

# MASSACHUSETTS HOUSING PARTNERSHIP

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## BOARD OF DIRECTORS MEETING

Tuesday, October 29, 2019

Metro Housing Boston

1411 Tremont Street

Roxbury, Massachusetts

### Members Present:

Jack P. Clancy, Jr. (Chair) (left before business portion of meeting), Mark Attia (Executive Office for Administration and Finance), Janelle L. Chan (Undersecretary of Department of Housing and Community Development), Alicia Modestino (Chair pro tem), Carolyn Ryan, Denis Sheahan, Matthew Sosik.

### Participating Staff:

Clark Ziegler (Executive Director), Callie Clark, Mark Curtiss, Steve Gandt, David Hanifin, Danielle Kinkel, Anne Lewis, Rus Lodi, Nancy McCafferty, Megan Mulcahy, Mahtowin Munro, Shawna O'Neil, David Rockwell, Amanda Roe, Elliot Schmiedl, Charleen Tyson, Alice Wong

Prior to the business portion of the Board meeting, the members and several staff toured some affordable housing complexes in the Boston area. They then engaged in a public forum at the offices of Metro Housing Boston.

## CALL TO ORDER

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The business portion of the meeting was called to order at 3:30 pm by the chair pro tem, Alicia Modestino.

## BOARD BUSINESS & APPROVAL OF MINUTES

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

**VOTED:** To approve the minutes of the August 27, 2019 Board meeting.

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

**VOTED:** To approve the minutes of the September 24, 2019 Executive Committee meeting.

## MHP MANAGEMENT AND FINANCE

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### Executive Team Report

Mr. Ziegler referred the board to the written executive team submissions and financial reports that were sent in advance. He said that MHP was moving ahead with plans to lease and build-out additional space at 160 Federal Street.

## LOAN PROPOSALS

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### Lydia Square Apartments Phase I, Rockland (loan approval)

Mr. Hanifin provided highlights of the Lydia Square Apartments proposal, which will be a 44-unit, low-income, senior (62+) rental housing project. Eight of the units will be subject to a Section 8 project-based contract. A key feature will be the array of services provided by Old Colony Elder Services.

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

**VOTED:** To authorize a first mortgage loan of up to \$1,250,000 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 Lydia Square Apartments Phase I Project in Rockland (the Loan).

The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing programs (the Loan Policy) and the Lydia Square Apartments Phase I Credit analysis dated 10/20/2019 including all special conditions contained therein, and presented in the 10/29/2019 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 3/1/2022.

### Olmsted Green Rental IV, Boston (loan approval)

Ms. Roe presented a loan proposal for Olmsted Green IV, which is the fourth phase of a development of mixed income rental and homeownership units on a portion of the former Boston State Hospital in Mattapan. All of the units in Phase IV are below 60% Area Median Income. The sponsor is a joint venture between Lena Park CDC and New Boston Fund. MHP has previous positive experience with the sponsor.

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

**VOTED:** To authorize a first mortgage loan of up to \$2,363,000 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 Olmsted Green Rental IV 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 Olmsted Green Rental IV Credit Analysis dated 10/29/19 including all special conditions contained therein, and presented in the 10/29/19 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 5/1/2022.

### Depot Village, Hanson (loan approval)

Ms. Wong presented a loan proposal for Depot Village and explained that there is a great need for rental housing in Hanson for 20- to 34-year-olds and retirees. Depot Village will provide 48 apartments and will be close to the commuter rail station. The parcel is large, and complicated by the presence of wetlands as well as a cell tower located in the middle of the lot. Dakota Partners, Inc. is the sponsor and has a good track record with MHP from five previous experiences.

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

**VOTED:** To authorize a first mortgage loan of up to \$2,463,000 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 Depot Village Project in Hanson (the Loan).

The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Depot Village Credit Analysis dated 10/29/19 including all special conditions contained therein, and presented in the 10/29/19 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 7/29/2022.

### Loan approvals since the August 2019 board meeting.

Mr. Ziegler noted that staff is now using a more streamlined format to present the loans and loan modifications that have been approved by the executive director or the executive committee since the last board meeting. New loans approved at the September executive committee meeting were for Lunenburg Senior Living, Lunenburg, and Union Street Lofts, New Bedford.

## PROGRAMS AND POLICY

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Mr. Ziegler prefaced this part of the agenda by noting that the proposed loan loss reserve and capital impact fund policies had been vetted by the finance committee.

### Loan Loss Reserve Policy

Ms. Tyson explained that the existing loan loss reserve policy dates to the 1990s and is extremely conservative. MHP has sufficient funds on the balance sheet to support the proposal to eliminate \$926,000 from the general reserve.

Ms. Modestino asked if MHP would need to change the policy if there are future losses. Mr. Sheahan noted that there is a reserve on the balance sheet already, so there was no rationale to having the existing cash reserve. Ms. Chan asked for an explanation of the original rationale for establishing the cash reserve. Mr. Ziegler explained that, in the early years of the organization, before MHP had a lending track record, it needed to show banks that it could weather any losses that might take place.

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

**VOTED:** To adopt the loan loss reserve policy as presented in the October 29, 2019 Board materials.

### Capital Impact Fund

Ms. Tyson gave some background on the capital impact fund. When it was established in 2008, MHP used \$5 million to support innovative financing. The fund is now part of offsetting swap exposures, so her recommendation is to increase the fund to \$20 million.

Mr. Curtiss said that this proposal is a conservative measure since markets have been volatile during the past six months. MHP wants to be able to continue to offer swaps.

Mr. Sheahan explained that the finance committee had spoken about this proposal at length. There is primarily liquidity exposure with swaps, not capital exposure. This fund is greater than MHP's current exposure. There may be another conversation about this in the future depending on market volatility.

Mr. Ziegler noted that MHP has discussed pausing its swap activity for a while and considered alternatives for locking rates.

Mr. Attia offered that, as a mitigating factor, MHP has a horizon of two to three years until the underlying loans close, which is not a lengthy overhang.

Ms. Modestino stated that there may well be a lot of volatility in the next few years. Mr. Curtiss explained that dollar cost averaging is built into the calculations, so the loan economics are good for MHP over the longer course.

Mr. Sheahan expressed that he would hate to see MHP pull back its lending activity due to fear of swap exposure. MHP wants to be in the market. Mr. Sheahan then mentioned alternatives such as FHLB.

When asked by Mr. Attia what an extreme scenario would be, Mr. Curtiss responded that if the rates drop substantially below historical swaps, MHP would face swap settlements of \$20 million and up. Such a circumstance would create a liquidity issue. Negative rates are now a possibility. Ms. Tyson said that swaps will be settling soon, and a drop of 86-100 basis points would cause \$20 million in settlements.

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

**VOTED:** To increase the Capital Impact Fund (CIF) to \$20 million by designating \$14.5 million in unrestricted funds to the CIF as described in the background materials provided for the October 29, 2019 board meeting.

### Massachusetts Housing Navigator

Ms. Kinkel presented a proposal to provide a \$250,000 grant to Housing Navigator Massachusetts, Inc. (HNMI). As of October 24, Mr. Ziegler sits on the board of HNMI, and therefore has recused himself from presenting and recommending actions related to HNMI. The

proposal is to support the online housing search tool that Jennifer Gilbert spoke about during the community portion of the meeting. The grant would be for \$250,000 over the next three years (\$100k in the first year, then \$75k per year in years 2 and 3). This initiative would provide greater access to housing to all Massachusetts residents, and the technology has been tested in Minnesota and San Francisco, so it is not entirely experimental.

Mr. Sosik wondered if this is a really big commitment for MHP. This is as large a grant as MHP has ever given, but Mr. Curtiss noted that the amount is comparable to the municipal engagement initiative grant to Citizens Housing and Planning Association (CHAPA). MHP didn't know if results from the municipal engagement initiative would be impactful, but they have been. We see the same kind of potential here, except with even greater potential impact.

Ms. Kinkel said that the product would need to have satisfactory progress for funding in years two and three, although the benchmarks have not been fully defined yet. Ms. Tyson added that since Mr. Ziegler is on the HNMI board, he can provide updates on progress, benchmarks and other discussions.

The Boston Foundation, MassHousing, Kuehn Charitable Foundation, Howard Cohen, and others are making an investment in the project.

There was also a discussion of whether MHP will have access to the HNMI data. Most of the data is DHCD's. Ms. Chan said privacy issues will have to be taken into consideration with regard to data distribution. DHCD and others can measure and benchmark once there is a complete inventory, including private market units, to see what is out there. Not having paper applications for prospective tenants or buyers would make a big difference in the value of the project. Ms. Modestino said, as a researcher, it would be great to have data to learn from the tool.

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

VOTED: To authorize a grant of \$250,000 to Housing Navigator Massachusetts, Inc., to be disbursed over three years, to support development and implementation of an online platform for public access to privately-owned subsidized housing units, including units financed by MHP.

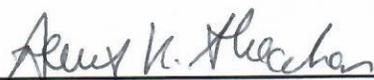
Ms. Chan abstained from the vote in case she is technically on the HNMI board.

## ADJOURNMENT

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The board meeting was adjourned at 4:30 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 Sheahan  
Secretary

# MASSACHUSETTS HOUSING PARTNERSHIP

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**MEETING OF EXECUTIVE COMMITTEE  
OF MHP BOARD OF DIRECTORS  
Tuesday, November 26, 2019  
160 Federal Street  
Boston, Massachusetts**

**Members Present:** Kate Racer (Chair), Jack Clancy and Matt Sosik

**Staff:** Clark Ziegler (Executive Director), Zach Chatot, Mark Curtiss, Steve Gandt, Danielle Kinkel, Rus Lodi, Nancy McCafferty, Megan Mulcahy, Vanessa Okonkwo, Shawna O'Neil, Kathryn Riley, David Rockwell, Amanda Roe, Charleen Tyson, Alice Wong

## CALL TO ORDER

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The meeting was called to order by Ms. Racer at 1:30 p.m.

## POLICIES AND PROGRAMS

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### INTEREST RATE SWAP PROGRAM EXTENSION

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Mr. Curtiss said that extending the program is a bit of a formality since the board also approves every swap transaction. Since October, MHP's exposure has come down from \$13.4 million to \$9.4 million. There is still a lot of volatility in the market, and the proposal aims to address that volatility.

Mr. Clancy asked about the number of years MHP uses for the prepayment penalty. Mr. Curtiss responded that MHP uses a pricing model, but that MHP knows the factors that go into FFB's calculations, one of which is pre-payment risk. MHP replicates that model when it puts the swap together. Once the loan closes, amortization begins, and MHP's pricing model (from determining the spread) takes the lock-out period and amortization into account. One other factor that was considered is that if rates move against MHP, it would take MHP longer to recover when there is a swap. MHP changed the lock-out period to 15 years; therefore, there is a much better chance of getting net income up.

The directors and staff also discussed whether MHP is protected if a project doesn't settle. Mr. Curtiss explained that in a rate lock agreement, the sponsors are liable for any non-delivery costs. MHP has done several hundred rate locks and never had a project fail to close after the rate is locked.

Mr. Ziegler explained how the swap program fits into the charter of the executive committee. If MHP is increasing its exposure or liability, the matter would go to the full board for approval. At the annual meeting in December, there will be discussion about

the committee charters. The executive committee has approved swap extensions previously.

Mr. Sosik stated that since he joined the board he has noticed that there is a lot of discussion about swaps. He wondered what drives the need for MHP to be this immersed, both from an expertise perspective and the risks associated with it on an ongoing basis.

Mr. Curtiss explained that MHP does need to do swaps even if it can be a lot of work. The kinds of projects that MHP is financing with swaps tend to be very high mission-oriented projects with substantial subsidies. Those types of projects have tax credit investors, equity investors and lenders that will not take rate risks. They wouldn't permit their borrowers to move forward without mitigating the rate risk.

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

**VOTED:** To approve one or more forward-starting, pay-fixed, cash settled swap transactions in the aggregate notional amount not to exceed \$50,000,000, to be executed between January 1, 2020 and June 30, 2020 on terms consistent with the Policy on Forward-Starting Swaps of the Massachusetts Housing Partnership Fund Board ("MHP"). The Executive Committee confirms in accordance with 976 CMR 2.00 that: i) it has received written analysis and recommendation for the swap transactions by MHP's independent financial advisor, Chatham Hedging Advisors; and ii) the benefits of the forward-starting swaps outweigh the risks of the forward-starting swaps.

## LOAN PROPOSALS

### HARBOR VILLAGE, GLOUCESTER

Steve Gandt presented an overview of the Harbor Village project, which is a proposed \$3.6 million Chapter 102 loan. Harbor Village will be a single four-story building in downtown Gloucester with retail space on the ground floor. All of the 30 units will be affordable, with 17 units receiving project-based support and the remaining 13 units at or below 60% AMI, and significant resident services. The sponsors are North Shore CDC and Action, Inc. The development team is pursuing passive house certification for the building.

Mr. Clancy noted an error on the LTV calculation which should read 65%, not 77%.

Ms. Racer inquired about MHP's green certification efforts and the importance of tracking operations data. Mr. Curtiss said that more than half a dozen project sponsors are discussing the "Green & Healthy Housing" program with MHP. DHCD will make efforts to inform developers interested in sustainable building practices about MHP's green financing program.

Upon a motion duly made by Mr. Clancy and seconded by Mr. Sosik, it was:

**VOTED:** To authorize a first mortgage loan of up to \$3,610,000 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 Harbor Village Project in Gloucester (the Loan).

The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Harbor Village Credit Analysis dated 11/26/2019 including all special conditions contained therein, and presented in the 11/26/2019 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 3/31/2022.

#### YARMOUTH GARDENS, YARMOUTH

Ms. Roe presented a \$3.3 million loan proposal for Yarmouth Gardens. The site is a dilapidated motel on Route 28 in West Yarmouth. The town of Yarmouth is supporting the project through its bylaw on conversion of motels to permanent housing, monetary contributions (including paying for the septic system), and brokering the purchase of the property. The proposal is for 40 units that will be 100% affordable to households below 60% AMI. The sponsors, while new to MHP, satisfy the financial responsibilities required for this loan. The property manager and architect are well-known to MHP. The sponsors hope to close on the acquisition by 2019 year-end and to close on construction financing by February 2020. The construction lending is not in place yet.

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

**VOTED:** To authorize a first mortgage loan of up to \$3,330,000 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 Residences at Yarmouth Gardens Project in Yarmouth (the Loan).

The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Residences at Yarmouth Gardens Credit Analysis dated 11/26/2019 including all special conditions contained therein, and presented in the 11/26/2019 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 6/1/2022.

## BROADWAY STREET SUPPORTIVE HOUSING, LOWELL (SWAP)

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Mr. Clancy recused himself from this portion of the meeting due to a potential conflict.

Mr. Curtiss said that Broadway Street is a loan that was approved by the board earlier this year. At the time of mutual approval, MHP was not sure if the project would need a rate commitment. The project is an existing building being rehabbed with tenants in place. There will be a 12-month construction period. The swap is in the same amount as the loan amount, \$2.3 million, with an 18-month term giving MHP a 6-month cushion.

Upon motion duly made by Mr. Sosik and seconded by Ms. Racer, it was

**VOTED:** To approve the swap transaction for Broadway Street Supportive Housing Project in accordance with the Memorandum contained in the briefing materials for the November 26, 2019 meeting of the Executive Committee of the Massachusetts Housing Partnership Fund Board ("MHP"). The Executive Committee confirms in accordance with 976 CMR 2.00 that: i) the Memorandum included a written analysis and recommendation for the proposed swap transaction by MHP's independent financial advisor Chatham Hedging Advisors; ii) the swap structure is consistent with MHP's Policy on Forward-Starting Swaps; iii) the benefits of the swap outweigh the risks of the swap; and iv) the Board hereby approves the proposed swap transaction.

Mr. Clancy abstained from the vote.

## BANK TRANSACTIONS

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### NEEDHAM BANK CONVERSION

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Ms. Kinkel explained that Needham Bank is reorganizing to become a mutual holding company structure. Interim bank transactions, such as those contemplated for this reorganization, are subject to MHP approval prior to sign-off from the Commissioner of Banks. In the past, when there are interim transfers of assets within a bank, MHP has concluded that no assets have been acquired in Massachusetts, and therefore no loan obligations to MHP are required.

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

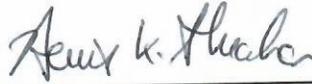
**VOTED:** To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board ("MHP") to notify the Massachusetts Commissioner of Banks that "satisfactory arrangements" have been made with MHP in accordance with M.G.L.c. 167A by Needham Bank in conjunction with its application to establish a mutual holding company.

## ADJOURNMENT

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The meeting was adjourned at 2:10 pm.

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



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Denis K. Sheahan  
Secretary/Treasurer  
Massachusetts Housing Partnership

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## BOARD OF DIRECTORS ANNUAL MEETING

Tuesday, December 17, 2019

160 Federal Street, 2<sup>nd</sup> Floor

Boston, Massachusetts

**Members Present:** Jack P. Clancy, Jr. (Chairman), Janelle L. Chan (Department of Housing and Community Development), Mark Attia (Executive Office for Administration and Finance) (1:35 pm), Alicia Modestino, Matthew Sosik (1:37 pm), Carolyn Ryan and Denis Sheahan.

**Participating Staff:** Clark Ziegler (Executive Director), Zach Chatot, Susan Connelly, Isabel Cruz, Mark Curtiss, Karen English, Steve Gandt, Shelly Goehring, David Hanifin, Tom Hopper, Deepti Kamma, Danielle Kinkel, Katy Lacy, Denis Leger, Rus Lodi, Nancy McCafferty, Megan Mulcahy, Mahtowin Munro, Lucas Munson, Toi Neely, Shawna O'Neil, David Rockwell, Amanda Roe, Elliot Schmiedl, Charleen Tyson, Alice Wong, David Worsham

**Guests:** Veronica Bulman, RSM US LLP

## CALL TO ORDER

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A quorum being present, the meeting was called to order by Mr. Clancy at 1:32 p.m.

## APPROVAL OF MINUTES

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Upon a motion made by Ms. Ryan and seconded by Ms. Modestino, it was:

**VOTED:** To approve the minutes of the October 29, 2019 board meeting.  
To approve the minutes of the November 26, 2019 Executive Committee meeting.

## MHP MANAGEMENT AND FINANCE

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### PRESENTATION OF THE FY19 AUDIT

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The audit report was submitted to the board in advance of the meeting. Ms. Bulman of RSM US LLP said a key focus during the FY19 audit had been to understand the risks around management valuation and MHP's swap transactions and their effectiveness.

The auditors and MHP agreed to keep the swaps on the balance sheet and then show the profit or loss after a swap closes. Ms. Ryan indicated that the Audit Committee discussed the audit report extensively, particularly as it related to the swap transactions, and she also noted that the board reviewed the swap policy at length at the October board meeting.

Mr. Clancy congratulated the finance team for their good work.

## MHP MANAGEMENT AND FINANCE

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## ANNOUNCEMENTS

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Mr. Ziegler introduced Zach Chatot and Deepti Kamma, new staff on the lending team. Ms. Tyson introduced Toi Neely, who has been the finance and administration team's executive assistant since September.

## FINANCIAL REPORT

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Ms. Tyson said that MHP's financial performance remains on target and within budget. She highlighted a shift in the profit and loss section due to the elimination of the general reserve which was voted on by the board in October. That resulted in a \$900,000 pickup and she will break out that amount in the next report to better track the effect of the policy change.

## WAREHOUSE LINE OF CREDIT WITH PEOPLES UNITED BANK

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Ms. Tyson explained that she is requesting to renew the existing credit facility with People's United Bank that is expiring in February 2020. The line of credit has a \$35 million limit, with temporary increases possible if needed. Funds drawn from the line of credit are most frequently used to close FNMA loans, but can also be used for FHA Risk Sharing loan closings.

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

**VOTED:** To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board ("MHP"), to execute and deliver any and all agreements, documents, certificates, or other instruments required to establish an uncommitted warehouse line of \$35,000,000 with People's United Bank as generally set forth in the briefing materials for the December 17, 2019 board meeting. The amount of the warehouse line may be temporarily increased to accommodate larger transactions that have been approved by the executive committee and/or directors of MHP.

## FEDERAL HOME LOAN BANK APPLICATION

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Ms. Lewis and Mr. Curtiss had submitted a memorandum to the board in advance of the board meeting with respect to MHP's application to be a member of the Federal Home Loan Bank of Boston (FHLB). Mr. Curtiss explained that MHP is seeking to apply to the FHLB for the same category of "housing associate" membership that other New England state housing finance agencies have had with the FHLB. The membership is anticipated to be especially useful for Federal Housing Administration (FHA) Risk Sharing loans and could become a replacement for Federal Financing Bank (FFB) executions at a somewhat higher interest rate. The application will be submitted to the FHLB later this month. FHLB will have 60 days to review and respond. Once associate membership is approved, MHP will initially ask the FHLB to advance funds to MHP for FHA Risk Sharing loans with no collateral "haircut" since MHP can provide 100% FHA insurance.

Mr. Clancy and Mr. Sheahan noted that their banks utilize FHLB funds frequently. There was a discussion of the FHLB's conservative collateral "haircut" for commercial loans and the collateral review process.

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

**VOTED:** To adopt the following resolutions in support of the Massachusetts Housing Partnership Fund Board's (the "Company") application as a Housing Associate to the Federal Home Loan Bank of Boston:  
**RESOLVED:** That:

Clark L. Ziegler, Executive Director  
Danielle J. Kinkel, General Counsel  
Charleen Tyson, Chief Financial and Administrative Officer  
Mark A. Curtiss, Managing Director  
(each an "Authorized Officer"), and such other officers or employees as may be designated in writing by an Authorized Officer from time to time (their "designees"), be and they hereby are, and each of them acting singly hereby is, authorized, on behalf of the Company and in its name, to take any and all actions, and to make, execute and deliver or cause to be made, executed and delivered any and all agreements, instruments and documents and to incur and pay any and all amounts and expenses and to do any and all such acts and things whatsoever, in each case, as the Authorized Officer or designee so acting may deem necessary or appropriate, in order to carry out and effectuate the intent and purposes of the following resolutions.

**RESOLVED:** That the Authorized Officers and their designees be, and they hereby are, and each of them acting singly hereby is, authorized, on behalf of the Company and in its name, to apply to the Federal Home Loan Bank of Boston for advances, letters of credit and any other extensions of credit offered by the Federal Home Loan Bank of Boston, to furnish and assign and substitute such collateral as may be required from time to time by the Federal Home Loan Bank of Boston as security for the payment and performance of any and all obligations due by the Company to the Federal Home Loan Bank of Boston, to extend, renew, or consolidate any advances obtained by the Company from the Federal Home Loan Bank of Boston when convenience may require and the Federal Home Loan Bank of Boston will permit, and to do any and all things the Authorized Officer or designee so acting may deem necessary or appropriate in connection with said matters, provided only that the advances obtained from the Federal Home Loan Bank of Boston and all other obligations due the Federal Home Loan Bank of Boston shall at no time exceed, in the aggregate, the maximum permitted by the Federal Home Loan Bank Act, or any other law or regulation applicable to the Company, or any written policy of the Federal Home Loan Bank of Boston.

**RESOLVED:** That the Authorized Officers and their designees be, and they hereby are, and each of them acting singly hereby is, authorized, on behalf of the Company and in its name, to execute, acknowledge and deliver one or more agreements, instruments and documents for the purpose of effecting the transactions contemplated by these resolutions, including, without limitation, the following agreements substantially in the form proposed by the

Federal Home Loan Bank of Boston: (a) the Agreement for Advances, Collateral Pledge, and Security Agreement, (b) the Correspondent Services Agreement, (c) the Irrevocable Letter of Credit Reimbursement Agreement, (d) any interest rate swap agreement, (e) any funding agreement, (f) any tri-party custodial agreement (collectively, the "FHLBB Documents"), and (g) any other agreement, instrument, or document as the Authorized Officer or designee so acting may deem necessary or appropriate in connection with the execution and delivery of any FHLBB Document.

**RESOLVED:** That the Authorized Officers and their designees be, and they hereby are, and each of them acting singly hereby is, authorized, on behalf of the Company and in its name, to take any and all such other actions and give oral and written instructions (including by electronic or facsimile means) pertaining to the FHLBB Documents and any other agreements, instruments, or documents authorized by these resolutions as the Authorized Officer or designee so acting may deem necessary or appropriate.

**RESOLVED:** That all actions heretofore taken by any Authorized Officer or any of their designees in connection with the transactions authorized by the foregoing resolutions and consistent with the intent and proposes of the foregoing resolutions are hereby ratified, confirmed and approved in all respects.

## **ANNUAL MEETING BUSINESS**

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### **BOARD COMMITTEE CHARTERS**

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Mr. Ziegler said that the board committee charters are reviewed annually. Danielle Kinkel presented a memorandum recommending the approval of changes to the charters of certain committees. She recommended a modification to the Executive Committee's charter to specifically permit the committee to handle small administrative items if necessary, in addition to lending and bank transactions. Every board member receives the Executive Committee's agenda and anyone may request that a particular issue or transaction be pulled for review by the full board. Additionally, any board member may attend and participate at any Executive Committee meeting.

The memorandum proposed modifications to the Finance Committee charter to better clarify the committee's budget, business projection and swap responsibilities. The new description also specifies that the committee needs to meet in June as part of the budget approval process for the subsequent fiscal year.

Mr. Ziegler also noted proposed name changes to some of the committees: the Audit & Portfolio Committee will become the Audit & Risk Management Committee; the Strategic Planning Committee will become the Mission & Performance Committee; and the Personnel & Compensation Committee will now become the Compensation & Human Resources Committee.

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

**VOTED:** To amend the charters of the Executive Committee and Finance Committee and to rename the Audit and Risk Management, Mission and Performance, and Compensation and Human Resources committees as set forth in the briefing materials for the December 17, 2019 board meeting.

#### ELECTION OF OFFICERS AND COMMITTEE APPOINTMENTS

Mr. Clancy said that the officers and committee appointments will remain the same for the upcoming calendar year. There is also a 2020 meeting calendar included in the materials. He asked members to confirm the rotating schedule for Executive Committee meetings and to contact him if any conflicts are anticipated.

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

**VOTED:** To adopt the officers, committees and calendar as presented.

#### SIGNATURE AUTHORITY

Ms. Kinkel offered a memorandum recommending that the board approve the customary annual signature authorities for various MHP programs and policies.

Upon motion made by Ms. Modestino and seconded by Ms. Ryan, it was

**VOTED:** To approve the signature authority votes as set forth in the December 17, 2019 memorandum from General Counsel.

#### ANNUAL REPORT ON CASH AND INVESTMENTS

Ms. Tyson noted that the MHP investment policy requires her to provide the board with an annual report. She acknowledged that the report provides more detail than the board typically needs, but added that there is nothing noteworthy to discuss.

#### LOAN APPROVALS

##### DUDLEY TERRACE, BOSTON (REFINANCE)

Mr. Hanifin informed the board that Dudley Terrace has been in MHP's permanent financing portfolio since 2000, so MHP knows the property and its operations well. The current MHP financing is expiring and Dorchester Bay Economic Development Corporation will reposition the property with this \$5.24 million refinance loan. The new loan will use a remaining FFB risk-sharing reservation and MassDevelopment bonds. MHP will also use a forward-starting swap mechanism to lock the rate prior to construction closing. Dudley Terrace is a 56-unit, scattered-site development at Uphams Corner in Savin Hill, Dorchester. There are 20 existing Section 8 units, and 8 additional units will be subsidized as a result of the refinancing. More than \$6 million will be spent on exterior and interior renovations. The existing subordinate loans will re-subordinate to MHP's senior financing. The developer, Dorchester Bay EDC, is a stable organization with a \$19+ million net worth. The loan-to-value ratio for the loan is 42%.

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

**VOTED:** To authorize a first mortgage loan of up to \$5,243,900 pursuant to MHP's Permanent Financing programs, utilizing funds available to MHP under the HUD Housing Financing Agency Risk Sharing Program with the Federal Financing bank, for the Dudley Terrace Refinance Project in Boston (the Loan).

The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy), the HUD Risk sharing Agreement (Federal Financing bank Financing) and the Dudley Terrace Refinance Credit Analysis dated 12/17/2019 including all special conditions contained therein, and presented in the 12/17/2019 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 9/30/2021.

#### DUDLEY TERRACE, BOSTON (SWAP)

Ms. Lewis presented information about the proposed \$5.2 million forward-starting swap for the Dudley Terrace project. This will be MHP's last swap proposal under the FFB risk-sharing program. The period would cover the construction period plus an additional six months. This proposal satisfies MHP policies about swap and funding exposures.

Mr. Sheahan asked if MHP is talking with Chatham about risks associated with London Interbank Rate (LIBOR) index expiring. Ms. Lewis said that MHP is not talking with them with regard to this specific transaction, but that she and Mr. Curtiss have had several previous conversations with them about the transition, and this is a timely reminder to continue to check in with them.

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

**VOTED:** To approve the swap transaction for the Dudley Terrace Refinance Project in accordance with the Memorandum contained in the briefing materials for the December 17, 2019 meeting of the Board of Directors of the Massachusetts Housing Partnership Fund Board ("MHP"). The Board of Directors confirms in accordance with 976 CMR 2.00 that: i) the Memorandum included a written analysis and recommendation for the proposed swap transaction by MHP's independent financial advisor Chatham Hedging Advisors; ii) the swap structure is consistent with MHP's Policy on Forward-Starting Swaps; iii) the benefits of the swap outweigh the risks of the swap; and iv) the Board hereby approves the proposed swap transaction.

#### LOAN APPROVALS SINCE LAST BOARD MEETING

The meeting materials included information about the loans that have been approved since the last board meeting. Mr. Ziegler thanked Ms. Mulcahy and the rest of the team for streamlining the information.

#### PRESENTATIONS

##### ONE MORTGAGE – IMPACT OF CREDIT SCORE POLICY ON BORROWERS OF COLOR

Ms. Cruz explained the information in the meeting materials about the impact of reduced credit score requirements for the One Mortgage program. According to Mr. Ziegler, MHP will probably not know if the risk profile has substantially changed for three or four years, though it is clear the policy change is already having the intended effect of broadening the program's borrower pool.

## SYSTEM CHANGE GOALS UPDATE

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Mr. Ziegler reminded the board of a change to MHP's goal-setting process in FY20 that resulted in the staff identifying a number of meaningful "system change" goals to address gaps in the housing production system. The board had adopted seven potential system change goals and staff are presenting updates on two of them today.

Ms. Connelly said that extremely low income (ELI) housing is a priority in the Commonwealth, with 185,000 of ELI households in Massachusetts paying more than 50% of their income toward rent. State subsidy programs are only able to produce about 400 units a year. MHP conducted a "listening tour", visiting and interviewing agencies across the Commonwealth to understand what is working and what is not in the resource delivery system. A clear message was, "We get things done despite you guys [the housing delivery system]." So, a question is: what can MHP do to help streamline the process to ensure that units come online quicker? MHP focused its first efforts on 18- to 24-year-old homeless and unaccompanied youth, and hired Laurie Gould as a consultant on this work. Ms. Gould is creating a "policy map" to help guide policy decisions for this population and MHP will develop broader policy recommendations as well.

MHP continues to work on trainings with Citizens Housing and Planning Association (CHAPA) on this topic at the State House, and MHP will be creating a newsletter for the legislature's Joint Committee on Housing. The first issue will address public housing. Massachusetts is only one of three states that has its own state-funded public housing, of which about 75% is senior housing. It is more helpful to educate legislators now than wait for a crisis.

Ms. Ryan said that it would be helpful to show legislators a map indicating where public housing is located, particularly if any units are located in his/her/their district. The Executive Office for Administration and Finance has mapped state public housing in the past, and it is important to differentiate properly between public housing, municipality-owned properties, and privately-owned properties that are subsidized with public funds.

Mr. Hopper spoke about another system change goal that MHP is addressing: increasing the ways in which housing can be co-located with transit. This goal squarely addresses the state's housing, transit and climate change crises. MHP expected to launch a new web site later this week – called the Transit Oriented Development Explorer, or TODEX – that shows extensive data on land use around 261 commuter rail, subway and other fixed route transit stations.

A desirable level of housing density near rail stations would be 10+ units per acre, but most station areas in Greater Boston have significantly less than that. The Commonwealth would generate about 250,000 additional housing units if the average density within a half mile of existing stations was increased to 10 units per acre. Some transit areas have very low density: Grafton, for example, has only .02 units per acre. That is a sharp contrast this with areas like Forest Hills, Porter Square and Savin Hill, which have much higher densities.

Ms. Modestino mentioned Lynn as an example of a community with a school and other amenities near its train station. MHP will be identifying a baseline on how much of the state's current housing production is located within proximity to transit, according to Mr. Ziegler.

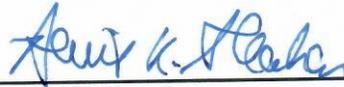
## ADJOURNMENT

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Mr. Clancy thanked the staff for their work and wished everyone a happy holiday.

The Board meeting was adjourned at 2:59 p.m.

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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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**MEETING OF EXECUTIVE COMMITTEE  
OF MHP BOARD OF DIRECTORS  
Tuesday, January 28, 2020  
160 Federal Street  
Boston, Massachusetts**

**Members Present:** Kate Racer (Chair), Mark Attia and Denis Sheahan

**Staff:** Clark Ziegler (Executive Director) (late), Zach Chatot, Mark Curtiss, Steve Gandt, Deepti Kamma, Danielle Kinkel, Nancy McCafferty, Vanessa Okonkwo, Shawna O’Neil, Kathryn Riley, David Rockwell (phone), Amanda Roe, Charleen Tyson

## CALL TO ORDER

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The meeting was called to order by Ms. Racer at 1:31 p.m.

## LOAN PROPOSALS

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1180 GREAT PLAIN AVENUE, NEEDHAM

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Amanda Roe presented information about the \$4,933,000 loan proposal for the 1180 Great Plain Avenue project in Needham. This “friendly 40B” project is in the downtown area within walking distance of the commuter rail station. The building at the site was formerly used as a nursing home, and the new apartment complex will be an adaptive re-use of the existing structure. The developers, Giorgio Petruzziello and Petruzziello Properties, LLC, plan to build a two-story building with sixteen apartments, four of which will be affordable under 80% AMI. The developers have strong personal financials and multifamily real estate experience. Though the developers have very little affordable housing experience, the property will be managed by Maloney Properties, one of the top five managing agents in the MHP portfolio. MHP waived the three-bedroom requirement because Needham has achieved its 10% on the Subsidized Housing Inventory, the location does not provide sufficient open space for children, and the economics of the transaction do not support 3-bedroom units.

The project will have 27 parking spaces. The Executive Committee briefly discussed how many parking spaces are necessary when a project is located near transit.

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

**VOTED:** To authorize a first mortgage loan of up to \$4,933,000 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 1180 Great Plain Avenue project in Needham (the Loan).

The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the 1180 Great Plain Avenue Credit Analysis dated 1/28/2020 including all special conditions contained therein, and presented in the 1/28/2020 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 3/1/2022.

## BANK TRANSACTIONS

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### HAVERHILL BANK REORGANIZATION

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Ms. Kinkel explained that Haverhill Bank will be reorganizing into a mutual holding company form of ownership. Interim bank transactions, such as those contemplated for this reorganization, are subject to MHP approval prior to sign-off from the Commissioner of Banks. In the past, when there have been interim transfers of assets within a bank to achieve a new ownership structure, MHP has concluded that no assets are being acquired in Massachusetts; therefore, no loan obligation to MHP is required.

Upon motion duly made by Mr. Sheahan and seconded by Mr. Attia, 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 Haverhill Bank in conjunction with its application to establish a mutual holding company.

## ADJOURNMENT

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The meeting was adjourned at 1:48 pm.

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



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Denis K. Sheahan  
Secretary/Treasurer  
Massachusetts Housing Partnership

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## BOARD OF DIRECTORS MEETING

Tuesday, February 25, 2020

160 Federal Street, 2<sup>nd</sup> Floor  
Boston, Massachusetts

### Members Present:

Jack P. Clancy, Jr. (Chair), Mark Attia (Executive Office for Administration and Finance), Jennifer Maddox (Department of Housing and Community Development) (left at 2:33 pm), Alicia Modestino, Carolyn Ryan, Denis Sheahan, Matthew Sosik

### Participating Staff:

Clark Ziegler (Executive Director), Zach Chatot, Isabel Cruz, Mark Curtiss, Karen English, Steve Gandt, Shelly Goehring, Deepti Kamma, Danielle Kinkel, Rus Lodi, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Shawna O'Neil, Kathryn Riley, Amanda Roe, Elliot Schmiedl, Charleen Tyson, Alice Wong, David Worsham

## CALL TO ORDER

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The meeting was called to order at 1:30 PM by the Chair, Jack P. Clancy, Jr. On Mr. Clancy's suggestion, the agenda was re-ordered to prioritize the items requiring a vote.

## APPROVAL OF MINUTES

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

**VOTED:** To approve the minutes of the December 17, 2019 board meeting and the January 28, 2020 Executive Committee meeting.

## BANK TRANSACTIONS

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### Cambridge Trust acquisition of Wellesley Bank

Mr. Sheahan recused himself from this agenda item due to his conflict of interest as Chairman and Chief Executive Officer of Cambridge Bancorp and Cambridge Trust Company. He left the room and did not participate in the discussion nor vote on this agenda item.

Cambridge Trust Company is acquiring Wellesley Bank, as set forth in the memorandum from Ms. Kinkel to the board. Cambridge Trust Company applied for, and is entitled to, a credit in the amount of \$8,750,827 for its previous affordable housing lending in the Commonwealth. The amount of credit exceeds the statutory loan obligation to MHP. Therefore, there is no loan obligation to MHP from the acquisition.

Upon a motion duly 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 by Cambridge Trust and Cambridge Bancorp in conjunction with the application to acquire Wellesley Bank and Wellesley Bancorp in accordance with M.G.L.c. 167A Section 4 and guidelines adopted by MHP.

Mr. Sheahan returned to the meeting following the vote.

## MHP MANAGEMENT AND FINANCE

The board and staff discussed the 2<sup>nd</sup> Quarter Goals Report, noting that MHP met or was close to meeting all Q2 goals. Particularly, borrowers and sponsors have responded positively to MHP’s Green & Healthy program which has meant resulted in larger number of loans with interest rate discounts of 15-30 basis points.

The board reviewed the current budget, and staff highlighted that all financial projections and actuals were on target.

MHP has experienced an increase in social media impressions recently, due in part to the launch of the Transportation Oriented Development Explore (TODEX). TODEX has been named one of the top ten community planning websites in the country. Additionally, the communications team may pursue using Instagram since it has a younger target audience.

The homeownership team is on track to meet its goal of lending to historically underserved populations; Gateway cities have a 78% lending rate to people of color while similar loans in Boston are low for this year. Racial equity in homeownership is a big priority, and staff will continue to research new efforts they can make in that regard.

### Approval of 403(b) Retirement Plan Restatement

Ms. Tyson referred to the memo that was sent to the board prior to the meeting. The proposed changes to the 403(b) plan will be retroactive to 2010.

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

VOTED: (1) That the Board hereby approves, authorizes and adopts, effective as of the dates therein provided, the 2020 Amendment and Restatement of the Massachusetts Housing Partnership Fund Board Section 403(b) Plan, with such modifications thereto as the Executive Director, upon advice of counsel, deems necessary or appropriate. (2) That the Executive Director be, and hereby is, authorized and directed to execute the foregoing Amendment and Reinstatement for and on behalf of the Board. (3) That the Executive Director hereby is authorized and directed to take or cause to be taken all such actions and to execute and/or delivery all such notices, certificates, documents, agreements, or other instruments as shall be necessary or appropriate to carry out the objects and purposes of the foregoing votes.

## LOAN PROPOSALS

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### Eagle Brook Commons Phase 1, Wrentham

The Eagle Brook Commons project is the multifamily rental component of a larger residential community in Wrentham which includes an existing single-family home neighborhood and will include additional rental units in the future. The subject rental units are duplex townhouses and will be located near three commuter rail stations. The cost per unit is approximately \$250,000.

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

**VOTED:** To authorize a first leasehold mortgage loan of up to \$5,700,000 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 Eagle Brook Commons Phase 1 Project in Wrentham (the Loan).

The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Eagle Brook Commons Ph 1 Credit Analysis dated 2/25/2020 including all special conditions contained therein, and presented in the 2/25/2020 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 2/25/2022.

### Hope in Dorchester, Boston (loan modification)

The requested loan modification proposes extending the commitment expiration date by an additional 90 days to 5/14/2020, bringing the aggregate days extended to 454 days beyond the original expiration date of 2/15/2019. Staff approved the previous extensions internally in accordance with MHP Loan Policy. This project is 100% affordable to families earning up to 60% AMI.

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

**VOTED:** To extend the commitment expiration date for the Hope in Dorchester, Boston project from 2/14/2020 to 5/14/2020 in accordance with the memorandum provided in the 2/25/20 briefing materials for the Directors of MHP.

### Loan Approvals Between Board Meetings

The board materials included a list of loan approvals and modifications made since the last full MHP board meeting.

## ADDITIONAL MHP MANAGEMENT AND FINANCE ITEMS

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Staff provided an update on the ONE+ Boston program. Boston has low supply of available properties: the median home price is \$655k and the median condo price is \$700k. ONE+ Boston does not address the supply side issue. Program funds will be used to buy down interest rates

and provide down payment assistance which will increase purchasing power for buyers by approximately \$70k in most scenarios.

Racial equity in home-buying continues to be an issue, with most homebuyers in Boston being disproportionately white and higher income. The board discussed the availability of employer housing subsidies and concerns related to the “barbell effect” among home buyers. There remains a deficit in family housing for moderate-income families in the Boston area; generally, urban areas could use more multi-family housing with 3+ bedrooms.

Staff provided a brief history of the Chapter 102 Guidelines and notified the board that they may come to the April meeting with recommended modifications to the Guidelines. The lending and housing environment has changed significantly since the Guidelines were implemented, and it may be time to revisit them. Of note, MHP has granted almost \$900 million in credit to the banking industry through the existing Guidelines.

The lending team submitted the FHLB Housing Associate application in January and expects to hear from FHLB soon. The extent to which the FHLB will apply a collateral “haircut” to the loan investments that MHP can offer as collateral, continues to be a substantial issue.

In response to an inquiry about MHP’s swap exposure in light of recent rate drops, Mr. Curtiss indicated that said that the MHP swap obligations totaled \$13.3 million as of that day.

The board and staff discussed the effect of downgrading several projects from B+ to B, and from B to B- during the year. Staff will continue to monitor the projects, but noted that most changes were a single reduction within grade (e.g., from B to B-).

## ADJOURNMENT

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The board meeting was adjourned at 2:47 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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## BOARD OF DIRECTORS MEETING Tuesday, March 31, 2020 Teleconference

**Members Present:** Jack P. Clancy, Jr. (Chair), Jennifer Maddox (Department of Housing and Community Development), Alicia Modestino, Carolyn Ryan, Denis Sheahan, Matthew Sosik

**Members Absent:** Mark Attia

**Participating Staff:** Clark Ziegler (Executive Director), Callie Clark, Susan Connelly, Mark Curtiss, Tom Hopper, Danielle Kinkel, Rus Lodi, Mahtowin Munro, Elliot Schmiedl, Laura Shufelt, Charleen Tyson

### CALL TO ORDER

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The meeting was called to order at 4:03 pm by the Chair, Jack P. Clancy, Jr. A quorum was present at the meeting.

### DISCUSSION OF IMPACT OF COVID-19 CRISIS ON MHP

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Mr. Clancy explained that the purpose of the teleconference was for the Executive Team to provide updates to the board regarding the impact of the COVID-19 pandemic on MHP. The meeting would provide an opportunity for the board to offer advice and exchange recent industry observations with staff.

Mr. Curtiss began the discussion with an updated on the status of MHP's rental financing portfolio. Staff has been preparing for the reality that the crisis could very severely affect MHP's portfolio, borrowers and residents. Despite these efforts, it is hard to know at this point what the impact of the pandemic will be on MHP. The rental financing team expects to have more insight within the next few days as the April 1 rent payments become due.

MHP has already received inquiries from borrowers about debt service payment relief and other options, including forbearance. To date, the team has received one formal request for forbearance. Hopefully MHP borrowers remain in good standing through April; however, May is expected to be a different matter. The CARES Act provides important resources for low-income tenants, including an increase in, and broader eligibility for, unemployment benefits. MHP anticipates that when tenants receive their stimulus checks and other payments, such as unemployment insurance, rent collections may stabilize.

Staff has begun modeling scenarios to discern the projects that may be the most severely affected by the crisis. The projects with project-based subsidies (Section 8 or MRVP) are less of a concern since the subsidies pay a majority of the rent, and tenants can apply for income redeterminations if they have lost their jobs. Projects that are most at risk are those with unsubsidized low-income tenants. MHP will continue analyzing the extent of at-risk projects, as well as the cash liquidity needed to pay its own debt service to the funding banks.

Additionally, staff is developing a model to illustrate various forbearance options on specific loans in the portfolio. Forbearance will likely be MHP's initial strategy, with a three-month forbearance period. Staff clarified that deferral of payments is not the same as forgiveness and that repayment will be required, over a period of perhaps twelve months or potentially longer. These parameters have been informed by Fannie Mae's forbearance guidance; under the CARES Act, all Fannie Mae and federally insured loans must grant forbearance to a borrower if they have been affected by COVID-19. Mr. Curtiss hypothesized that a three-month forbearance period with a twelve-month repayment period may not be sufficient for some borrowers.

MHP has operating reserves, and even larger replacement reserves, for most of its portfolio. Staff is assessing whether operating reserves should be utilized prior to entering into forbearance arrangements with borrowers, in certain cases. MHP does not anticipate using replacement reserves to cover debt service. As part of an overall strategy, MHP may suspend monthly contributions to reserves to provide some extra relief to borrowers.

The lending team is currently looking at how to underwrite new loans, especially those that would be placed in service over the next few months. One plan is to establish COVID-19 reserves for extra liquidity during any short-term interruptions in cash flow.

Mr. Sheahan noted that the banks are dealing with similar situations, and he asked whether this situation is a cash issue for the organization. Mr. Curtiss responded affirmatively, stating that the circumstances present more of a liquidity challenge than an expense or collateral challenge. Following the crisis, there will likely be a recession, and MHP is considering what that scenario means for sponsors and tenants. Eventually some projects may become stressed and need to go into a full workout.

Given that unemployment may increase and tenants may stop paying rent, Mr. Sheahan opined that forbearing for three months with twelve months to repay might not be enough. He wondered whether MHP could absorb a longer forbearance period and encouraged different ways to expand MHP's liquidity, including through the Federal Home Loan Bank of Boston (FHLB).

Staff provided an update on the FHLB Housing Associate application. The FHLB is preparing a recommendation for approval by legal counsel and the bank president by end of this week. A constraint with borrowing from FHLB is that MHP does not have significant unrestricted assets to pledge as collateral, but rather loan investments. Staff is delivering the investment portfolio to FHLB to identify the collateral "haircut" that will be applied to these loan investments.

Another source of liquidity is MHP's pledged collateral on the funding bank lines which is equal to 4% of the advances currently outstanding to the banks. These funds could be used to make debt service payments to the banks or to cover loan losses. Use of the pledged collateral would not trigger an event of default on the funding bank agreements, but it would stop MHP's ability to borrow additional funds from funding bank lines that are not fully drawn (or committed).

To manage the impending liquidity challenge, staff will be discussing forbearance options with the funding banks. Forbearance from the banks will need to align with what MHP provides to its borrowers. Mr. Curtiss had the first such conversation yesterday with Bank of America since it is MHP's largest funding bank, and he reported that it was a productive call. The Bank of America representative understands MHP and the issues well, but must determine who has the ultimate authority to make a decision on forbearance.

At this time, the lending team believes that six months of forbearance would provide relief for its borrowers, with repayments over 24-36 months. If the funding banks are not able to grant similar forbearance terms to MHP, the staff and board will need to assess how long MHP can make its own debt service payments and to what extent forbearance to its borrowers is feasible. Mr. Curtiss anticipates that the funding banks will be flexible, knowing that MHP is their partner and reasonably trying to manage these complicated issues. That said, the banks will have their own constraints.

Some 40B projects may be vulnerable if they don't have a significant percentage of subsidized tenants.

With respect to the Federal Reserve's role in providing liquidity, Section 13.3 authority allows the Fed to provide liquidity, and the CARES Act set aside \$450 billion to assist with liquidity needs. Ms. Modestino offered to connect MHP with the Boston Federal Reserve to pursue this liquidity source.

Similarly, there was a discussion of refinancing certain projects in the portfolio to aid with liquidity. The lending team acknowledges that refinancing can be a tool, but it is not an ideal time to close loans: investor spreads are tightening but as the market stabilizes, it may be a good time to restructure debt.

Staff asked the board's reaction to a 3-6 month forbearance period, noting that forbearance of this length would not be considered a "troubled debt restructuring" (TDR) under the CARES Act. The group acknowledged that forbearance terms may need to be reviewed project by project; ideally, most projects would be able to make partial payments and need something less than total forbearance. Staff then offered additional details that may be included in its forbearance term sheets.

Currently the lending team is modeling increased operating expenses and 20-40% decreases in rent collections. Staff is observing from third party conversations that other industry models are considering rental/operating losses of 75% or more. For most of MHP's projects, a 40% decrease would mean there are insufficient funds cover maintenance and utilities.

The group then discussed the homeownership program. MHP has \$8 million in reserve for the Soft Second program and \$12 million in reserve for the ONE Mortgage program. The MHP website now includes resources for those having trouble making their mortgage payments, with options for forbearance and/or payment deferral as needed, and the homeownership team has engaged with homebuyer counselors at six regional agencies to understand their operational capacity. Most ONE lenders intend to forbear for up to six months. Staff is also modeling potential uses of the loan loss reserve, including repurposing a portion of those funds to help with unpaid interest.

The finance team provided an update on MHP cash flow: \$26 million is available in unrestricted cash, with \$20 million set aside for swap settlements. There is \$40 million in reserves that could be used to help satisfy debt service payments. In their models, the finance team assumes that MHP will continue to meet its funding bank obligations while receiving something less than 100% debt service from its borrowers, which is not sustainable for MHP beyond a handful of months. The model also assumes current expenses such as salaries, benefits, and lease costs. The model will depend greatly on forbearance by the funding banks and rent collections at the projects.

Cash flow projections will be shared with the Finance Committee in the next 7-10 days.

The board then discussed authorizing MHP staff to enter into forbearance agreements with funding banks, if necessary. Mr. Ziegler stated that the terms of such agreements would be subject to the approval of the board chair and vice chair. The board would like to review and approve forbearance agreements with the funding banks, when possible. Staff agreed to email the basic terms of any proposed arrangement with a funding bank to the full board before finalizing such proposal; if a director flags an issue, a special board meeting would be called.

Upon a motion duly made by Mr. Sosik and seconded by Ms. Maddox, it was:

**VOTED:** To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board (MHP), to execute agreements with the Federal Housing Administration, Fannie Mae and/or with banks with loan agreements with MHP pursuant to Chapter 102 of the Acts of 1990 to provide loan forbearance to MHP or to otherwise defer scheduled debt service payments. The terms of such agreements shall be subject to approval by the Chair and Vice-Chair.

Upon roll call, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in the affirmative to adopt the above resolution.

## **ADJOURNMENT**

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Staff will continue to keep the board apprised of crisis-related developments. The board agreed to schedule an interim teleconference prior to the regularly scheduled meeting on April 28, 2020.

The meeting was adjourned at 5:08 pm.

A memorandum from Clark Ziegler to the board dated March 30, 2020, is incorporated herein by reference.

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Denis K. Sheahan  
Secretary/Treasurer

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## BOARD OF DIRECTORS MEETING

Tuesday, April 28, 2020  
160 Federal Street, 2<sup>nd</sup> Floor  
Boston, Massachusetts

**Members Present:** Mark Attia (Executive Office for Administration and Finance), Jennifer Maddox (Department of Housing and Community Development), Alicia Modestino, Carolyn Ryan, Denis Sheahan, Matthew Sosik

**Members Absent:** Jack P. Clancy, Jr.

**Participating Staff:** Clark Ziegler (Executive Director), Janelle Chan, Zach Chatot, Callie Clark, Isabel Cruz, Mark Curtiss, Karen English, Steve Gandt, Shelly Goehring, David Hanifin, Tom Hopper, Deepti Kamma, Merida Kepnes, Danielle Kinkel, Katy Lacy, Denis Leger, Anne Lewis, Rus Lodi, Nancy McCafferty, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Shawna O'Neil, Kathryn Riley, David Rockwell, Amanda Roe, Elliot Schmiedl, Laura Shufelt, Shao Feng Situ, Charleen Tyson, Alice Wong, David Worsham

## CALL TO ORDER

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The teleconference meeting was called to order at 1:32 PM by the Chair pro tem, Alicia Modestino. Ms. Kinkel polled each Board member for their respective vote for every vote held at the meeting.

## APPROVAL OF MINUTES

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

**VOTED:** To approve the minutes of the February 25, 2020 Board meeting.

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

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

**VOTED:** To approve the minutes of the March 31, 2020 special meeting of the Board.

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

## MHP MANAGEMENT AND FINANCE

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Mr. Curtiss announced that MHP was approved as a "housing associate" member of the FHLB.

Mr. Ziegler referred the board to the executive team report and other materials that had been sent to the directors prior to the meeting. With regard to the third quarter goals report, MHP was on a very good track prior to the COVID-19 crisis. In the fourth quarter, there is an expectation that multifamily lending and homeownership loan volumes may drop sharply. The next fiscal year may be on a different track due to the crisis.

Mr. Attia joined the meeting at 1:45 pm.

### Auditor Engagement

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Ms. Tyson explained that the Audit and Risk Management Committee met on April 23, 2020, and voted to recommend re-engaging RSM US LLP (RSM) for the upcoming audit. The depth of RSM's familiarity with MHP will continue to be helpful, particularly given the COVID crisis. Ms. Tyson asked that the Board vote to approve the committee's engagement of RSM for the FY20 audit.

Upon a motion made by Ms. Ryan and seconded by Mr. Sheahan, 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 2020.

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

A board member asked if there should be an increase in the loan loss allowance given the current crisis. Ms. Tyson said that, as of the end of March, there is no reason to increase the loan loss allowance. Mr. Curtiss added that all multifamily borrowers have paid through April and that a majority of projects in the portfolio have substantial cash operating reserves.

There was a question about how MHP experienced the 2008 recession. Mr. Ziegler responded that MHP's portfolio strengthened due to the increased rental demand. MHP did not experience any delinquencies or loan losses during the Great Recession.

Mr. Curtiss then explained MHP's approach to underwriting loans during the current crisis. Additionally, the Lending team continues to assess the risks of projects that have not yet closed through due diligence review and more conservative underwriting assumptions.

### LOAN APPROVALS

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Ms. Mulcahy noted that the four loan presentations were underwritten with the COVID-19 crisis in mind.

#### Mary D. Stone Apartments, Auburn

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Ms. Wong presented information about the Mary D. Stone Apartments, a "friendly" 40B project for seniors. This mixed-income project is the adaptive reuse of an elementary school and will create 55 units, including four community-based housing units and four accessible units. The project is centrally located and includes market rate units as well. MHP will continue to discuss Green and Healthy Housing financing options with the developer.

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

**VOTED:** To authorize a first mortgage loan of up to \$1,800,000 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 Mary D. Stone Project in Auburn (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Mary D. Stone Credit Analysis dated 4/28/2020 including all special conditions contained therein, and presented in the 04/28/2020 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 2/1/2023.

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

Broadway Building, Methuen

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Mr. Gandt presented information about the Broadway Building project in Methuen. Broadway Building is a "friendly" 40B Low Income Housing Tax Credit (LIHTC) project and will be 100% affordable to tenants whose incomes are at or below 60% AMI. The project will deliver 40 affordable units upon completion and is scheduled for delivery in June of 2022.

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

**VOTED:** To authorize a first mortgage loan of up to \$2,575,000 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 Broadway Building Project in Methuen (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Broadway Building Credit Analysis dated 4/15/2020 including all special conditions contained therein, and presented in the 04/28/2020 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 12/31/2022.

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

Pine Homes, Brockton (refinance)

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Mr. Hanifin presented information about the Pine Homes Apartments refinancing. The project involves a proposed \$10.3 million refinancing for an existing multifamily development located in Brockton and owned by Beacon Communities. The loan will be funded under HUD's FHA Section 223(f) mortgage insurance program for existing properties. Pine Homes Apartments includes 14 residential buildings with 114 two-bedroom and three-bedroom flats and townhouse units, 90 of which are affordable to tenants whose incomes are at or below 60% of AMI.

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

**VOTED:** To authorize a first mortgage loan of up to \$10,321,300 pursuant to MHP's Permanent Financing Programs, utilizing funds available to MHP under the HUD/FHA Section 223(f) mortgage insurance program, for the Pine Homes Apartments Project in Brockton (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy), to the extent not in conflict with

HUD's MAP Guide, and the Pine Homes Apartments Credit Analysis dated 4/28/2020 including all special conditions contained therein, and presented in the 04/28/2020 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 2/28/2021.

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

#### Glen Brook Way – Phase I, Medway

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Ms. Roe presented information about the Glen Brook Way Phase I project in Medway. The Glen Brook Way Phase I project is the first of two phases of a 40B new construction LIHTC project which is supported by the community. Phase I will produce 48 rental units for tenants earning at or below 60% AMI. Phase II will include the construction of 44 units of senior housing. The proposed loan is in the amount of \$5 million, along with and a "RAP" (MHP's Housing Reserve Assurance Program) facility in the amount of \$207,912.

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

**VOTED:** (*PRFP Vote*) To authorize a first mortgage loan of up to \$5,025,000 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 Glen Brook Way Apartments - Phase I Project in Medway (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Glen Brook Way Apartments - Phase I Credit Analysis dated 4/28/2020 including all special conditions contained therein, and presented in the 04/28/2020 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 12/1/2022.

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

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

**VOTED:** (*RAP Vote*) To authorize a Housing RAP Loan of up to \$207,912 pursuant to MHP's Housing Reserve Assurance Program (RAP), utilizing funds available to MHP pursuant to Chapter 102 of the Acts of 1990 or through other agreements, for the Glen Brook Way Apartments - Phase I Project in Medway (the Housing RAP Loan). The Housing RAP Loan shall be consistent with the Glen Brook Way Apartments - Phase I Credit Analysis dated 4/28/2020 including all special conditions contained therein, and presented in the 04/28/2020 MHP briefing materials, as the same may be modified pursuant to the Loan Policy. The Housing RAP Loan commitment shall expire if the Housing RAP Loan closing does not occur by 12/1/2022.

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

### Long Glen, Boston (loan modification)

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Mr. Hanifin explained that the request being brought to the board for this previously approved loan is to extend the commitment expiration date until the end of 2020.

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

**VOTED:** To extend the commitment expiration date for Long Glen Rental Apartments, Boston from 3/28/2020 to 12/31/2020 in accordance with the memorandum provided in the 4/28/2020 briefing materials for the Directors of MHP.

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

### BANK TRANSACTIONS

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#### Cambridge Financial Group, Inc. acquisition of Melrose Bancorp Inc.

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Ms. Kinkel informed the Board that Melrose Bancorp Inc. ("Melrose") was being acquired by Cambridge Financial Group, Inc. ("Cambridge"). This acquisition requires MHP's approval prior to sign-off from the Massachusetts Commissioner of Banks.

The consolidated assets of Melrose are \$376 million. Based on the aggregate asset amount, the statutory loan obligation to MHP is \$3,383,901 (.9% of total MA assets). MHP's Guidelines allow Cambridge to apply for credit based on its affordable housing lending in the Commonwealth. Staff reviewed the credit application and supporting materials and determined that Cambridge is entitled to a credit in the amount of \$2,537,925 which offsets the total loan obligation. Consequently, there is a loan obligation from Cambridge to MHP in the amount of \$845,976.

Upon a motion made by Mr. Sheahan 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: (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 \$845,976 available for call by MHP from Cambridge Financial Group, Inc. and Cambridge Savings Bank (collectively, "CSB"), 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 CSB in conjunction with its application to acquire Melrose Bank and Melrose Bancorp, Inc., in accordance with M.G.L.c.167A §4 and guidelines adopted by MHP.

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

## Bristol County Savings Bank acquisition of Freedom National Bank

Ms. Kinkel explained that the subject transaction does not involve the acquisition of any “assets located in the commonwealth”. Therefore, there will be no loan obligation to MHP.

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 Bristol County Savings Bank and Beacon Bancorp in conjunction with the application to acquire Freedom National Bank in accordance with M.G.L. Chapter 167A, Sections 3 and 4 guidelines adopted by MHP.

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

## ADDITIONAL ITEMS

### Portfolio Review

Mr. Curtiss prefaced the portfolio review by saying that MHP’s multifamily portfolio does not have any payment delinquencies to date. In modeling, MHP is looking at the short-term ability of its sponsors to pay debt service and operating expenses. The projects most at risk are those without project-based rental assistance and those with commercial tenants. MHP is in a strong position currently, but the consequences of the current recession are unknown.

Ms. Mohammed noted that only one project may possibly need forbearance at this time. PM is considering how to use reserves, a temporary suspension of reserve deposits, and debt deferral and forbearance.

Mr. Curtiss has discussed the possibility of debt deferral agreements with certain MHP funding banks for a period of up to six months, with 36 months for repayment. An agreement with Bank of America has been reached, and MHP is working to finalize agreements with other funding banks.

Formal loan workouts may be necessary for some projects. Mr. Ziegler is cautiously optimistic that most of the publicly-funded affordable housing units can be protected.

Mr. Curtiss proposed three possible scenarios: an optimistic one assumes a 10% reduction in rental revenue, a realistic one assumes a 20% reduction in rental revenue, and a pessimistic one assumes a 40% reduction in rental revenue from unassisted tenants. The pessimistic scenario could cause over half the loans in the MHP portfolio to drop below break, assuming a six-month stress period.

Ms. Modestino said that government policies are key since most economic projections suspect that FY2021 Q2 will be worse, and she agrees that additional funding for housing is necessary.

Mr. Curtiss mentioned the uncertainty of how well, or not, the federal stimulus money worked. In the meantime, organizations like Citizens Housing and Planning Association (CHAPA) are advocating for additional funding for state emergency rental assistance programs.

There was a lot of support for the state eviction moratorium, according to Mr. Ziegler. The problem may be that some people will think of it as a rent holiday.

Mr. Sheahan noted that the economic impact will last longer than ninety days. Since data is powerful, it should be shared sooner rather than later. Ms. Modestino suggested that something be written or presented via a public forum.

#### Loan Work-Out Authority

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Ms. Kinkel said that with regard to loan workouts, MHP is seeking a somewhat modified signature authority to ensure that staff are authorized to enter into agreements. Ms. Tyson has been added to ensure that MHP will have sufficient people to sign.

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

**VOTED:** SIGNATURE AUTHORITY

Loan Work-Outs, Defaults

To authorize the Executive Director, General Counsel, Chief Financial and Administrative Officer, Managing Director, Director of Portfolio Management and Deputy Director of Portfolio Management of the Massachusetts Housing Partnership Fund Board (“MHP”), acting in the name of and on behalf of MHP, to each execute all documents prepared by and/or approved by MHP’s General Counsel or outside attorney with respect to loan work-outs or the exercise of MHP’s remedies in the event of a default. The signature of any one of the foregoing shall be conclusive evidence of the approval of the form of, and all of the terms, provisions, and conditions of, the aforementioned documents, and of the execution and delivery of the aforementioned documents, for and in the name of and on behalf of MHP.

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

Mr. Attia left the meeting at 2:30 pm.

#### Revision of Troubled Debt Restructuring Policy (“TDRP”)

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MHP’s current troubled debt restructuring policy was written more than 15 years ago, according to Mr. Curtiss. MHP has rewritten the policy in accordance with current Government Accounting Standards Board (GASB) guidance. Under the new policy, a TDRP would exclude “insignificant” delays in payment. “Insignificant” is up to six months and repayment of up to 36 months in the policy definition. If, for example, MHP offered nine months of forbearance, the TDR would need to be brought to the board first for approval.

Mr. Ziegler explained that staff needs flexibility in order to act quickly and will continue to keep the board informed. Mr. Sosik asked if there could be a report to the board at each meeting after a TDR has already happened. The board requested an update or report of any forbearances and workouts of MHP loans at each meeting. This will be an ongoing conversation with the board over the coming months.

Ms. Tyson added that staff will be bringing a revised non-accrual policy to the finance committee soon, then to the board. The current policy allows for 90-day non-accruals. Staff wants to make sure that the new policy will align with the TDRP.

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

**VOTED:** That the Board of Directors hereby approves and adopts the Troubled Debt Restructuring Policy as presented in the April 28, 2020 Board materials.

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

## ADJOURNMENT

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There being no further business to come before the Board, the meeting was adjourned at 3:08 pm.

The documents listed in the Table of Contents in the briefing materials for this meeting of the Directors of MHP, as well as a memorandum from Ms. Tyson to the Directors regarding auditor engagement, are incorporated herein by reference.

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Denis K. Sheahan  
Secretary/Treasurer  
Massachusetts Housing Partnership

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## MEETING OF EXECUTIVE COMMITTEE OF MHP BOARD OF DIRECTORS

Tuesday, May 26, 2020

Zoom meeting

**Members Present:** Alana Murphy (Chair), Mark Attia and Matt Sosik

**Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Zach Chatot, Mark Curtiss, Steve Gandt, David Hanifin, Deepti Kamma, Merida Kepnes, Danielle Kinkel, Denis Leger, Anne Lewis, Rus Lodi, Nancy McCafferty, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Shawna O'Neil, Kathryn Riley, David Rockwell, Amanda Roe, Laura Shufelt, Charleen Tyson, Alice Wong

### CALL TO ORDER

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Alana Murphy chaired the meeting on behalf of the Department of Housing and Community Development (DHCD). The meeting was called to order by Ms. Murphy at 1:35 p.m.

### LOAN PROPOSALS

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#### ESSEX STREET, LAWRENCE (PERMANENT LOAN AND RESERVE ASSURANCE PROGRAM)

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Ms. Roe presented information about the Essex Street project in Lawrence, which is an adaptive reuse of an existing building in the Downtown West area. There will be commercial/retail space on the ground floor and 39 housing units, all such units will be affordable to tenants earning at or below 60% AMI. Lending has put the financials for the project through "COVID stress tests," including a very unlikely scenario if the vacancy rates were as high as 50%.

A vote was requested for the Permanent Rental Financing Program (PRFP) loan. Upon a motion duly made by Mr. Sosik and seconded by Mr. Attia, it was:

**VOTED:** To authorize a first mortgage loan of up to \$3,400,000 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 Essex Street Project in Lawrence (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Essex Street Credit Analysis dated 5/26/2020 including all special conditions contained therein, and presented in the 05/26/2020 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 12/1/2022.

Mr. Attia, Ms. Murphy and Mr. Sosik voted in favor.

A vote was requested for the Housing Reserve Assurance Program (RAP) loan. Upon a motion duly made by Mr. Attia and seconded by Mr. Sosik, it was:

**VOTED:** To authorize a Housing RAP Loan of up to \$258,596 pursuant to MHP's Housing Reserve Assurance Program (RAP), utilizing funds available to MHP pursuant to Chapter 102 of the Acts of 1990 or through other agreements, for the Essex Street Project in Lawrence (the Housing RAP Loan). The Housing RAP Loan shall be consistent with the Essex Street Credit Analysis dated 5/26/2020 including all special conditions contained therein, and presented in the 05/26/2020 MHP briefing materials, as the same may be modified pursuant to the Loan Policy. The Housing RAP Loan commitment shall expire if the Housing RAP Loan closing does not occur by 12/1/2022.

Mr. Attia, Ms. Murphy and Mr. Sosik voted in favor.

#### 110 WALNUT STREET, SOMERVILLE (REFINANCE)

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Mr. Gandt presented information about the 110 Walnut Street project in Somerville. 110 Walnut is an existing 12-unit multifamily property owned by Somerville Community Corporation (SCC). All of the units are HAP-supported. With the HAP contract expiring in September 2023, SCC has begun the renewal process for a new 20-year term as a precondition to a rate lock. The proposed financing will provide SCC with approximately \$566M in equity, to be used to perform energy and water efficiency audits with possible improvements to follow. Mr. Hanifin noted that this would be the first Green & Healthy retrofit opportunity.

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

**VOTED:** To authorize a first mortgage loan of up to \$1,800,000 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 110 Walnut Street Refi Project in Somerville (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the 110 Walnut Street Refi Credit Analysis dated 5/6/2020 including all special conditions contained therein, and presented in the 05/26/2020 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 12/31/2022.

Mr. Attia, Ms. Murphy and Mr. Sosik voted in favor.

## BROADWAY SUPPORTIVE HOUSING, LOWELL (LOAN MODIFICATION)

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Ms. Wong presented information about the Broadway Supportive Housing loan modification. The lending team is requesting a loan modification to extend the closing date for the subject property, which has been in MHP's portfolio for several years.

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

VOTED: To extend the commitment expiration date for Broadway Street Supportive Housing, Lowell from 4/20/2021 to 10/30/2021 in accordance with the memorandum provided in the 5/26/2020 briefing materials for the Directors of MHP.

Mr. Attia, Ms. Murphy and Mr. Sosik voted in favor.

## 25 AMORY STREET, BOSTON (LOAN MODIFICATION)

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Mr. Hanifin presented information about the 25 Amory Street loan modification. The request is to increase the loan by \$500,000 to cover COVID safety and other additional construction costs.

Mr. Sosik asked about the 18-23% loan-to-value (LTV) range. Mr. Hanifin said that the 25 Amory valuation is based on an appraisal by the construction lender. The value assumes that the restrictions could expire later on and the units would have market-based Jamaica Plain rents.

Ms. Mulcahy said this was a good reminder for loan presentations to be consistent on how LTV is calculated. For Essex Street, Ms. Roe was conservative in her loan approval process knowing that she could increase rents to market if necessary. Mr. Sosik asked if it would make sense to look at all of them that way; the other loans used valuations based on net operating income as subsidized projects. Ms. Roe responded that the lending team considers whether there is a restriction that will survive the closing, and then identifies what they think the unrestricted value of such project would be in the event of foreclosure. Mr. Sosik requested that the loan officers explain this in the collateral presentations in the future.

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

**VOTED:** To authorize a first mortgage loan of up to \$3,250,000 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 25 Amory Street (aka "Building M") 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 25 Amory Street (aka "Building M") Loan Modification dated 5/26/2020 including all special conditions contained therein, and presented in the 05/26/2020 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 1/24/2023.

Mr. Attia, Ms. Murphy and Mr. Sosik voted in favor.

## **ADJOURNMENT**

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The meeting was adjourned at 2:14 pm.

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

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Denis K. Sheahan  
Secretary/Treasurer  
Massachusetts Housing Partnership

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## BOARD OF DIRECTORS MEETING

Tuesday, June 30, 2020

160 Federal Street, 2<sup>nd</sup> Floor

Boston, Massachusetts

### Members Present:

Jack P. Clancy, Jr. (Chair), Mark Attia (Executive Office for Administration and Finance), Jennifer Maddox (Department of Housing and Community Development), Alicia Modestino (joined at 2:05 pm), Carolyn Ryan, Denis Sheahan, Matthew Sosik

### Participating Staff:

Clark Ziegler (Executive Director), Katie Bosse, Carla Cabral, Janelle Chan, Callie Clark, Mark Curtiss, Karen English, Steve Gandt, David Hanifin, Tom Hopper, Deepti Kamma, Merida Kepnes, Danielle Kinkel, Katy Lacy, Rus Lodi, Nancy McCafferty, Cynthia Mohammed, Mahtowin Munro, Vanessa Okonkwo, Shawna O'Neil, Kathryn Riley, Amanda Roe, Elliot Schmiedl, Laura Shufelt, Charleen Tyson, Alice Wong, David Worsham

## CALL TO ORDER

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The meeting was called to order at 1:33 PM by the Chair, Jack P. Clancy, Jr.

## APPROVAL OF MINUTES

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

**VOTED:** To approve the minutes of the April 28, 2020 board meeting and the May 26, 2020 Executive Committee meeting.

Ms. Kinkel polled the directors. Mr. Clancy, Mr. Attia. Ms. Maddox, Ms. Ryan. Mr. Sheahan and Mr. Sosik voted affirmatively.

## MHP MANAGEMENT AND FINANCE

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The Executive Team report was submitted in writing in advance of the meeting. Mr. Ziegler spoke about the importance of equity and inclusion efforts and noted that equity and inclusion topics will be included in more Board discussions.

### Financials Through 5/31/20

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Ms. Tyson stated that the financials through May are steady. One loan has formally requested forbearance relief from MHP, and there are no defaults to report. Additionally, revenue is ahead of last year's figures.

## FY21 Budget and Business Projections

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Ms. Tyson explained that it was a difficult year to create a budget, and gave kudos to the lending team for its partnership in the budget process. The Finance Committee met earlier in June to review the budget and long-term forecast.

The FY21 budget is cautious with regard to projected loan closings and loan volume. The capital ratio will fluctuate, but is expected to remain around 7% and then increase to 7.9% by 2025. The budget assumes more expenses than MHP may actually incur, as certain staff hires and expenses may be deferred or reduced. Some initiatives cannot easily be eliminated such as document management, pipeline management, human resources systems, and office lease expenses. MHP's financial projections do not incorporate funding sources that are uncertain at this time, like the use of Federal Home Loan Bank advances to financing FHA-insured loans Risk Sharing loans or the availability of additional bank funding through Ch. 102. As a result, the budget and long range projections are conservative.

The proposed \$11.2 million operating budget would result in projected net cash flow of \$2.7 million. Proposed hires and head count will be reviewed carefully, as will portfolio performance. The executive team will be meeting with the Finance Committee quarterly during FY21 to review MHP's financial performance.

Mr. Sheahan discussed the importance of considering MHP's mission alongside with financial performance. The 5-year projections are helpful, showing FY2019 with a net cash flow of \$3.3 million, which puts FY21 into context. Projected decreases in cash flow over time are a concern, so expenses will need to be reviewed regularly. The board will also need to keep operating results in mind with respect to any financials decision in the near term.

Mr. Clancy agreed and asked for continued long-range forecasting. Mr. Attia noted that the Finance Committee had a very thorough conversation on the budget and projected financials, and concluded it was challenging to have a clear long-term view right now.

Ms. English then walked the board through highlights of the proposed FY21 budget and business projections.

The board discussed whether to vote on the operating expense budget only, or to vote on the expenses and projected revenue. After discussion, Mr. Clancy requested a vote on the FY21 operating expense budget.

It was thereby:

**VOTED:** To adopt a Fiscal Year 2021 operating budget of \$11,231,100 as presented in the briefing materials for the June 30, 2020 board meeting.

Ms. Kinkel polled the directors. Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Ryan. Mr. Sheahan and Mr. Sosik voted affirmatively.

## Proposed FY21 Goals and Performance Indicators

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Mr. Ziegler explained MHP's approach to developing goals this year, along with efforts to narrow the System Change and Leadership goals down to five. [Ms. Modestino joined the meeting at 2:05 pm.] The teams presented their goals for FY21.

The lending team reports that its goals are realistic, not overly conservative. Given the crisis, it has added a new goal to stabilize 400 existing affordable units in struggling properties.

The homeownership team noted uncertainty in the purchase market, so it will revisit its goals again in six months. In the meantime, the team has scaled back its goal from 750 to 650 ONE Mortgage applications to realistically reflect the market. The team is seeing applications rising, so there may be a bounce-back. Also, the homeownership team will continue to look at its policies to identify whether there are any barriers in place to homebuyers of color, especially in down payment requirements. It will examine the data to understand whether there is a connection between homebuyers utilizing their own funds for down payments and actual loan performance.

(Ms. Ryan noted that the board packet shows 750 applications as the FY2021 goal when it should have been adjusted to 650 loans and \$160 million.)

The community assistance team will focus on updating a nearly 20-year-old MHP publication on development of affordable housing on public land and encouraging cities and towns to "up-zone" for increased density. Production of housing that's affordable to low-wage workers – essential workers during the pandemic -- will also be a team priority.

The communications team intends to increase its social media impressions which will be aided by the implementation of Salesforce software.

The finance team will continue its goal of achieving unrestricted cash flow of \$10 million over 3 years, which MHP has almost reached already, according to Ms. Tyson.

The Center for Housing Data Team reviewed its in FY 2020, and observed that the Transportation Oriented Development Explorer (TODEX) web site and support for the governor's housing choice bill will be important priorities in FY21.

The group then discussed the proposed new policy leadership and system change goals. Staff expressed a strong desire to adopt a short list of goals that reflect MHP's core values as an organization. MHP wants to address systemic housing problems including issues of structural racism, racial equity, the impending eviction and foreclosure crisis, gentrification and displacement, and wage equity.

Mr. Clancy asked for a vote to approve the FY21 goals and performance indicators, with a correction to homeownership section by substituting the number 650 for 750.

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

**VOTED:** To approve the FY2021 Goals and Performance Indicators.

Ms. Kinkel polled the directors. Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

## LOAN PROPOSALS

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### Cliftex Phase II, New Bedford

Ms. O'Neill presented the Cliftex loan proposal. The proposal is for a \$1.4 million first mortgage loan for the adaptive reuse of the Monamoac Mills Building in New Bedford into a residential development for seniors over 55 years old. The development will include 71 rental units and related amenities.

There was no discussion. Mr. Clancy abstained from the vote due to a conflict.

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

**VOTED:** To authorize a first mortgage loan of up to \$1,400,000 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 Cliftex Phase II Project in New Bedford (the Loan).

The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Cliftex Phase II Credit Analysis dated 6/30/2020 including all special conditions contained therein, and presented in the 06/30/2020 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 3/30/2023.

Ms. Kinkel polled the directors. Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

### Loan Approvals Between Board Meetings

The board materials included a list of loan approvals and modifications made since the last full MHP board meeting.

## PORTFOLIO STATUS UPDATE

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Ms. Mohammed informed the Board that one loan has requested forbearance relief: the Clarendon YMCA in Boston's Back Bay, which is a unique property in MHP's portfolio since it not only has residential units but also a boutique hotel, a school, and several small commercial tenants. Rent collections in MHP's overall portfolio have largely remained stable. The portfolio management team anticipates that approximately 40 loans will utilize the DHCD project stabilization funds.

Special thanks and acknowledgment was offered to Undersecretary Maddox and the team at the Department of Housing Community Development (DHCD) for its proactive efforts in getting a property stabilization program in place ahead of the anticipated "eviction cliff."

## ADJOURNMENT

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The board meeting was adjourned at 2:40 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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## BOARD OF DIRECTORS MEETING

Tuesday, August 25, 2020  
160 Federal Street, 2<sup>nd</sup> Floor  
Boston, Massachusetts

**Members Present:** Jack P. Clancy, Jr. (Chair), Mark Attia (2 pm), Jennifer Maddox, Alicia Modestino, Denis Sheahan, Matt Sosik.  
(Carolyn Ryan was absent.)

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Carla Cabral, Janelle Chan, Tesfalem Chatot, Isabel Cruz, Mark Curtiss, Karen English, Shelly Goehring, David Hanifin, Tom Hopper, Deepti Kamma, Danielle Kinkel, Rus Lodi, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Shawna O'Neil, Kathryn Riley, David Rockwell, Amanda Roe, Elliot Schmiedl, Laura Shufelt, Charleen Tyson, Alice Wong, David Worsham

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## CALL TO ORDER

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The Chair, Jack P. Clancy, Jr., called the meeting to order at 1:30 pm. The Board met without staff to review the Personnel & Compensation Committee report from 1:30 pm until 2:05 pm.

Staff rejoined the meeting at 2:08 pm.

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## COMPENSATION AND HUMAN RESOURCES COMMITTEE REPORT

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Charleen Tyson and Clark Ziegler reported that FY20 had been a successful year for MHP with most but not all performance goals being met. They outlined the amounts that were budgeted for merit increases and variable compensation and the process for reviewing the staff's performance. Ms. Tyson and Mr. Ziegler then left the meeting.

Without any staff present, the Compensation and Human Resources Committee then presented its report, which had been circulated to board members in advance of the meeting. The committee report outlined a recommended range of variable compensation based on MHP's performance in FY20, recommended compensation for the Executive Director, and reported on the compensation of MHP's other senior managers. As part of its annual review process the committee had met on August 24 to finalize its recommendations to the board, including a discussion of job performance by the Executive Director and other senior managers. The performance of the Executive Director and his team was reported by the committee to be outstanding.

The committee noted in its report that MHP fully complies with state regulations requiring the compensation committee to meet independently of management at least once annually, recommend/approve the compensation of the executive director and senior managers, and establish policies for the executive director to apply in establishing the compensation of other agency employees.

In the absence of staff, upon motion duly made by Mr. Sosik and seconded by Ms. Modestino, it was

**VOTED:** To approve the compensation proposal as set forth in the report of the Personnel and Compensation Committee.

Mr. Clancy polled the directors. Mr. Clancy, Ms. Modestino, Mr. Sheahan and Mr. Sosik voted affirmatively. Ms. Maddox abstained from voting.

## APPROVAL OF MINUTES

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

**VOTED:** To approve the minutes of the June 30, 2020 board meeting.

Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Modestino, Mr. Sheahan and Mr. Sosik voted affirmatively. The Executive Committee did not meet in July, so there were no minutes to approve for that meeting.

## MHP MANAGEMENT AND FINANCE

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

Mr. Ziegler identified a general disconnect in the financial status of the housing industry: the MHP bottom line remains strong, but all stakeholders are focused on the eviction crisis and the overall state of the economy.

Additionally, staff provided the board with a new portfolio indicators report and will provide ongoing reports in the future. The board can notify staff of how the report might be tweaked in order to be more informative and useful.

The Clarendon Y development is currently in debt deferral and forbearance, but aside from that loan, the MHP portfolio is performing at 100%.

### Signature Authority

Ms. Kinkel explained that, as a result of David Rockwell's retirement and some promotions, MHP needs a new signature authority to properly indicate titles and individuals on loan documents.

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

VOTED: To authorize the Executive Director, General Counsel, Managing Director, Director of Lending & Chief Credit Officer, Senior Loan Officers, Loan Officers, Director of Business Development, Senior Relationship Manager, Director of Capital and Program Development, Director of Portfolio Management, Deputy Director of Portfolio Management, and Senior Portfolio Managers of the Massachusetts Housing Partnership Fund Board (“MHP”), acting in the name of and on behalf of MHP, to each execute all closing documents prepared by and/or approved by MHP’s General Counsel or closing attorney with respect to loans authorized by the Directors of MHP pursuant to MHP’s loan programs, including without limitation, the Permanent Rental Financing Program, Home Funders Permanent Rental Financing Program, the Permanent Plus Program, the Letter of Credit Program, the Working Capital Line of Credit Program, the Housing Reserve Assurance Program, MHP’s forward rate commitment products and programs offered by MHP under Fannie Mae’s multifamily mortgage product lines and HUD’s Housing Finance Agency Risk-Sharing Program. The signature of any one of the foregoing shall be conclusive evidence of the approval of the form of, and all of the terms, provisions, and conditions of, the aforementioned documents, and of the execution and delivery of the aforementioned documents, for and in the name of and on behalf of MHP. Such signature authority shall also extend to all documents required by MHP’s source of funding or HUD to effectuate advances for such loans.

The Managing Director shall have the additional authority, acting in the name of and on behalf of MHP, to execute all documents and agreements related to the programs and products described above.

Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Modestino, Mr. Sheahan and Mr. Sosik voted affirmatively.

### Lending

Mr. Ziegler reminded the board that Mr. Rockwell will be retiring and this meeting will be his swan song after 24 years at MHP.

Mr. Rockwell provided a lending update. MHP had a challenging year in FY20, partially due to COVID-related delays in the spring and not having access to properties. However, the current pipeline is robust. The refinancing market is brisk and the 40B developments are generating business, all of which indicates a good start to FY21 and satisfying MHP’s three-year lending goals.

Mr. Rockwell added that he has been attending MHP board meetings for 24 years, stating that “I feel nothing but gratitude to the board and all my colleagues at MHP.” Mr. Clancy spoke about how wonderful it was to hear the word “gratitude,” and he thanked Mr. Rockwell for his years of service.

## Finance

Ms. Tyson reported that MHP had a terrific year financially despite the COVID pandemic. MHP ended the year with \$4 million in net cash flow (\$1 million ahead of budget and 78% of the three-year goal) due in part to some unusual transactions, such as a large prepayment penalty and a number of portfolio payoffs. A net credit in the loan loss provision also helped the bottom line. Additionally, expenses were under budget and well-managed by staff.

She continued that the balance sheet is strong, even though assets have decreased slightly as a result of several payoffs. The capital ratio is at 8.5% and unrestricted cash is healthy at over \$30 million. MHP is heading into what may be a tough year from a strong financial position.

## Communications

MHP fell slightly short of its social media and website impressions goals for the year. Initiatives that created the most traffic were the TODEX site, homeownership's ONE mortgage spring marketing campaign, and the community assistance team's work on emergency rental assistance using local funds. The emergency rental assistance work of Ms. Goehring and Ms. Bosse was especially helpful and needed in response to the pandemic. The communications team will work toward one million impressions in FY21.

## Homeownership

Mr. Schmiedl reported that the homeownership team ended FY20 with good volume given the circumstances, nearly meeting its goal except for a 20% dip in Q4 volume. Of the FY20 loans, 61% went to households earning below 80% AMI and 60% went to households of color. The team had previously implemented a lower credit score requirement for the ONE Mortgage program and 80% of the ONE Mortgage partner banks have adopted and implemented the lower threshold. ONE Mortgage remains strong in gateway cities. Finally, ONE+ Boston is now operational and MHP has accepted over 70 applications.

The homeownership team is mindful of certain emerging trends. For example, while first-time homebuyer classes are packed, there are very few conversions into loan closings and purchases. Borrowers are struggling to navigate the tight housing market. Homeownership volume is down 30% since July 1. Generally, ONE Mortgage is experiencing the "Tale of Two Economies": people with jobs and investments are driving up prices while the people MHP aims to serve have often faced unemployment and dipped into their savings. The low interest rate environment is not as effective while housing inventory is so low.

## Portfolio Management

MHP has received all loan payments for August except for the Clarendon YWCA. The industry is nervous about resident displacement and upcoming rent collections. As monthly rent collection data expands, we will get a better understanding of the portfolio. The credit rating chart indicates more downgrades than upgrades this year—portfolio management has been more conservative in its ratings after the pandemic.

## Community Assistance

A primary goal for community assistance in FY20 was researching and creating more effective messaging for communities to use in building support for affordable housing developments. Community assistance engaged Dr. Tiffany Manuel to work with CHAPA's Community Engagement Initiative on this messaging effort. Dr. Manuel held a two-day seminar in February and will finish her contract with a session at the MHP Housing Institute. Community assistance also purchased Dr. Manuel's practical guide about messaging to further support communities.

A second goal was to create a web-based template for public land requests for proposals (RFPs). Once the template is approved, community assistance will conduct webinars on how to use the guide. A third goal was to work on creating and improving community housing trusts. The team provided extensive guidance to communities on providing emergency rental assistance. Last, the team has been named a finalist for a national award from Urban Land Institute.

Mr. Sheahan asked Mr. Schmiedl to comment on the impact of the lifting of the construction moratorium on affordable units. Mr. Schmiedl deferred to Mr. Curtiss, who noted that MHP has been involved with several projects in Boston that were just finishing construction and largely dodged the bullet. There were significant costs to restarting construction but developments are back to construction, albeit more slowly because of work rules on site. This is much more encouraging than where the construction industry was just a couple of months ago.

Mr. Sosik asked about page 32 regarding rent collection for Copley Garden, Center Main and Caritas Communities SRO. Ms. Mohammed responded that all three developments are paying as agreed, have healthy reserves, and portfolio management does not anticipate rent collection issues for these loans.

Mr. Sosik asked what portfolio management considers to be "underperforming." Ms. Mohammed replied that she was not aware of whether MHP's underwriting assumed any rent collection issues beyond standard vacancy rates. However, the recent rents are higher than underwritten rents. Typical underwriting allows for 5 to 7% vacancy.

Mr. Curtiss and Ms. Lewis have been working closing with MassHousing and other housing finance agencies on a risk-share program with the Federal Home Loan Bank of Boston (FHLB). The pandemic paused this work in April and May and stakeholders are now re-focusing. Collateral valuation continues to be an issue for this proposed program. When MHP pledges risk-share loans to FHLB, FHLB will ascribe a collateral value and will look to MHP to fill the valuation gap. FHLB has agreed there is no credit risk with the proposal, but liquidity and mark-to-market risks are relevant. Mr. Curtiss will provide an update at the next board meeting.

## System Change Goals

Mr. Ziegler spoke to the Board about the system change goals process that has been implemented at MHP. Mr. Hopper reminded the Board of the system change framework and the five topics core to MHP's mission: racial equity, stabilizing households from the eviction/foreclosure crisis, mobility & sustainability, protecting low income households from neighborhood displacement, and supporting wage equity and wealth-building.

Ms. Clark explained how this framework is being used with staff goals and conversations. An accountability group will meet and discuss how teams are achieving system change goals prior to every board meeting. There is a tension between mission and the business side at MHP. It is very “back to basics” on mission. Small internal changes can lead to more inclusive policies.

Ms. Kinkel identified some next steps. In August, the accountability group identified several bite-sized action steps to accomplish while broader steps are formulated. The community assistance team, for example, engages in difficult conversations with communities and would like more intensive training on how to have conversations about racial justice. That will be done in conjunction with the Mel King Institute. The lending team will begin using Salesforce to track the MBE/WBE status of our borrowers to better understand who we are serving and possibly broaden the pool of sponsors. All team goals will be finalized over the next few weeks and then Ms. Clark, Ms. Kinkel, and Mr. Hopper will tie team goals to system change goals.

Mr. Sheahan commented that MHP did terrific work with the governor on supporting the Housing Choice initiative. How can that experience be used as an example to gather momentum across the state to deal with racial inequity? How do you get a coalition among agencies and politicians to have the same kind of leadership that MHP had on Housing Choice?

Mr. Ziegler responded that Housing Choice may become law within the next few months and the landscape has shifted from housing choice to racial equity. The issue is how change gets implemented. Ms. Kinkel added that whenever MHP is moving forward with implementing programs or talking to sister agencies, these system change “lenses” will be at the forefront. Everyone needs to have the conversations very consciously now.

Ms. Modestino inquired as to whether there are policies that MHP would like to promote. According to Ms. Kinkel, MHP will focus on smaller modifications to build momentum and shift its way of thinking about broader change, internally and externally. Over the next year, MHP will have action items under each of the goals and may also decide to present its goals and policy recommendations to sister agencies.

Mr. Clancy wondered about the metrics underlying these efforts, as it does not appear that MHP is tracking very many anti-racist metrics. Mr. Kinkel agreed that MHP needs to track and build more data as a part of its goals. Staff is looking forward to hearing all of the perspectives and viewpoints of the Board.

Mr. Hopper gave a presentation on housing stability and COVID-19. Massachusetts has the highest unemployment in the country. Hundreds of thousands of households are living with reduced income, so rent and housing payments have become more difficult. Job losses are more extreme in gateway cities, the South and North Shores, and people of color are more affected. Surprisingly, the data indicates that most people have been able to continue to pay their rent or mortgage payments. That has resulted from a variety of local, state and federal supports, including the \$600 additional weekly unemployment benefit and expanded eligibility for the state Rental Assistance for Families in Transition (RAFT) program. Race and age have a big impact on ability to make rent and mortgage payments, with Black and Brown people and younger people more vulnerable. The crisis is in a holding pattern as financial supports have ended and the eviction moratorium is expiring in October unless it is extended. Missed payments are like a snowball going downhill, with more missed payments stacking up and becoming unwieldy.

Ms. Clark reported that she was part of a meeting Chief Justice Gants convened about the evictions crisis, focusing on October 18 (the day after the eviction foreclosure moratorium is scheduled to end). The eviction process has always been arduous, but with thousands at risk, there will be an inconceivable pressure on the courts. Policymakers are considering how to upstream resources. MHP must inform communities on how to access RAFT, emergency rental assistance and other local programs so they do not enter the eviction process. Housing agencies need resources to stem the problem; shelter advocates note that the cost of doing nothing may be far worse. Sheltering is extremely expensive and there is no space due to social distancing. Those evicted may simply have no place to go. The question is, how do we melt this snowball of accruing rent as it's going down the hill?

The board discussed the policy implications of an eviction moratorium. Though housing values may need to reset to better reflect the existing market, the challenge is to find a resolution that keeps tenants safe and in place.

According to Ms. Maddox, some of the best-thinkers inside and outside the Baker administration are brainstorming ideas to prevent families from going into court and to support landlords and stop foreclosures. Massachusetts does not have the shelter portfolio to put people in shelters, especially as some shelter spaces have been depopulated due to COVID. Though the state cannot close the gap on its own, the administration will work to create solutions because there is no other choice.

Staff offered special thanks to DHCD for its proactive efforts in getting a program in place ahead of the eviction cliff.

## ADJOURNMENT

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The board meeting was adjourned at 3:43 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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## EXECUTIVE COMMITTEE MEETING

Tuesday, September 22, 2020

160 Federal Street, 2<sup>nd</sup> Floor

Boston, Massachusetts

**Members Present:** Kate Racer (Chair), Jack P. Clancy, Jr., Carolyn Ryan

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Tesfalem Chatot, Mark Curtiss, Steve Gandt, Deepti Kamma, Danielle Kinkel, Rus Lodi, Nancy McCafferty, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Kathryn Riley, Laura Shufelt, Charleen Tyson, Alice Wong

## CALL TO ORDER

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The meeting was called to order at 1:33 PM by the Chair, Kate Racer.

## LOAN APPROVALS

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### Grand Street Commons, Worcester

Ms. Wong presented information about the Grand Street Commons loan proposal of \$3,472,000. The development is in the Main South neighborhood of Worcester, with six three-story buildings for a total of 48 rental units, and 68 parking spaces. There will also be two ground floor commercial spaces. Ten apartments are homeless set-aside units and 25% of the apartments will have project-based rental assistance. This development will transform and activate a vacant parking lot in an area of Worcester that has been very hard-hit by COVID-19. Services and COVID-19 testing will be available nearby. This transaction is very much aligned with MHP's mission because 70% of the neighborhood is comprised of people of color, largely Latinx.

Mr. Clancy asked if all of the existing loans from MHP to the sponsor are current. Ms. Wong responded affirmatively. The lending team has been particularly careful about underwriting self-pay residents. When asked about pricing pressure, Mr. Curtiss noted that there is more pressure to lock in pricing given the market uncertainty. Mr. Clancy said that it was a very clean and well-done analysis.

Ms. Racer followed up on the pricing, wondering about the impact of Boston Financial acquiring Boston Capital. Staff agreed that it is unclear how much of an effect there will be on syndications in Massachusetts. Though the loss of Boston Capital and its leadership may be broad, there are several syndicators in Boston, so there will not likely be a tremendous market impact.

Ms. Racer asked about the commercial space at the Grand Street property. Ms. Wong responded that the commercial space is relatively small. It has been advantageous in the area

to have “mom and pop” businesses and leases. Ms. Mulcahy added that the development can still operate at break-even even without the commercial leases.

Upon motion duly made by Mr. Clancy and seconded by Ms. Ryan, the Executive Committee

VOTED: To authorize a first mortgage loan of up to \$3,472,000 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 Grand Street Commons Project in Worcester (the Loan). The Loan shall be consistent with MHP’s Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Grand Street Commons Credit Analysis dated 9/22/2020 including all special conditions contained therein, and presented in the 09/22/2020 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 6/1/2023.

Ms. Kinkel polled the Executive Committee members. Mr. Clancy, Ms. Ryan, and Ms. Racer all voted affirmatively.

## PORTFOLIO STATUS UPDATE

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Ms. Mohammed provided an update on the MHP portfolio which remains stable and strong. All September payments have been received except for the Clarendon YWCA property in Boston, which has requested a second 90-day forbearance and debt deferral.

Mr. Ziegler said that MHP is not out of the woods yet. Naturally, there is a slow but steady decline in rent collection.

Mr. Curtiss remarked that data indicates increased household savings by renters during the increased unemployment assistance period, but now those savings are running out. There may be a steep decline in rent collection coming up, although Congress may restore additional unemployment funds. MHP will continue to observe and analyze the macroeconomic factors at play during this time.

## ADJOURNMENT

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The board meeting was adjourned at 1:59 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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## BOARD OF DIRECTORS MEETING

Tuesday, October 20, 2020

160 Federal Street, 2<sup>nd</sup> Floor  
Boston, Massachusetts

**Members Present:** Alicia Modestino (Vice Chair), Mark Attia, Alana Murphy (for Jennifer Maddox), Carolyn Ryan, Denis Sheahan, Matt Sosik

**Members Absent:** Jack P. Clancy, Jr.

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Carla Cabral, Tesfalem Chatot, Callie Clark, Isabel Cruz, Moriah Cummings, Mark Curtiss, Karen English, Steven Gandt, David Hanifin, Tom Hopper, Deepti Kamma, Merida Kepnes, Danielle Kinkel, Rus Lodi, Nancy McCafferty, Megan Mulcahy, Toi Neely, Vanessa Okonkwo, Shawna O'Neil, Dave Oteri, Kathy Riley, Elliot Schmiedl, Laura Shufelt, Charleen Tyson, Alice Wong, David Worsham

**Guests:** Veronica Bulman and Troy Merkel from RSM US LLP

## CALL TO ORDER

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The Vice Chair, Alicia Modestino, called the meeting to order at 1:32 pm.

## APPROVAL OF MINUTES

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Upon motion made by Mr. Sheahan and seconded by Mr. Attia, the minutes of the August 25, 2020 and September 22, 2020 meetings were approved.

Mr. Attia, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

## MHP MANAGEMENT AND FINANCE

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

### **Audit Report**

Ms. Ryan gave a report from the Audit Committee. There were no flags. The 2020 audit process was longer than previous years due to COVID-related delays and logistics. There were disclosures about potential impact from COVID.

Ms. Tyson introduced our audit partner, Troy Merkel, and audit manager, Veronica Bulman, to present the audit report. Mr. Merkel oversaw the day-to-day aspects of the audit. He explained the process and noted that there were challenges due to COVID and being offsite. He confirmed that RSM provided a clean audit opinion with no findings.

Ms. Tyson thanked the finance team for their work. The RSM representatives left the meeting.

### **Federal Home Loan Bank update**

Mr. Curtiss spoke about the status of discussions with the Federal Home Loan Bank of Boston (FHLB). MHP's mission includes offering capital access to borrowers, historically through Chapter 102 funding. As MHP has continued to grow, several other products have been added. The demand for funds has outpaced MHP's sources. In response, MHP approached FHLB for capital access, but FHLB has determined that it must mark its loans to current market interest rates every six months. Because of the low interest rate environment, this mark-up-to-market policy dramatically increases the collateral MHP would need to provide (up to 30 or 40% of the loan amounts). This position is commercially unreasonable and incompatible with MHP's needs and may require a direct conversation with the FHLB's regulator, the Federal Housing Finance Agency (FHFA). The Boston FHLB has indicated that if FHFA feels comfortable without marking up to market they would be very open to moving forward with us. MHP needs this capital access to fund Risk Sharing loans, and Mr. Curtiss is also having early conversations with potential Risk Sharing investors including Bank of America and Rockland Trust.

Mr. Sheahan wondered what an approval from FHFA would look like. Mr. Ziegler responded that, based on previous experience, FHFA does not offer explicit permission but may decide not to object. Mr. Curtiss believes the regulations do not require a mark to market for federally guaranteed loans. Mr. Sosik and Mr. Sheahan agreed that MHP's request is consistent with FHLB's mission. Ms. Modestino wondered if it would be useful to alert people in the Federal Reserve system about this question. The group agreed to revisit the next strategy with FHLB at the next board meeting.

### **Performance goals**

Mr. Ziegler is pleased with MHP's performance through the first quarter. Net cash flow is ahead of pace, and ONE Mortgage numbers are also ahead of pace for the first quarter. The community assistance and legal teams are updating guidance on developing affordable housing on public land, which will be a topic at a future board meeting. Many projects that were delayed due to COVID are reengaging and the new MHP pipeline indicates the possibility of loan commitments for over a thousand units in the next several months.

### **Policy leadership and system change goals**

Ms. Kinkel reviewed the system change goal framework with board members. She is coordinating MHP's efforts on the first system change goal—to advance anti-racist policies, programs and strategies in the affordable housing delivery system—and outlined progress made since the last board meeting.

MHP is working to develop stronger relationships with diverse communities and organizations, researching whether and how credit standards are barriers to developers or color, reviewing ONE Mortgage guidelines with respect to impediments to borrowers of color, assessing internal policies and increased hiring of MBE/WBE consultants and vendors. This work is both internal and external. Internally, MHP's Diversity Equity and Inclusion Committee is raising awareness within MHP's own culture. It's critically important for MHP to be vocal about why we do this system change work and how our day-to-day work supports racial equity in housing. Recently, for example, the Brookings Institute issued a report highlighting exclusionary practices in the suburbs using MHP's DataTown and TODEX data.

Mr. Hopper then provided an update on the third system change goal related to housing mobility and sustainability. A webinar on the recent Boston report, "Zoned Out", features MHP's Janelle Chan as a panelist. On the policy front, MHP is developing a policy on prioritizing investments to address the disparate impacts of COVID. The community assistance team has goals to encourage housing development in high opportunity areas, update local zoning to promote smarter growth, and confront state and local septic regulations that promote sprawl. The lending team is working to enhance its green and healthy programs.

Finally, Ms. Clark is coordinating MHP's efforts on the second system change goal related to housing stability and eviction diversion. The Massachusetts eviction moratorium ended on October 17, and the Governor's Eviction Diversion Initiative is now in effect, including \$171 million in FY21 emergency rental assistance. The state's emergency rental assistance program (RAFT) has been updated and streamlined, and community mediation programs have been expanded. The federal eviction moratorium remains in effect until December 31 but it is not accompanied by additional federal rental assistance.

MHP is working closely with the state Department of Housing and Community Development (DHCD) and the court system on outreach efforts and has provided data assistance on projected evictions and resources needed to address them. Portfolio management staff are putting together an eviction prevention toolkit for borrowers, MHP information resources for tenants are now available in English, Spanish and Portuguese, and MHP's website links to state resources in 12 languages.

There was a discussion related to landlord/tenant mediation. Hiring and training is happening as quickly as possible, but mediation will be difficult if residents do not have the leverage of rental assistance. It is difficult to move ideas forward until knowing the real evictions numbers, which are not available until court filings, and that is too late in the process. One idea is to require that notices to quit be sent to state or regional housing agencies along with a statement of the amount due.

There will be significant hardship but no real data exists on the potential volume of eviction cases. Historically, eviction filings hover around 30-40,000 per year in Massachusetts regardless of economic conditions.

[Ms. Modestino left the meeting at 2:40 pm. Mr. Sheahan then chaired the meeting.]

## **ONE Mortgage Update**

Ms. Cruz provided a One Mortgage update to the board. FY20 was the first full year with MHP's new lowered credit score requirements, which had a positive impact on borrowers of color. Statewide, 60% of ONE borrowers were households of color. In Boston, 80% of ONE borrowers were households of color.

Regarding ONE+Boston, Ms. Cummings explained that market rate property purchases have steadily declined. MHP is trying to reach renters who are being priced out of Boston. There are 140 applications in process, with 20 live purchases and 7 closings. 70% are households of color. Interest rates are as low as 1.5%. Cambridge Trust, Santander, and Boston Private are ONE+Boston participants (with Citizens expected to sign up soon).

## **Loan Portfolio Diversification Policy**

Ms. Mulcahy explained that the loan portfolio diversification policy informs MHP's lending activities. Because of COVID uncertainties, MHP is proposing holding the limits at last year's limits.

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

VOTED: To continue the current Single Loan Limit, Single/Related Borrower Limit, and Common Management Team Limit under the Loan Portfolio Diversification Policy pursuant to the briefing materials prepared for the October 20, 2020 board meeting.

Mr. Attia, Ms. Murphy, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

Mr. Ziegler noted that the annual diversification report was inadvertently not included in this month's materials and will be sent out for the next board meeting.

## **LOAN PROPOSALS**

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### **Conifer Hill Commons Phase I, Danvers**

Ms. Wong presented Phase I and Phase II of Conifer Hill Commons. Phase I includes 90 units with 100% affordability and has a 44% loan-to-value ratio; the capital needs study affirms the excellent condition of the property. Maloney, the original property manager, stepped into the ownership position in 2017. Maloney is a woman-owned business and has 70% diversity in its workforce. The proposed loan will refinance the existing MHP debt and prepayment premium, as well as repay a portion of DHCD subsidy funds.

Mr. Sheahan asked about the debt service increasing on both loans. Ms. Wong responded that Maloney is borrowing more to pay off the MHP loan and pay off the 2017 acquisition note, and will be depositing \$300k into capital reserves. The loan amount may decrease based on actual costs.

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

VOTED: To authorize a first leasehold mortgage loan of up to \$6,000,000 pursuant to MHP's Permanent Financing Programs, utilizing funds available to MHP under the HUD/FHA Section 223(f) mortgage insurance program, for the Conifer Hill Commons - Phase I Project in Danvers (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy), to the extent not in conflict with HUD's MAP Guide, and the Conifer Hill Commons - Phase I Credit Analysis dated 10/20/2020 including all special conditions contained therein, and presented in the 10/20/2020 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 6/30/2021.

Mr. Attia, Ms. Murphy, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

## **Conifer Hill Commons Phase II, Danvers**

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

VOTED: To authorize a first leasehold mortgage loan of up to \$5,400,000 pursuant to MHP's Permanent Financing Programs, utilizing funds available to MHP under the HUD/FHA Section 223(f) mortgage insurance program, for the Conifer Hill Commons - Phase II Project in Danvers (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy), to the extent not in conflict with HUD's MAP Guide, and the Conifer Hill Commons - Phase II Credit Analysis dated 10/20/2020 including all special conditions contained therein, and presented in the 10/20/2020 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 6/30/2021.

Mr. Attia, Ms. Murphy, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

## **Riverview Meadows III, Raynham**

Ms. O'Neil presented Phase III of the Riverview Meadows 40B development. This is a \$4 million participation loan. The sponsor, Doug King, is a repeat borrower with experience and financial capacity. Phase III includes 70 units, 19 of which will be available to households below 80% of area median income (AMI). Previous phases of this development are performing very well.

Mr. Sosik and Ms. Wong discussed the syndication lending relationship between Eastern and MHP, similar to Axis at Lakeshore. Because of the 40B comprehensive permit, MHP must provide financing as the subsidizing agency and the syndication approach allows MHP to stretch its Chapter 102 funds.

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

VOTED: To authorize a \$4,000,000 participation in a first mortgage loan of up to \$12,210,000 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 Riverview Meadows III Project in Raynham (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Riverview Meadows III Credit Analysis dated 10/20/2020 including all special conditions contained therein, and presented in the 10/20/2020 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 6/30/2023.

Mr. Attia, Ms. Murphy, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

### **Aspen Regency Apartments, Billerica**

Mr. Hanifin presented Aspen Regency Apartments in Billerica. The development consists of 384 units and was built by Garden Homes, a New Jersey-based developer. It is nearing completion and ready to close on permanent financing, of which MHP must participate as the 40B subsidizing agency. Of the total \$75 million financing MHP will provide a \$10 million loan as part of a co-lending arrangement with Capital One Bank. Capital One is requiring a 30% guaranty from the Garden Homes principals and Capital One has confirmed to MHP the financial capacity of those principals.

Upon motion made by Ms. Ryan and seconded by Ms. Murphy, it was

VOTED: To authorize a \$10,000,000 participation in a first mortgage loan of up to \$75,000,000 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 Aspen Regency Apartments Project in Billerica (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Aspen Regency Apartments Credit Analysis dated 10/20/2020 including all special conditions contained therein, and presented in the 10/20/2020 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 2/26/2021.

Mr. