

Minutes of the
Loan Committee of MassHousing
Held on
May 2, 2017

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

In attendance were:

Members: Rebecca Frawley Wachtel
Lisa Serafin

Members

Not Present: Carolina Avellaneda

Staff: Matthew Deych
Sergio A. Ferreira
Henry Mukasa
Kathleen Evans
Daniel Staring
Chris Burns
Karen Kelleher
Cynthia Lacasse
Carol McIver
John McCormack
Doug O'Brien
Deb Morse
LaVergne Randolph
Kathleen Lynch
Antonio Torres
Kelly Johnson
Paul McMorrow
Casey Baines
Max Ward
Hana Migliorato
Meaghan McCarthy

The meeting began at 2:00 pm.

1. Summary of the April 4, 2017 Loan Committee Meeting

The summary of the April 4, 2017 Loan Committee meeting was presented to the Loan Committee Panel. The members approved the summary.

2. Proposed Approval of Modification to Commitment of Tax-Exempt Equity Bridge Loan in Jamaican Plain presented by Kathleen Evans:

On August 9, 2016, the Board authorized a commitment of construction and permanent financing for the construction of A.O. Flats, which will be a newly constructed, 78-unit development immediately adjacent to the Forest Hills MBTA station in Jamaica Plain. The approved financing application, submitted by an affiliate of The Community Builders, Inc. (“TCB”), includes 4% LIHTC, a MassHousing tax-exempt construction/permanent loan insured under the HUD/HFA Risk-Sharing Program, a tax-exempt equity bridge loan, a Workforce Housing subordinate loan, and an additional MassHousing subordinate loan.

While the transaction is now prepared to proceed toward closing, it requires Board approval for an increase to the previously-approved tax-exempt bridge loan in order for the project to meet the 50% test given the revised development budget.

Ultimately, the construction budget increased by \$2,092,787, and the first mortgage decreased by \$2,040,000, for a combined impact of \$4,132,787. However, the newly adopted Rental Underwriting Reserve Policy would allow the August 2016 initial deposit to replacement reserves of \$1,750,000 to be reduced to \$0; and TCB has increased its sponsor loan by \$1,600,000 and its deferred developer fee by \$704,005.

In the aggregate, the development budget is substantially the same now as it was in August 2016, but in order to meet the 50% test, the tax-exempt bridge loan must increase from \$4,040,000 to \$6,190,000. It is this increase to the bridge loan that necessitates recommitment of the tax-exempt bridge loan by the Board.

3. Proposed Approval of MAP/Ginnie Mae Solo Board Vote presented by Christopher Burns:

This is a procedural vote giving MassHousing the ability to process MAP transactions “In-House,” as opposed to processing loans under the Joint Venture with CBRE and Rockport Mortgage. Under the joint-venture, existing loans are referred to and underwritten by a joint venture partner, then submitted to HUD for FHA-Insurance. After HUD issues a Commitment for FHA-Insurance, MassHousing takes an assignment of the Commitment at closing and closes the loan in its name. MassHousing then issues Ginnie Mae Mortgage-Backed Securities to fund the loans. The joint venture gave MassHousing the bandwidth to meet increased production demands over the past few years, while at the same time building an internal platform for completing these transactions with MassHousing staff.

The vote before you is almost identical to the Board’s Vote in 2014, which authorized the creation of the MAP Joint-Venture platform. The Vote approves General Closing Conditions specific to MAP and waives certain MassHousing requirements not applicable to MAP. The vote waives the requirement that MassHousing issues its standard form of commitment letter, instead relying on the terms and conditions outlined in the HUD Firm Commitment letter and delegates authority to the Deputy Director to approve changes to the form of commitment and the form of loan documents. Lastly, the vote grants specific waivers to MassHousing policies, including the Transfer of Ownership Policy, the Equity Policy as it relates to annual distributions, and the section of the Tenant Selection Regulations providing an appeal process for applicants rejected from housing.

4. Update Regarding Workforce Housing Fund and 13A Preservation Initiative presented by Cynthia Lacasse

Ms. Lacasse presented two program updates to the Committee. First, she discussed MassHousing’s initiative with respect to preservation of the Section 13A portfolio. She described the history of the program, early preservation efforts and the approach currently being undertaken by MassHousing and the Administration to preserve the most units possible while protecting all existing 13A tenants. Second, Ms. Lacasse provided an update on MassHousing’s Workforce Housing program. She reported on the deployment of the Workforce funds through the first year of the program’s operation, describing the geographic and economic diversity of the communities served to date. She also reviewed the program guidelines for the Committee and discussed the pipeline of anticipated upcoming transactions.

5. Preview of Conduit Product presented by Cynthia Lacasse

Ms. Lacasse then presented a preview of the program that staff is developing to utilize long-term conduit financing for multifamily transactions. Although MassHousing has completed transactions under various conduit models, this initiative would be the first programmatic conduit effort.

The meeting concluded at approximately 3:10 pm.

A true record.

Attest:


Beth M. Elliott, Secretary


Francis P. Creedon, Assistant Secretary