
MASSACHUSETTS HOUSING PARTNERSHIP

BOARD OF DIRECTORS MEETING

Tuesday, May 3, 2022
160 Federal Street, 2nd Floor
Boston, Massachusetts
Via Zoom

Members Present: Jack P. Clancy, Jr. (Chair), Mark Attia, Alicia Modestino, Jennifer Maddox, Carolyn Ryan, Denis Sheahan (left at 2:58 pm), Matthew Sosik

Participating Staff: Clark Ziegler (Executive Director), Alma Balonon-Rosen, Lisa Braxton, Sandra Cooke, Mark Curtiss, Karen English, Maureen Flynn, Steve Gandt, Shelly Goehring, David Hanifin, Nick Henninger-Ayoub, Tom Hopper, Alyssa Howes, Yan Huang, Deepti Kamma, Danielle Kinkel, Katy Lacy, Anne Lewis, Rus Lodi, Nancy McCafferty, Emma McGurren, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Alison Parks, Kathy Riley, Amanda Roe, Elliot Schmiedl, Laura Shufelt, Charleen Tyson, Alice Wong; David Worsham.

Guests: Julia Monaghan (Coeuraj)

CALL TO ORDER

The Chair, Jack P. Clancy, Jr., called the meeting to order at 2:02 pm.

APPROVAL OF PREVIOUS MEETING MINUTES

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

VOTED: To approve the March 1 and March 29, 2022, meeting minutes.

Upon polling, Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in the affirmative.

MANAGEMENT TEAM REPORT

FY22 Goals Reports

Lending: Year 1 of the three-year cycle has been lower on volume than expected, although an active pipeline is underway for subsequent years. The lending team has

written several letters of interest (LOIs) and term sheets and has responded to several requests for proposals, so FY23 may be quite busy. Lower lending volume is generally attributed to significant delays in the development cycle due to value engineering and dramatic construction cost increases.

Homeownership: The homeownership team's lending volume is a little behind with respect to Black and Latinx households. It's a very challenging homebuying market right now, but ONE+Boston has allowed an opening into this tight market in Boston. Additionally, ONE+Boston will become available to people who work in Boston or were displaced within the past couple of years. The volume in Gateway Cities has decreased in recent years, which impacts our percentage of Black/Latinx homebuyers.

Finance: MHP is well ahead of the Year 1 goal on the bottom line. The capital ratio is strong due to liquidity and payoffs; this will change as more loans to close but has improved the capital ratio in the short run. The income statement is strong with increased program administration fees, increased payoffs and delayed hiring. The finance team is looking carefully at investment income and laddering investments as the interest rate environment changes. Proposed revisions to MHP's investment policy will be presented to the June Finance Committee meeting and then to the June board meeting for approval. Projections are more complicated this year with the federal funding from the Homeowner Assistance Fund (HAF) and American Rescue Plan Act (ARPA), and we are on track to complete and deliver the projections in June; they will show HAF and ARPA income separately so that the board can assess core operations separately without the impact of federal funds.

Mr. Sheahan commented that MHP does a great job of projecting out for several periods, allowing the Finance Committee to really understand what things might look like. Ms. Tyson gave special recognition to Karen English, saying she does the lion's share of the work on those numbers and ensures they are well-presented.

Communications: Mr. Lodi noted that engagement (shares, likes, comments and web traffic) is up, which is nice to see and speaks to the quality and frequency of MHP's content. Communication may not meet the FY22 goal of 1.1 million impressions, but the audience is more engaged which may have broader impact.

LOAN PROPOSALS

1599 Columbus Avenue, Boston

Ms. Roe presented the 1599 Columbus Avenue loan proposal. It is an \$18.9 million bond purchase with Urban Edge as the sponsor. The development involves demolishing two existent vacant structures to construct 65 apartments and 18 parking spaces for households at or below 60% AMI. The bond structure is unique: MHP will use Ch. 102 funds to purchase, hold and service a bond from Eastern Bank after satisfactory completion and delivery of certificates of occupancy. Eastern will be the original purchaser at construction closing from MassHousing. Construction will be funded by a

taxable loan by Eastern Bank and Silicon Valley Bank. The construction closing is on target to be completed by the end of June.

