FURTHER**

**VOTED:** That Andris J. Silins is hereby elected to serve as the Treasurer of MassHousing.

**FURTHER**

**VOTED:** That Chrystal Kornegay, Rachel Madden, Charles C. Karimbakas, and Stephen E. Vickery are hereby elected to serve as Assistant Treasurers of MassHousing.

**FURTHER**

**VOTED:** That Beth M. Elliott is hereby elected to serve as the Secretary of MassHousing.

**FURTHER**

**VOTED:** That Carol G. McIver is hereby elected to serve as the Assistant Secretary of MassHousing.

**Other Post-Employment Benefits (“OPEB”) Trust**

As previously mentioned, the OPEB Trust is administered by a trustee constituting a five-member committee called the “MassHousing OPEB Committee”. One of the members is selected by the Agency Members. It is recommended that Henry Mukasa, the Agency’s Director of Rental Management, continue to serve as the representative of the Agency Members on the MassHousing OPEB Committee until the next Annual Meeting. Upon a motion duly made and seconded, it was

**VOTED:** That Henry Mukasa serve as the Agency Members’ representative to the MassHousing OPEB Committee until the next Annual Meeting.

**Massachusetts Housing Finance Agency Employees’ Retirement System**

Upon a motion duly made and seconded, it was

**VOTED:** That Ping Yin Chai is appointed to serve as a Member of the Massachusetts Housing Finance Agency Employees’ Retirement System.

Agency Member Andris J. Silins will continue to serve on that Board, consistent with Section 20 of Chapter 32 of Massachusetts General Laws, which provides that the Treasurer of MassHousing serve on the Board of the Massachusetts Housing Finance Agency Employees’ Retirement System as an *ex officio* member.

Although a vote was not required, Chairman Dirrane reviewed the committee assignments for the Members:

**Home Ownership Committee**

Patricia McArdle, *Chair*  
Mark Attia, as designee for Michael Heffernan, *ex officio*

**Loan Committee**

Janelle Chan, *ex officio*, or her designee, *Chair*  
Lisa Serafin  
Carolina Avellaneda

**Management Policy Review Committee**

Janelle Chan, *ex officio*, or her designee, *Chair*  
Lisa Serafin  
Carolina Avellaneda

**Investment and Audit Committee**

Michael Dirrane, *Chair*  
Ping Yin Chai

Mark Attia, as designee for Michael Heffernan, ex officio

**Human Resources and Compensation Committee**

Michael Dirrane, *Chair*  
Ping Yin Chai  
Andy Silins

Chairman Dirrane then called for a motion to recess MassHousing’s annual meeting to conduct the annual meetings of MassHousing’s affiliates: The Center for Community Recovery Innovations, Inc. (“CCRI”) and the Massachusetts Housing Finance Agency Property Acquisition and Disposition Corporation (“PADCO”). Upon a motion duly made and seconded, it was

**VOTED:** To recess the MassHousing Annual Meeting and convene the Annual Meeting of CCRI.

**CCRI Annual Meeting**

Chairman Dirrane called the Annual Meeting of CCRI to order. Mr. Dirrane referred the Members to the proposed slate of officers. Upon a motion duly made and seconded, it was

**VOTED:** That the Board of Directors of the Center for Community Recovery Innovations, Inc. shall consist of the Members of MassHousing, as well as the Chair and Vice-Chair of the Community Services Advisory Committee.

**FURTHER**

**VOTED:** That Michael J. Dirrane is hereby elected to serve as Chairman of the Center for Community Recovery Innovations, Inc.

**FURTHER**

**VOTED:** That Chrystal Kornegay is hereby elected to serve as President of the Center for Community Recovery Innovations, Inc.

**FURTHER**

**VOTED:** That Henry Mukasa is hereby elected to serve as Vice President of the Center for Community Recovery Innovations, Inc.

**FURTHER**

**VOTED:** That Charles C. Karimbakas is hereby elected to serve as Treasurer of the Center for Community Recovery Innovations, Inc.

**FURTHER**

**VOTED:** That Beth M. Elliott is hereby elected to serve as Clerk of the Center for Community Recovery Innovations, Inc.

**FURTHER**

**VOTED:** That Carol G. McIver is hereby elected to serve as Assistant Clerk of the Center for Community Recovery Innovations, Inc.

