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# MASSACHUSETTS HOUSING PARTNERSHIP

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**BOARD OF DIRECTORS MEETING**  
**Tuesday, June 29, 2021 – Via Zoom**  
**160 Federal Street, 2<sup>nd</sup> Floor**  
**Boston, Massachusetts**

**Members Present:** Jack P. Clancy, Jr., Mark Attia, Alicia Modestino, Jennifer Maddox, Carolyn Ryan, Denis Sheahan, Matt Sosik

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Lisa Braxton, Tesfalem Chatot, Callie Clark, Sandra Cooke, Mark Curtiss, Karen English, Shelly Goehring, David Hanifin, Tom Hopper, Deepti Kamma, Danielle Kinkel, Anne Lewis, Rus Lodi, Nancy McCafferty, Emma McGurren, Cynthia Mohammed, Mahtowin Munro, Vanessa Okonkwo, Shawna O’Neil, Kathy Riley, Elliot Schmiedl, Laura Shufelt, Charleen Tyson, Alice Wong, David Worsham

## CALL TO ORDER

Mr. Clancy called the meeting to order at 2:01 pm. He noted that the materials prepared for this meeting were excellent.

## APPROVAL OF MINUTES

Upon a motion made by Mr. Sheahan and seconded by Ms. Modestino, the minutes of the April 27, 2021 meeting were approved. The Executive Committee meeting in May 2021 was canceled.

Mr. Clancy polled the Directors for this and each subsequent vote. Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in favor.

## MHP MANAGEMENT AND FINANCE

The Executive Team report was submitted in writing in advance of the meeting.

### **Proposed FY22 goals**

With regard to the proposed FY22 goals and performance indicators, MHP undertook a different and more inclusive goal-setting process this year. A staff working group led the effort which began discussions earlier and purposefully had more engagement with each team. The new reporting format and overall goals are more thematically focused on MHP’s mission rather than on each individual team.

The staff-led working group consisted of Callie Clark, Danielle Kinkel, Tom Hopper, Megan Mulcahy and Katy Lacy. The group offered details on the goal-setting process and how MHP arrived at its five mission-related themes. Although the staff expects to report to the board

quarterly on the proposed board goals, there are nearly 100 additional tasks and action items at the team level that will support MHP's progress on the board goals. Members of the board's Mission & Performance Committee agreed that the new process appeared to improve coordination across the organization and increase engagement.

Mr. Sheahan raised the concept of rising ESG (environmental, social, and governance) pressures in the banking industry and whether MHP is prepared to focus on home ownership versus rental housing in addressing income inequality and closing the wealth gap. Mr. Ziegler replied that the ONE Mortgage and Soft Second programs began as race-conscious products. This year MHP is proposing an explicit goal related to racial equity in homeownership which will replace the "underserved household" goal. Additionally, the working group discussed wage and wealth equity as a possible theme for FY22, but felt it was premature; staff and board members will continue to consider ESG issues, especially in setting goals for FY23.

With respect to homeownership goals, Mr. Sosik wondered how MHP balances wealth equity with rising, and perhaps unaffordable, housing prices. The group discussed the lending landscape now versus 2008, notably that subprime lending is much less of a problem and that we are now facing a profound housing supply gap. It was agreed that any MHP product must be responsible in all respects and attentive to credit risk and credit quality. MHP is already a leader in this field and must always consider whether it is doing enough.

Upon a motion made by Mr. Attia and seconded by Mr. Sosik, it was

**VOTED:** To approve the MHP FY22 goals as presented.

Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in favor.

### **Proposed FY22 budget and business projections**

Mr. Ziegler praised Ms. Tyson and Ms. English for their work leading a very thorough budget process this year. Finance Committee members discussed the long-term, comprehensive nature of the projections and the improved budgeting process.

The finance team and a newly-formed Business Strategy Working Group set guardrails for the process: capital ratio at no less than 7%, an annual bottom line of at least \$1 million, and liquidity of no less than \$20 million annually. They reviewed five-year projections in addition to the upcoming fiscal year and tested underlying assumptions. In recent years MHP has focused primarily on Federal Housing Administration and Fannie Mae executions and with several new Chapter 102 agreements in place lending will return to more direct placement loans. Though the projected capital ratio decreases over time, it remains strong overall and supports MHP's mission-oriented lending.

In FY21 MHP added three new positions and continues to hire for five existing vacancies, which will result in a total of 58 employees. By 2026, it expects to be up to 60 employees. The board discussed the importance of building capacity and investing in talent infrastructure because that will create more mission and industry impact.

Mr. Clancy requested a modification to the vote that it refer to the proposed FY22 budget in its entirety rather than operating expenses only.

Upon a motion made by Mr. Attia and seconded by Ms. Maddox, it was

**VOTED:** To approve the FY22 budget in its entirety including the \$22 million operating budget.

Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in favor.

Mr. Attia asked that staff provide an update at a future meeting on engagement with the rating agencies under the present circumstances.

## CAPITAL SOURCES/BANK TRANSACTIONS

### **Silicon Valley Bank acquisition of Boston Private Bank & Trust**

Ms. Kinkel presented information about the acquisition of Boston Private by Silicon Valley Bank, noting that the revised guidelines streamlined the process significantly. The consolidated assets of Boston Private located in Massachusetts are \$6,566,885,218, resulting in a loan obligation to MHP in the amount of \$59,101,966.

