
MASSACHUSETTS HOUSING PARTNERSHIP

BOARD OF DIRECTORS MEETING
Tuesday, April 27, 2021 – Via Zoom
160 Federal Street, 2nd Floor
Boston, Massachusetts

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

Participating Staff: Clark Ziegler (Executive Director), Alma Balonon-Rosen, Carla Cabral, Tesfalem Chatot, Callie Clark, Isabel Cruz, Mark Curtiss, Danielle Kinkel, Karen English, Steve Gandt, Shelly Goehring, Nieves Gomez, David Hanifin, Tom Hopper, Deepti Kamma, Merida Kepnes, Danielle Kinkel, Katy Lacy, Anne Lewis, Rus Lodi, Christine Madore, Nancy McCafferty, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Toi Neely, Vanessa Okonkwo, Shawna O'Neil, Dave Oteri, 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.

APPROVAL OF MINUTES

Upon motion made by Mr. Sosik and seconded by Ms. Modestino, the minutes of the February 23, 2021 and March 23, 2021 meetings were approved.

Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in favor. The Directors were polled for this and subsequent votes.

MHP MANAGEMENT AND FINANCE

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

Mr. Ziegler introduced two new staff members. Nieves Gomez has come to MHP from Lawrence CommunityWorks and joined the homeownership team as homeowner service coordinator. Christine Madore, previously from MassDevelopment, will be the senior development manager on the community assistance team and a program lead at MHP for transit-oriented development.

Mr. Ziegler noted there will be additional Chapter 102 funds coming from Rockland Trust's acquisition of East Boston Savings Bank (~\$55 million), Silicon Valley Bank's acquisition of Boston Private Bank & Trust (~\$60 million), and Eastern Bank's acquisition of Century Bank (~\$65 million). When added to the voluntary funding agreement pending Cambridge Trust, voluntary funding agreement, MHP will have nearly \$300 million in new lending capacity on flexible terms.

MHP is on pace to reach its three-year goal to finance 3,100 rental units. On newly constructed rental units, MHP exceeded its three-year goal of 1,400 rental units, with more expected by the end of June. For units below 60% AMI, MHP will come very close to meeting its 1,400 unit goal, with 1,263 units through the third quarter more expected by the end of the fiscal year. On new lower-cost financing to stabilize 400 units, MHP is currently at only at 48 out of 400 units, but the Salem Heights development will add 200+ units toward this goal by end of year. Mr. Curtiss expressed his appreciation to the team because it took tremendous work during the pandemic to get these loans committed.

As of the third quarter, MHP financials are strong — net cash flow of \$3.1 million, gross revenue at \$10.7 million, and under budget on almost every expense (partially due to salaries, turnovers and vacancies, with utilities costs and public transportation expenses down). No forecast was provided to the board this month since the finance team is currently preparing the FY22 budget. and will provide a full forecast and budget recommendations to the board in June.

The homeownership team has nearly met its goal of closing 650 ONE Mortgage loans for historically underserved households. Total loan volume is also tracking well, and that may be due to ONE+ Boston loans which are larger than typical ONE mortgage loans. Boston-specific closings are only at 52% of goal because homeownership inventory is extremely low. Affordable, deed-restricted units on the market have also been down over the past year. The board discussed current down payment assistance programs and whether expansion of those programs would help address the lack of inventory.

The community assistance team conducted a listening tour to hear stakeholders explain their needs and how MHP can help. The tour expanded beyond the usual crowd and included advocates in addition to local officials. The tour included communities west of Boston, the South Coast, the South Shore, western Massachusetts, the Cape, the North Shore, and Gateway Cities. Uniform takeaways included the lack of extremely low-income housing, community opposition to new development, and lack of planning and capacity for affordable housing, especially in rural western Massachusetts. There were complaints about the inflexibility of some federal funding sources (particularly community development block grants and low income housing tax credits) as well as perceived lack of senior and accessible housing. Zoning and other local regulations and a lack of infrastructure are also considered barriers to development.

MHP can be helpful by assisting communities with messaging, making the case for affordable housing, continuing and expanding assistance for development of public lands, providing regulatory and zoning support for multifamily housing, continuing trainings, and strengthening engagement with public officials and staff in Gateway Cities.

At the end of the third quarter, the public affairs team is only slightly behind its goal of one million impressions for the year. Numbers are high in part because the ONE Mortgage program has paid advertisements running on Facebook and Instagram.

Auditor Engagement

On behalf of the board's Audit and Risk Committee, Ms. Tyson presented the annually recurring vote to engage an auditor. The committee's meeting has been rescheduled to June so that the portfolio management team can focus on emergency rental assistance. Ms. Tyson requested that the board approve engaging RSM as auditor. Ms. Ryan noted that the Audit Committee has been happy with RSM and would like to continue with them.

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

VOTED: To authorize the Chair of the Audit and Risk Management Committee to engage the firm of RSM US LLP to provide auditing services to the Massachusetts Housing Partnership Fund Board for fiscal year 2021.

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

Signature Authority Modification

Isabel Cruz from the Homeownership team has been promoted. The vote requested is to add her to the signature authority so that she can sign documents.

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

VOTED: To authorize the Executive Director, General Counsel, Chief Financial and Administrative Officer, Director of Homeownership, Homeownership Operations Manager, and Homeownership Program Manager of the Massachusetts Housing Partnership Fund Board (“MHP”), acting in the name of and on behalf of MHP, to execute all documents with respect to interest subsidies and loan loss reserves made pursuant to MHP’s SoftSecond Loan Program and the ONE Mortgage Program.

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

LOAN PROPOSALS

Southbridge Mills, Southbridge

Mr. Clancy abstained from the discussion and vote on this development because he has business dealings with Winn Residential and Winn’s chair is a member of Enterprise’s board.