Noting that there was no other business requiring action of discussion, Chairman Dirrane asked if there was a motion to adjourn the CCRI meeting and convene the PADCO meeting. Upon a motion duly made and seconded, it was

**VOTED:** To recess the Annual Meeting of the Center for Community Recovery Innovations, Inc. and convene the Annual Meeting of PADCO.

**PADCO Annual Meeting**

The Chairman called the Annual Meeting of PADCO to order. Mr. Dirrance referred to the Members of the proposed slate of officers. Upon a motion duly made and seconded, it was

**VOTED:** That the Board of Directors of PADCO shall consist of the Members of MassHousing.

**FURTHER**

**VOTED:** That Michael J. Dirrane is hereby elected to serve as Chairman of PADCO.

**FURTHER**

**VOTED:** That Chrystal Kornegay is hereby elected to serve as President of PADCO.

**FURTHER**

**VOTED:** That Henry Mukasa is hereby elected to serve as Vice President of PADCO.

**FURTHER**

**VOTED:** That Charles C. Karimbakas is hereby elected to serve as Treasurer of PADCO.

**FURTHER**

**VOTED:** That Beth M. Elliott is hereby elected to serve as Clerk of PADCO.

**FURTHER**

**VOTED:** That Carol G. McIver is hereby elected to serve as Assistant Clerk of PADCO.

Noting that there was no other business requiring action of discussion, Chairman Dirrane asked if there was a motion to adjourn the PADCO meeting and reconvene the MassHousing meeting. Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the Annual Meeting of PADCO and reconvene the MassHousing Annual Meeting.

## Loan Committee

### Chestnut Park Apartments, Springfield

Meaghan McCarthy presented a proposal for Official Action Status, Commitment for Tax-Exempt Conduit Loan (Short- and Long-Term) and Commitment of Workforce Housing Loan for Chestnut Park Apartments. Chestnut Park Apartments is a 489-unit development centrally located in the Gateway City of Springfield and has been in the MassHousing portfolio since the 1970's. It is situated within walking distance of several local economic drivers, including the MassMutual Center and the new MGM Springfield Casino, and in close proximity to Springfield's Innovation, Downtown Business and Museum districts.

The plan is for the new borrowing entity to acquire the property, repay existing debt, substantially rehabilitate the property, and secure long-term preservation of the development. As noted above, the existing first mortgage, which benefits from the HUD 236 subsidy payments, expires in 2019, and the Rent Supplement contract is expiring at the end of 2018. As the development approaches these maturity dates and the expiration of use restrictions, the sponsor seeks to reposition the development, and allow for a moderate-income tier, which is consistent with the intent of the local elected officials to attract more workers and residents to the City. The development will continue to have 412, or nearly 85%, of the units restricted to households earning up to 60% of AMI. In an effort to achieve greater income diversity at the development, the remaining 77 units will transition to workforce housing, restricted to households earning up to 85% of AMI. Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations set forth immediately following this vote and to authorize (i) the Agency to grant Official Action Status and consider the application for tax-exempt financing for the multifamily development known as "Chestnut Park Apartments" in Springfield, Massachusetts (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 \$50,000,000 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 Agency dated June 11, 1996, staff makes the following Official Action Status findings for the proposed project:



1. The Related Companies, L.P. (“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.

**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 Springfield, Massachusetts and known as “Chestnut Park Apartments” (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.

**Loan Commitment**

Staff has reviewed the development proposal for conduit and Workforce Housing financing and recommends the following votes for approval:

**FURTHER**

**VOTED:** To approve the findings and determinations contained in Attachment A hereto and to authorize the issuance of tax-exempt obligations in an amount not to exceed \$50,000,000, 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 the Executive Director, General Counsel, Financial Director, Comptroller, Manager of Finance and Bond Compliance 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 the conduit financing described herein, to be sold in a public offering by Wells Fargo Bank, N.A. (the “Bank”) or another entity controlled by the Bank, with the proceeds of such issuance to be lent to Chestnut Park Preservation, LP, or another single-purpose entity controlled by the Related Companies, L.P. (the “Borrower”) as owner of the multifamily residential development known as “Chestnut Park Apartments” (the “Development”) and located in Springfield, Massachusetts, and in accordance with the applicable Conduit Loan Closing Standards approved by the Agency on September 12, 2017 and delegations of authority previously approved by the Agency, and further subject to (1) compliance with all applicable laws and all regulations and requirements of applicable financing programs, and (2) the following special conditions: None.

**FURTHER**

**VOTED:** To approve a subordinate mortgage loan to the Borrower for the Development in an amount not to exceed \$5,000,000 (the “Workforce Loan”) (1) to be funded from that portion of the Opportunity Fund approved by the Agency 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 Agency on July 12, 2016, as updated, and to any applicable delegations of authority previously approved by the Agency, and further subject to the following special conditions: prior to the closing of the Workforce Loan, the Agency and the Borrower will agree to the terms of an arrangement with respect to cash flow sharing/loan repayment to ensure that the 77 units supported with such Workforce Loan are occupied by Workforce eligible households in a reasonable period of time, the terms of such agreement subject to approval by the Director of Rental Business Development, the Director of Rental Underwriting or the Vice President of Multifamily Programs, each acting singly.

**FURTHER**

**VOTED:** To authorize the Executive Director and the Vice President of Multifamily Programs, each acting singly, and their respective designees, 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 mortgage loans (other than the Workforce Loan which may be pari passu with such third party mortgage loans), 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 her designee.

## **ATTACHMENT A** **FINDINGS AND DETERMINATIONS**

### **Statutory Findings:**

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

#### *(1) Provision of Low-income Set-aside Units*

At least twenty percent (20%) of the units 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 1,126 units) in the area revealed a strong rental market. Current occupancy rates of the six comparable properties reviewed averaged approximately 95.6 %, and range between 90% and 100%. The subject property has operated as a 489-unit section 236 property since 1977 and has had a historical vacancy rate of 3.55%. Staff review of similar mixed income/subsidized portfolio properties (1,241 units) demonstrated a weighted average vacancy rate of approximately 1.55%.

There is no submarket data for Springfield, therefore the Springfield metro data was used. REIS, Inc. data (2<sup>nd</sup> Qtr. 2018) for the subject's Springfield metro area has projected a vacancy rate at 1.5% YTD (5.6% Boston Metro). This rate is projected to increase to 2.0% over the next five years, while the Boston Metro is projected to increase to 6.5%. Vacancies in the Springfield metro area have averaged approximately 2.0% over the last five years, while the Boston Metro vacancy rate has averaged 4.7%.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (12/05/14), the City of Springfield has 61,556 year-round housing units, 10,192 (16.6%) of which are subsidized for low/moderate income households.

Further, the Springfield Housing Authority (SHA) owns and/or operates 1,724 Public Housing units broken down by 5 districts in Springfield. According to the City of Springfield's Five Year Consolidated plan (2016-2021), there are 2,081 applicants on the waiting lists, and of those on the waiting list, 90.7% are extremely low-income households with incomes below 30% of the area median income(AMI); 7.7% are very low-income households with incomes of 30-50% of AMI; and 1.5% are low income households with incomes of 50-80% of AMI. Further, 40.6% of the applicants are families with children, 14.8% are elderly, and 44.4% are disabled. SHA also

administers 2,810 Section 8 Housing Vouchers and they participate in the Massachusetts Section 8 Housing Choice Voucher Centralized Waiting List. At this time, the list is open and is expected to remain open indefinitely. According to SHA, the centralized list is combined with 84 housing authorities in the state of Massachusetts. At present, that list includes 150,000 people, with a wait time of between 5 and 10 years.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that of the 55,921 households in the City of Springfield, approximately 63.3% earned less than the HUD published 2018 AMI (\$73,900), approximately 54.3% earned less than 50% of 2018 AMI, approximately 62.0% earned less than 60% of the 2018 AMI and approximately 72.2% earned less than 80% of the 2018 AMI.

Based on the market data reviewed, a demand exists for the subject units, both the low-income and market rate units in the City of Springfield.

*(3) Inability of Private Enterprise Alone to Supply Affordable Housing*

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

*(4) No Undue Concentration of Low-income Households*

The financing herein proposed will modestly change the current income mix of the Development, which is currently a low-income development. The addition of the Workforce Housing units will not add to the concentration of low-income households. Moreover, the development, it is located in an area that includes a mix of residential and retail uses.

*(5) Elimination of Unsafe or Unsanitary Dwelling Units*

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

**Rental Determinations:**

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

**Rent Schedule:**

Number of Bedrooms		1	2	3
Number of Units		207	264	18
Net SF/Unit		650	896	1200
Elev./Non-Elev.		E	E	E
<b>Market Rate Rent</b>		\$1,236	\$1,493	\$1,701
(10% Rate 20 Yr. Term)				
<b>MHFA Below Market Rent</b>		\$1,048	\$1,306	\$1,513
(Cost-Based Rent)				
<b>MHFA Adjusted Rent</b>		30% of Income		
<b>Underwriting Rents</b>				
Workforce 85% AMI		\$1,059	\$1,271	\$1,468
60% AMI LIHTC		\$907	\$1,089	\$1,258
60% AMI Mobile Vouchers to PBRA		\$1,275	\$1,525	\$1,675
60% AMI S.8 PBRA (former Rent Supp)		\$1,275	\$1,525	\$1,675

### **Rogers Hall, Lowell**

Sarah Hall presented a proposal to (1) accept the assignment of a HUD-issued Firm Commitment for FHA-insurance, (2) to make the first mortgage loan described therein, and (3) to finance the New Loan through the issuance of a Ginnie Mae MBS.

Rogers Hall is a 61-unit senior and disabled housing development located in Lowell consisting of one three-story building originally constructed in 1837, with additions constructed in 1922 and 1984. The development contains all one-bedroom units.

Loan proceeds will be used to pay off existing indebtedness of approximately \$3,791,597, which includes including outstanding principal and interest, fees, and FNMA prepayment penalty. Loan proceeds will also be used to fund critical and non-critical repairs including accessibility updates, parking lot repairs, floor replacement and installation of an emergency generator, as well as fund an initial deposit to replacement reserves to address future capital needs at the property. In addition, loan proceeds will fund an equity take-out for the non-profit borrower entity. The borrower intends to use the capital from this transaction to develop a nearby site with new affordable housing. Upon a motion duly made and seconded, it was

**VOTED:** To approve the findings and determinations contained in Attachment A and to authorize the Massachusetts Housing Finance Agency (“MassHousing”) (1) to accept the assignment, from Rockport Mortgage Corporation of a HUD Firm Commitment to provide mortgage insurance through the Federal Housing

Administration pursuant to Section 223(f) of the National Housing Act for a first mortgage loan in the approximate amount of \$7,520,000, 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 \$9,400,000 nor less than \$5,640,000 to Rogers Hall Corporation (the “Borrower”) for Rogers Hall and (2) to make the FHA-insured first mortgage loan to the Borrower for Rogers Hall in the approximate amount of \$7,520,000 subject to the limitation that the final amount of such loan shall not be more than \$9,400,000 nor less than \$5,640,000 on terms acceptable to MassHousing, in compliance with the terms of the Prepayment Approval for MassHousing Multifamily Mortgages granted by the Agency on October 14, 2014, and subject to MassHousing’s General Closing Conditions for loans made under MassHousing’s MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative approved by the Agency on November 12, 2014.

**FURTHER  
VOTED:**

That the Massachusetts Housing Finance Agency, acting through its duly authorized officers, 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 Rogers Hall.

**ATTACHMENT A  
FINDINGS AND DETERMINATIONS**

**Statutory Findings:**

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

*(1) Provision of Low-income Set-aside Units*

60 of the 61 total units (98%) 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 1,085 units) in the area revealed a strong rental market. Current occupancy rates of the six comparable developments reviewed had an average occupancy of approximately 98.2 %, and range between 97% and 99%. Staff review of similar mixed income/subsidized portfolio properties (1,241 units) demonstrated a weighted average vacancy rate of approximately 1.6%. The subject property has operated as a Section 8 property since 1984 and has had a historical vacancy rate of .315% over the last 6 years.

*REIS, Inc.* data (2<sup>nd</sup> Qtr. 2018) for the subject’s North Shore/Merrimack River Valley submarket have projected a vacancy rate at 4.0% YTD (5.6% Boston Metro). This rate is projected to decrease

to 3.8% over the next five years, while the Boston Metro is projected to increase to 6.5%. Vacancies in North Shore/Merrimack River Valley submarket have averaged approximately 3.4% over the last five years, while the Boston Metro has averaged 4.7%.

