

Minutes of the
Loan Committee of MassHousing
Held on
January 3, 2017

The regular meeting of the Loan Committee was held at 2:00 p.m. on Tuesday,
January 3, 2017 at MassHousing's offices at One Beacon Street in Boston, Massachusetts

In attendance were:

Members: Lisa Serafin

Staff: Matthew Deych
Daniel Staring
Doug O'Brien
David Keene
Henry Mukasa
Karen Kelleher
Kathleen Evans
Carrie Knudson
Cynthia Lacasse
Tim Sullivan
Sergio Ferreira
Chris Burns
LaVergne Randolph
Bill Dunn
Kaitlyn Mulcahy
Kelly Johnson
Danielle McCarthy
Josiah Madar
Casey Baines
Amy Blouin
Deepak Karamcheti
Mike Carthas
Sarah Hall
Anne Marie Macpherson
Jeff Geller
John W. McCormack
Michelle Vinciguerra
Meaghan McCarthy
Deb Morse

Members Not in
Attendance: Rachel Carlson (designee of Chrystal Kornegay)

The meeting began at 2:00 pm.

1. Summary of the December 6, 2016 Loan Committee Meeting

The summary of the December 6, 2016 Loan Committee meeting was presented to the Loan Committee Panel. There was no objection to the summary.

2. Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan in Ashland:

Built in 1983, Ashland Commons is a 96-unit apartment community, with 11 two-story buildings. 95 of the units are Section 8 units: 49 units serving elderly/disabled residents and 47 units serving families. The site has one market rate unit that was formerly used for site staff. The site is well maintained and has had extensive improvements over the last 10 years including building envelope replacement in 2008.

The Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan were recommended for presentation to the Board at the January 10, 2017 meeting.

3. Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan in Worcester:

Marble Street Apartments is a 162-unit Section 8 development, located in the Main South neighborhood of Worcester. The project was originally constructed by The Barkan Companies in 1981 and includes a six-story elevator building with 150 apartments, and three townhouse buildings containing 12 units. Barkan renovated all of the units in 1998. A parking lot at the center of the site provides 86 spaces for tenants. All of the units are covered under a 20-year HAP contract, and the owner will sign a new 20-year contract at closing.

Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan were recommended for presentation to the Board at the January 10, 2017 meeting.

4. Proposed Approval of Re-Commitment of Construction and Permanent Loans in Boston (Dorchester):

Franklin Highlands (“Development”) is a 270-unit family housing development comprised of 14 separate four-story apartment buildings in a ten-block section of Boston’s Roxbury and Dorchester neighborhoods near Franklin Park. The complex dates back to 1900; and was rehabilitated under HUD’s Demonstration Disposition program in 2000. It is currently owned by Franklin Highlands Limited Partnership, which is a joint venture between Franklin Park Development Tenants Association (“FPDTA”) and Maloney Properties, Inc. MassHousing administers its Section 8 PBCA contract and does not hold any debt on the property. The Borrower seeks financing to rehabilitate and preserve the Development.

In May 2016, the Board approved an uninsured construction loan up to \$32,250,000 and a permanent loan with HUD/FFB financing and Risk-Sharing insurance up to \$32,250,000. Due to significant changes in scope and reduction in first mortgage loan proceeds, this new

proposal includes a MassHousing construction and permanent loan up to \$28,545,851 (the permanent loan with HUD/FFB financing and Risk Sharing insurance), and also includes a Section 8 Overhang loan of up to \$7,483,618. As part of this transaction, the Borrower will receive a Mark-Up-To-Market (MUTM) rent increase and a new 20-year subsidy contract to replace the current contract which expires in December, 2017.

The rehabilitation, budgeted at over \$100,000 per unit includes extensive repairs to compromised masonry exterior walls, new roofs, window repairs and some replacement, HVAC and electrical upgrades, general interior improvements and expansion of its community center.

The Proposed Approval of Re-Commitment of Construction and Permanent Loans were recommended for presentation to the Board at the January 10, 2017 meeting.

5. Proposed Approval of Commitment of Taxable Permanent Loan in South End:

Viviendas Apartments (“Development”) is a 181-unit family affordable housing development in Boston’s South End neighborhood. An affiliate of Inquilinos Boricuas en Accion (IBA) (“Sponsor”) is seeking financing to do a rehabilitation of the development and provide equity take-out. The rehabilitation financed as part of this transaction will include some envelope system upgrades, interior plumbing replacement, reconfigured amenity areas, unit upgrades, and accessibility modifications.

The Proposed Approval of Commitment of Taxable Permanent Loan was recommended for presentation to the Board at the January 10, 2017 meeting.

6. Proposed Approval of Official Action Status in Boston (Roxbury):

At the time of construction and permanent loan closing, the properties will be conveyed by the LPI Affiliates to a Massachusetts limited liability company, limited partnership, or other single-purpose entity at the time of construction and permanent closing (the Mortgagor); JPNDC will have a 75% ownership interest in the Mortgagor entity and will serve as the managing member, while LPI will retain a 25% ownership interest.

In November 2016, JPNDC submitted an application for tax-exempt construction and permanent loan financing. The mortgagor entity will be a single purpose, sole asset entity. Both the Mortgagor and its General Partner are yet to be formed.

The expected future financing will allow JPNDC to complete an acutely-needed renovation of the properties, with per unit hard costs likely to exceed \$100,000. The scope of repairs has been developed based on a MassHousing-commissioned capital needs assessment performed by On-Site Insight, and refined through assessments conducted with The Architectural Team and NEI General Contracting.

In addition to completing the above repairs, the transaction will also consolidate the six properties under one financing structure and transfer ongoing property management to Peabody Properties, Inc., a high-capacity property management firm with extensive experience.

The Proposed Approval of Official Action Status and extension of Maturity – Arrearage Notes were recommended for presentation to the Board at the January 10, 2017 meeting.

7. Proposed Approval of Continuation of Subordinate Debt in Pittsfield:

Staff proposes to extend the maturity date of the 13A Repairs Loan for up to 24 months as Oak Hills Housing Company, the owner, works with MassHousing on a preservation strategy for the property. This loan is otherwise due at the maturity of the first mortgage loan on March 1, 2017.

The Proposed Approval of Continuation of Subordinate Debt was recommended for presentation to the Board at the January 10, 2017 meeting.

8. Proposed Approval of Continuation of Subordinate Debt in Boston:

Haynes House Associates II LP, the owner, seeks to extend the maturity of its existing subordinate debt for up to 24 months. This debt is otherwise due at the maturity of the first mortgage loan on March 1, 2017.

The Proposed Approval of Continuation of Subordinate Debt was recommended for presentation to the Board at the January 10, 2017 meeting.


The meeting concluded at approximately 3:00 pm.

A true record.

Attest:



Beth M. Elliott, Secretary



Francis P. Creedon, Assistant Secretary