

Minutes of the
Loan Committee of MassHousing
Held on
April 4, 2017

The regular meeting of the Loan Committee was held at 2:00 p.m. on Tuesday, April 4, 2017 at MassHousing's offices at One Beacon Street in Boston, Massachusetts

In attendance were:

Members: Rebecca Frawley Wachtel
 Lisa Serafin
 Carolina Avellaneda

Staff: Katrina Holman
 Sergio Ferreira
 Deb Morse
 Antonio Torres
 Karen Kelleher
 Meaghan McCarthy
 LaVergne Randolph
 Carol McIver
 Piia DiMeco
 Lee-Anne Brooks
 Nick Pepe
 Kelly Johnson
 John McCormack
 Casey Baines
 Bill Dunn
 Tom Farmer
 Rachel Carlson
 Janet Billane
 Daniel Staring
 Mildred Mukasa

The meeting began at 2:00 pm.

1. Summary of the March 7, 2017 Loan Committee Meeting

The summary of the March 7, 2017 Loan Committee meeting was presented to the Loan Committee Panel. The members approved the summary.

2. Capital Needs Presentation

Sergio Ferreira began the meeting with a detailed presentation of proposed new Capital Needs & Replacement Reserve Funding Policy. He described MassHousing's current Capital Needs & Replacement Reserve Funding Policy and compared it to HUD's policies for fully-insured loans under the MAP program. Mr. Ferreira then described the new proposed policy, which combines some elements of MassHousing's current policy with aspects developed from HUD approach under MAP. He concluded his presentation by sharing an example of the capital reserve funding outcomes for a sample development under the three approaches.

3. Proposed Approval of Commitment of Taxable Permanent Loan; Commitment of Workforce Housing Loan in Worcester presented by Meaghan McCarthy:

Central Building ("Development") is a proposed adaptive re-use project that will result in 55 new units of housing and ground floor retail space in Worcester. The Central Building Development Group ("Borrower") has presented a proposal for (i) taxable permanent financing in the amount of \$3,180,000 and (ii) a \$1,400,000 Workforce Housing Subordinate loan. The permanent loan will be insured under the HUD/HFA Risk Sharing Program following construction completion. The Development has received commitments from the City of Worcester for funding and has requested an allocation of 9% Low Income Housing Tax Credits, State Tax Credits and soft debt from the Department of Housing and Community Development.

The Proposed Approval of Commitment of Taxable Permanent Loan; Commitment of Workforce Housing Loan were recommended for presentation to the Board at the April 11, 2017 meeting.

4. Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan in Boston (Fenway), presented by David Keene:

Hemenway Apartments (the "Development"), located in the Fenway neighborhood of Boston, consists of 183 units in 4 buildings with 7 addresses on Huntington Avenue and Hemenway Street, including one building next to the Museum of Fine Arts. All units in the Development are covered by a project-based Section 8 HAP Contract that will be renewed for 20 years. The Development proposal is for a \$49,340,000 taxable permanent loan insured under the HUD/HFA Risk Sharing Program.

Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan was recommended for presentation to the Board at the April 11, 2017 meeting.

5. Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan in Northbridge, presented by Antonio Torres:

Cotton Mill Apartments (“Development”) is a 55-unit mixed-income family development in Northbridge’s Whitinsville Historic District. The Development is comprised of a textile mill built in 1846 that was converted into housing in 1976. It houses 55 Section 8 Project Based units. Schochet Associates, Inc. (“Developer”) is seeking to refinance the Development, lower the interest rate and provide an equity take-out. The proposal calls for a \$7,380,000 taxable permanent loan insured under the HUD/HFA Risk Sharing Program. The property is in good condition and minor repairs are anticipated.

The Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan was recommended for presentation to the Board at the April 11, 2017 meeting.

6. Proposed Approval of Commitment of Taxable Permanent Loan and Commitment of Subordinate Workforce Housing Opportunity Fund in Boston (Hyde Park) presented by Antonio Torres:

Residences at Fairmount Station is a to-be constructed 27-unit apartment community in the Hyde Park neighborhood of Boston. It is a Transportation Oriented Development (TOD) located across from a commuter rail stop along the Indigo Line. The Borrower entity is a partnership between Traggorth Companies LLC and Southwest Boston Community Development Corporation. Both entities are new to MassHousing. They have presented a proposal for (i) taxable permanent financing in the amount of \$1,800,000 (insured under HUD/HFA Risk Sharing) and (ii) a \$300,000 Workforce Housing loan. The Development has received all funding commitments from the City of Boston and the State’s Department of Housing and Community Development (DHCD).

The Proposed Approval of Prepayment of Existing MassHousing Loan and Commitment of Taxable Permanent First Mortgage Loan was recommended for presentation to the Board at the April 11, 2017 Meeting.

7. Proposed Approval of MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative and FHA Tax Credit Program in Westwood presented by Antonio Torres:

The Borrower is seeking MassHousing’s commitment for approximately \$52,085,234, or such other amount as evidenced in the HUD Firm Commitment, in permanent first mortgage financing under the MAP/Ginnie Mae Program. The loan will be insured by the Federal Housing Administration under the provisions of Section 207, pursuant to Section 223(f) of the National Housing Act, and the Regulations thereunder now in effect, and MassHousing’s credit risk will be approximately 1% of the loan amount as a result. The loan will be subject to the General Conditions for the MAP/Ginnie Mae Program approved by the Board on November 12, 2014.

The Borrower is also seeking MassHousing’s commitment for a bond loan of approximately \$34,000,000 or the minimum amount necessary to pass the 50% test, not to exceed \$37,000,000. MassHousing will issue tax-exempt construction loan notes to fund the bond

loan, and such notes will be secured by a cash collateral account, funded at the Borrower's obligation, for the full amount of the tax-exempt debt issued by MassHousing. The tax-exempt construction loan notes will be repaid by the proceeds of the cash collateral account after the placed-in-service date, and the Borrower's obligations under the Bond Loan will be satisfied simultaneously.

The Proposed Approval of MAP/Ginnie Mae Multifamily Joint Venture Lending Initiative and FHA Tax Credit Program were recommended for presentation to the April 11, 2017 Board.

8. Proposed Approval of Extension of Taxable Bridge Loan in Brockton presented by Deborah Morse:

On January 8, 2013, Beacon Chatham West Associates I, Limited Partnership (the "Borrower") received a commitment of \$3,045,000 in taxable bridge loan financing (the "Bridge Loan") that allowed for the prepayment of an existing MassHousing first mortgage loan made under the HUD Section 236 program. Prepayment allowed the borrower to seek the full benefit of the HUD Rental Assistance Demonstration program ("RAD"), resulting in the issuance of a 15-year project based voucher contract for all 300 units. The Bridge Loan closed on April 26, 2013 with a 24-month term and received its first extension at the March 2015 Board meeting. Upon receipt of the Project Based Vouchers, the Borrower was to seek permanent financing from MassHousing to recapitalize the project. However, the Borrower is now requesting an additional extension to the Bridge Loan to complete the full preservation transaction. The Bridge Loan will be repaid at the earlier of the extended maturity date or at the time of refinancing.

The Proposed Approval of Extension of Taxable Bridge Loan was recommended for presentation to the April 11, 2017 Board.

The meeting concluded at approximately 3:17 pm.

A true record.

Attest:


Beth M. Elliott, Secretary


Francis P. Creedon, Assistant Secretary