Upon a motion made by Mr. Sheahan and seconded by Ms. Ryan, it was

**VOTED:** To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board (“MHP”), to notify the Massachusetts Commissioner of Banks that “satisfactory arrangements” have been made with MHP by Silicon Valley Bank and SVB Financial Group in conjunction with the application to acquire Boston Private Bank & Trust Company and Boston Private Financial Holdings, Inc. in accordance with M.G.L.c.167A §4 and guidelines adopted by MHP.

Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in favor.

### **Eastern Bank acquisition of Century Bank**

Ms. Kinkel presented information about the acquisition of Century Bank by Eastern Bank. The assets of Century Bank located in Massachusetts are \$7,289,324,000, resulting in a loan obligation to MHP in the amount of \$65,603,916.

Upon a motion made by Mr. Sosik and seconded by Mr. Sheahan, it was

**VOTED:** To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board (“MHP”), to notify the Massachusetts Commissioner of Banks that “satisfactory arrangements” have been made with MHP by Eastern Bank and Eastern Bankshares in conjunction with the application to acquire Century Bank and Century Bancorp in accordance with M.G.L.c.167A §4 and guidelines adopted by MHP.

Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in favor.

## LOAN PROPOSALS

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### **Auburn Apartments, Haverhill**

Ms. Wong presented this refinancing loan proposal. The development has been in MHP's portfolio for 18 years and is very well-maintained. The sponsor, which has five loans in portfolio with MHP, has never drawn on the reserves for this or any other development. One hundred percent of the apartments are occupied currently, and the borrower expects to use the loan proceeds to repay a portion of the state subsidy and increase operating and replacement reserves. MHP will continue to control the reserve accounts, and Portfolio Management will coordinate with the sponsor to disburse reserve funds over the loan term for eligible items in accordance with the capital needs assessment.

Upon a motion made by Mr. Sosik and seconded by Mr. Sheahan, it was

**VOTED:** To authorize a first mortgage loan of up to \$1,725,000 pursuant to MHP's Permanent Financing Programs, utilizing funds available to MHP pursuant to Chapter 102 of the Acts of 1990 or through other agreements with banks, for the Auburn Apartments Project in Haverhill (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Auburn Apartments Credit Analysis dated 6/29/2021 including all special conditions contained therein, and presented in the 06/29/2021 MHP briefing materials, as the same may be modified pursuant to the Loan Policy. MHP commitment for the Loan shall expire if the loan closing does not occur by 9/22/2021.

Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in favor. Mr. Clancy abstained.

### **Hayes at Railroad Square, Haverhill**

Ms. Balonen-Rosen presented this loan proposal on behalf of Amanda Roe. The proposed loan will refinance the moderate-income "workforce" component of the initial development which is currently in MHP's portfolio and maturing this year.

Upon a motion made by Mr. Sheahan and Ms. Ryan, it was

**VOTED:** To authorize a first mortgage loan of up to \$1,610,000 pursuant to MHP's Permanent Financing Programs, utilizing funds available to MHP pursuant to Chapter 102 To authorize a first mortgage loan of up to \$1,610,000 pursuant to MHP's Permanent Financing Programs, utilizing funds available to MHP pursuant to Chapter 102 of the Acts of 1990 or through other agreements with banks, for the Hayes at Railroad Square - Moderate Refinance Project in Haverhill (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Hayes at Railroad Square - Moderate Refinance Credit Analysis dated 6/29/2021 including all special conditions contained therein, and presented in the 06/29/2021 MHP briefing materials, as the same may be modified pursuant to the Loan Policy. MHP commitment for the Loan shall expire if the loan closing does not occur by 8/23/2021.

Mr. Attia, Mr. Clancy, Ms. Maddox, Mr. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in favor.

### **Loans approved between Board meetings**

The information about loans approved between Board meetings was provided in advance of the meeting.

## **PROGRAM UPDATES**

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### **Subsidized Housing Emergency Rental Assistance Program (SHERA)**

Staff noted DHCD's incredible efforts in developing and implementing the SHERA program and reaching so many people. Treasury reports that the states have been very slow to roll out programs and disburse funds to households, but the Commonwealth is successfully funding approximately \$1 million per day. Treasury's website highlights best practices for emergency rental assistance programs and includes three positive mentions of Massachusetts, including SHERA.

SHERA went live for MHP borrowers at the end of May. To date, \$1.2 million has been approved for disbursement. On average, the program is paying 5 months of arrearages per resident, i.e. ~\$2,000. It is possible that the program may soon extend benefits from 12 months to 18 months. Recent polling of owners (140 participants) suggests that the vast majority plan to use SHERA soon, even if they have not yet begun the application process.

Ms. Maddox said DHCD really appreciates MHP's work on SHERA. The money is getting out the door and thousands of tenants have been assisted, with 50% lower residential evictions than during pre-pandemic times.

### **Federal Homeowner Assistance Fund (HAF) and ARPA funding**

Having a bulk foreclosure prevention strategy for mortgage servicers would be helpful, based on past experience, according to Mr. Ziegler. Under the American Rescue Plan Act (ARPA), the Commonwealth will receive billions of dollars of which \$5.2 billion remains to be allocated. ARPA provides a major opportunity to address the housing crisis. Mr. Attia expects that there will be several hearings over the summer, and staff will provide an ARPA update at the August board meeting.

## **ADJOURNMENT**

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The meeting was adjourned at 3:36 pm.

The documents listed in the Table of Contents in the briefing materials for the Directors of MHP for this meeting are incorporated herein by reference.

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Denis K. Sheahan

Secretary/Treasurer  
Massachusetts Housing Partnership