Ms. O’Neill presented a proposal for a \$1.6 million loan involving the adaptive reuse of a vacant mill building into 48 rental units with parking across the street. Features will include a community room, management office, fitness center, playground, and community garden. The team involved is well-known to MHP — Winn will be the guarantor and the co-sponsor will hold a 15% share in the owner entity.

The group discussed the site and its usability as housing. Mr. Sosik asked whether the parking was located across a busy street rather than immediately accessible. Mr. Gandt responded that the parking is across K Street. Mr. Gandt and Ms. O’Neil confirmed that the construction costs have been updated to reflect appropriate increases, and Ms. O’Neill added that there is a significant cushion.

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

VOTED: To authorize a first mortgage loan mortgage loan of up to \$1,360,000 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 Southbridge Mills a/k/a American Optical Mill Project in Southbridge (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Southbridge Mills a/k/a American Optical Mill Credit Analysis dated 4/27/2021 including all special conditions contained therein, and presented in the 04/27/2021 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 12/31/2023.

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

Anchor Point Phase 1, Beverly

Ms. Wong presented a proposal for this \$4.3 million loan. Anchor Point will be a new neighborhood, with 77 apartments in two phases. Features include a philanthropically-funded community center, services on-site, play structures, on-site daycare and a basketball academy. This is an industrially-zoned site, and the development is zoned under the state's smart growth zoning law, Chapter 40R. The first phase will be sited on a former parking lot and a footbridge will connect to the second phase. Eight units will be affordable to households below 30% of area median income (AMI) with the remainder below 60% of AMI. The developers are working toward an Energy Star certification.

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

VOTED: To authorize a first mortgage loan of up to \$4,300,000 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 Anchor Point Phase 1 Project in Beverly (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Anchor Point Phase 1 Credit Analysis dated 4/27/2021 including all special conditions contained therein, and presented in the 04/27/2021 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 12/31/2023.

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.

CAPITAL SOURCES

North Brookfield Savings Bank

Ms. Kinkel explained that North Brookfield Savings Bank has applied to the Commissioner of Banks to reorganize from a mutual savings bank to a mutual holding company. This type of reorganization does not involve a third-party transfer of Massachusetts assets and therefore does not result in a loan obligation to MHP.

Board members asked if there was a way to exclude this kind of transaction in a blanket form for board approval so banks do not have to wait for a board vote on something like this. Ms. Kinkel responded that staff could research the issue and that such a change may require a statutory amendment. Mr. Ziegler proposed that, if there is a fact pattern, the board could consider delegating authority to him to approve those type of transactions on the board's behalf. Mr. Sheahan agreed and Mr. Clancy asked if this could be brought to a future board meeting.

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"), to notify the Massachusetts Commissioner of Banks that "satisfactory arrangements" have been made with MHP in accordance with M.G.L.c.167A by North Brookfield Savings Bank in conjunction with its application to establish a mutual holding company.

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

PRESENTATIONS

SHERA

Ms. Mohammed presented information about the Subsidized Housing Emergency Rental Assistance (SHERA). It aids people in assisted and public housing who have been impacted by COVID. Eligible owners apply on behalf of their income eligible residents. There will be a soft launch on April 8 and the portal for owners is open. There are approximately 111 pilot properties representing 12,000 units.

To qualify in the initial phase, owners need to have a borrower relationship with MassHousing or MHP, need to be in good standing, and have at least 20 or more rental units. Owners need to have at least three years compliance experience and at least one staff holding a housing industry certification. Owners must not to initiate new evictions for at least six months after the last assistance payment is applied. Owners are encouraged to work with residents to resolve payment issues, particularly through mediation. Owners are subject to compliance reviews, with eligible properties subject to an annual audit.

DHCD has been busy working on this and has \$968 million in federal and state funding for emergency rental assistance from three sources: \$171 million in state operating funds and COVID relief funds from last October for housing stability, \$437 million from the federal consolidated appropriations act, and \$360 million from the federal American Rescue Plan Act.

Mr. Sheahan wondered if these programs are well known beyond subsidized housing owners. Ms. Maddox replied that the Department of Housing and Community Development (DHCD) did a major public information campaign last fall and also meets biweekly with the courts. DHCD has dashboards on the website showing monthly spending and the number of households served. The state Rental Assistance for Families in Transition (RAFT) program was a homeless

prevention program originally and DHCD was able to convert it to a COVID relief program. According to Mr. Attia, this is a generational investment and the scale of these programs is unprecedented. He is increasingly confident that Massachusetts is going to be a national standout.

Racial Equity in Construction

Mr. Ziegler shared a proposed statement of principles to increase racial diversity in the construction of affordable housing. The document was drafted by the Massachusetts Housing Investment Corporation (MHIC) as part of an interagency working group that includes MHP, MassHousing, MassDevelopment, DHCD and the City of Boston. We are focused on what we can do to move the needle since MHP doesn't get involved with development team formation, though we do engage lawyers, appraisers, architects, engineers and others in professions where diversity is generally very limited. There are clearly more opportunities for MHP to support smaller-scale housing developers and property management companies that are owned or largely staffed by people of color.

Office Reopening

Mr. Ziegler reported that MHP is talking about a September office reopening with a hybrid of work in the office and at home. Board members responded that flexibility going forward will be of benefit to many MHP employees.

There was a question on whether MHP would continue having meetings in person, especially Executive Committee meetings. Mr. Ziegler explained that the constraint for MHP has been the Open Meeting Law, which requires a public meeting with a quorum present in person (four people, in the case of the MHP board), but the in-person element has been suspended by the governor during the state of emergency. The question is whether the legislature will revisit this aspect of the Open Meeting Law once the emergency order has been lifted.

ADJOURNMENT

The board meeting was adjourned at 3:46 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