REIS, Inc. submarket data for the Class A building type (14,696 units) indicates a 2<sup>nd</sup> Qtr. 2018 vacancy rate of 6.3% and an average asking rent of \$2,139 and, *REIS, Inc.* submarket data for the subject's Class B/C building type (19,617 units) indicates a 2<sup>nd</sup> Qtr. 2018 vacancy rate of 2.7 at an average asking rent of \$1,1612. The development when completed, along with the proposed amenities, more closely reflects the Class B/C property type and is reflected in both the vacancy rate and market rent potential. None of the comparable reviewed were offering rent concessions, although the use of concessions continues in the Boston Metro. The second quarter 2018, REIS, Inc. data indicates the North Shore/Merrimack River Valley is offering .37 months free rent.

According to the Department of Housing and Community Development's (DHCD) Chapter 40B Subsidized Housing Inventory (9/24/17), the City of Lowell had 41,308 year-round housing units, 5,180 (12.5%) of which are subsidized for low/moderate income households.

The City of Lowell Consolidated Plan (7/1/15 – 6/30/20) the Lowell Housing Authority (LHA) owns/operates 1,699 units of Federal public housing (824 – family and 875 –elderly/disabled), and 198 units of state public housing. Per the LHA, they maintain 4,566 households on their public housing wait lists (1,061 – Disabled; 304 – Elderly; 2,788 – Family; 413 – Single). They also administer a total of 1,246 Section 8 Vouchers, 43 Massachusetts Rental Voucher Program Vouchers, 50 Lowell Rental Assistance Fund Program Vouchers, and 22 Department of Mental Health rental subsidies. At the present time the waiting lists for these programs are closed.

U.S. Census data from the 2012-2016 American Community Survey (ACS) indicates that of the 38,735 households in the City of Lowell, approximately 76.3% earned less than the HUD published 2018 AMI (105,400), approximately 54% earned less than 50% of 2018 AMI, approximately 60.9% earned less than 60% of the 2018 AMI and approximately 66.6% earned less than 80% of the 2018 AMI.

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

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

### *(4) No Undue Concentration of Low-income Households*

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

### *(5) Elimination of Unsafe or Unsanitary Dwelling Units*

As evidenced by data cited in Finding No. 2 above, there is an acute shortage of decent, safe, and sanitary housing available to low-income persons and families in the general housing market area of the Development. Staff is not aware of units within the same market area that require demolition

or compulsory repair. So long as the acute shortage of affordable housing persists, actions of public agencies to increase the supply of affordable housing will reduce the market forces that allow unsafe and unsanitary units to persist. In addition, MassHousing, through its administration of housing programs, and other public agencies (e.g., local enforcement of building codes), continue to require repair of substandard units as such units are identified.

**Rental Determinations:**

Pursuant to Section 6(a) of the Act, MassHousing makes the following rental determinations based on the underwriting performed by the MAP Lender Partner for units within the proposed Development:

**RENT SCHEDULE:**

Number of Bedrooms	1
Number of Units	61
Net SF/Unit	600
Elev./Non-Elev.	E
<b>Market Rate Rent</b>	\$2,295
(10% Rate 20 Yr. Term)	
<b>MHFA Below Market Rent</b>	\$1,640
(Cost-Based Rent)	
<b>MHFA Adjusted Rent</b>	30% of Income
<b>Underwriting Rents</b>	
Section 8	\$1,640

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. Hearing none from the other Members, Chairman Dirrane commented that he would



like to take the opportunity to thank Tom Lyons for his service to MassHousing, as Mr. Lyons will be retiring prior to the next MassHousing meeting.

Chairman Dirrane asked for a motion to adjourn the meeting at 2:27 p.m. Upon a motion duly made and seconded, it was

**VOTED:** To adjourn the MassHousing meeting at 2:27 p.m.

A true record.

Attest.

  
\_\_\_\_\_  
Beth M. Elliott  
Secretary

  
\_\_\_\_\_  
Carol G. McIver  
Assistant Secretary

Meeting Materials:

1. Proposed Agenda
2. Draft Minutes of the 9/11/2018 MassHousing Meeting
3. Memorandum regarding Amendment of OPEB Trust Agreement
4. Finance Presentation to the MassHousing Board of Directors dated 10/9/2018
5. Memorandum regarding the Opportunity Fund
6. Memorandum regarding the Annual Meetings of MassHousing, PADCO and CCRI
7. Chestnut Park Apartments – Presentation & Memorandum
8. Rogers Hall – Presentation & Memorandum
9. Rental Pipeline Report
10. Delinquency Report