The board discussed the economics of rising per unit costs. Construction costs and inflation rates are contributing to an increase in total development costs for market-rate as well as affordable housing. In this transaction, Passive House certification, City of Boston premium costs, the commercial build-out, and complicated financing structure with a bond and low-income tax credits increase costs as well. In order to cushion against future inflation and/or delays, the hard costs are completed by construction closing and then MHP will carry construction contingencies. The question is really whether the contingency reserve is insufficient. Here, there is an 8.7% contingency built in, and it's the contractor's risk to bear. This is a unique product in an area where it will serve as an anchor. This isn't a great benchmark for all developments but it is very attractive for the neighborhood and signifies deep community/subsidy investment.

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

VOTED: To authorize a first mortgage loan of up to \$8,210,000 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 1599 Columbus Avenue Project in Boston (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the 1599 Columbus Avenue Credit Analysis dated 5/3/2022 including all special conditions contained therein, and presented in the 05/3/2022 MHP briefing materials, as the same may be modified pursuant to the Loan Policy.

Upon polling, Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in the affirmative.

DIVERSITY, EQUITY & INCLUSION INITIATIVES

Julia Monaghan from Coeuraj and Alma Balonen-Rosen from the lending team made a presentation diversity, equity and inclusion (DEI) initiatives at MHP. MHP's equity and inclusion work focuses on a sense of belonging and the role belonging plays in the enabling employees to bring their full selves to work. This is especially critical for an organization where access and equity at the community level are part of MHP's core mission. Gender, race, tenure and age are the areas that dominantly affect how staff experience MHP. A priority workplan has been created to reflect MHP's priorities to create a culture of inclusion at MHP.

Ms. Monaghan explained that the DEI work is part of tackling systems that are at odds with the people they are intended to serve. She has been involved with MHP's efforts since 2019, when she was on staff at Third Sector New England.

Ms. Balonon-Rosen previewed items that will be included in future work. Focal points include a learning agenda, what people need to create a more equitable organization, and opportunities for advancement within the organization.

Ms. Monaghan explained that, in order to get a good sense of how people with different identities experience the organization, it is helpful to be able to identify those identities. To date, HR has not been asking people to self-identify their racial or LGBTQ2S+ identity. The plan is to create the conditions for staff to self-identify and create a more inclusive culture. There are higher rates of turnover among staff of color, so we want to better understand why that has been happening.

BANK TRANSACTIONS

Ms. Kinkel acknowledged Ms. Okonkwo's work on the bank transaction memoranda that went to the Directors.

Everett Cooperative Bank reorganization

Ms. Kinkel referenced the memorandum in the Board packet. As has happened with similar previous reorganization situations, the reorganization of Everett Cooperative Bank does not trigger an obligation to MHP because it does not involve an acquisition of assets located within the Commonwealth.

Upon a motion made by Ms. Ryan and seconded by Mr. Sosik, 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 in accordance with M.G.L.c.167A by Everett Co-operative Bank in conjunction with its application to convert into a stock co-operative bank.

Upon polling, Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, and Mr. Sosik voted in the affirmative.

East Cambridge Savings Bank (1854 Bancorp) acquisition of Patriot Community Bank

Ms. Kinkel explained that the East Cambridge Savings Bank acquisition of Patriot Savings Bank will result in a Chapter 102 loan obligation of \$1,887,831 to MHP.

Upon a motion made by Mr. Sosik 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"), (1) execute and deliver any and all agreements, documents, certificates or other instruments that he and MHP's legal counsel deem necessary and appropriate, including

but not limited to a loan agreement, promissory note, loan participation agreement and limited agency agreement (the “Loan Documents”) in order to make \$1,887,831.00 available for call by MHP from East Cambridge Savings Bank and 1854 Bancorp pursuant to M.G.L.c.167A and guidelines adopted by MHP; and (2) upon execution of the Loan Documents, to notify the Massachusetts Commissioner of Banks that “satisfactory arrangements” have been made with MHP by East Cambridge Savings Bank and 1854 Bancorp in conjunction with the application to acquire Patriot Community Bank in accordance with M.G.L.c.167A §4 and guidelines adopted by MHP.

Upon polling, Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan and Mr. Sosik voted in the affirmative.

PROGRAM UPDATES

Subsidized Housing Emergency Rental Assistance Program (SHERA): Applications were closed on April 15. As of the end of March, about 9,000 residents had benefited from a distribution of \$4.1 million. In total, 38% of MHP projects used SHERA to help their residents. Watchlist projects represented about 50% of the loan balance of SHERA-assisted projects. The majority are tax credit projects with nonprofit sponsors, especially in the Boston area. The average back rent paid per household was \$3,600. SHERA helped the most vulnerable residents – those under 50% AMI – many of whom had vouchers but still needed help with the tenant payment portion.

Ms. Maddox recognized MHP and Ms. Mohammed in particular, saying that owners submitted thousands of claims and SHERA accomplished so much in under a year. It is not really an end but more of a turning point because RAFT will be well-funded in coming years.

HAF: According to Ms. Flynn, the HAF program has really taken off since early March. Applications have doubled to almost 3,330 and they now have triple the number of servicers. Chase and Wells Fargo are on board now. The Division of Banks has helped to make that happen. The Federal Housing Finance Administration (FHFA) came out with an industry-wide pause on Fannie and Freddie foreclosures on loans for which borrowers had applied for assistance from HAF. Payments of \$6.6 million have been made as of today, more than half to borrowers of color and lower income households. Massachusetts is ahead of the pack and has more servicers on board than most or all other states. Having contracts with 10 housing counseling agencies across the state has also proved invaluable. Already 200+ applicants have requested more than \$50,000 of assistance and we want them to apply for loss mitigation first before HAF fills in the rest. The average payment amount has been around \$20,000.

MBTA Communities Multifamily Zoning: Mr. Hopper said that the MBTA communities are already defined in state law, with 175 communities subject to the new requirement of multifamily zones. “Reasonable size” language and “.5 mile of a transit station...if applicable” are the hardest elements of the law to define. Districts can be located within

half a mile of a transit station, but some communities do not have a station within their borders or developable land available within half a mile. Those communities will be given additional flexibility. Funding resources are included in the economic development bond bill, and MHP has also applied for a \$1 million grant from the Barr Foundation and is seeking another \$1 million from MassDOT to support community technical assistance.

Mr. Ziegler commented that the 175 communities comprise about 90% of the population and about half the communities in Massachusetts. The administration has been terrific working across agencies to implement the new law.

MHP intends to help all communities that are obligated to comply with the new law. MHP is part of a network of technical assistance providers being coordinated by the state Department of Housing and Community Development (DHCD). Although there is some confusion right now because the guidelines are not yet final, MHP is working to clarify misconceptions. MHP expects to work on this effort for the next 3 to 5 years.

Ms. Modestino asked if there would be metrics of success or accountability. Mr. Hopper responded that they are starting to determine the appropriate metrics, but at minimum there will be statewide parcel-level analysis, and MHP anticipates collecting information through the compliance aspect of the law.

Ms. Maddox thanked the MHP team for partnering with DHCD on these efforts.

ARPA: MHP continues to make headway on the term sheet for this \$65 million down payment and closing cost assistance program authorized by the legislature. The goal is to serve underserved households and the communities hit hardest by pandemic. The website www.mymassmortgage.com will be the front door for the ARPA program, and we are looking at a late June or early July launch.

ADJOURNMENT

The meeting was adjourned at 3:58 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.

Denis K. Sheahan
Secretary/Treasurer
Massachusetts Housing Partnership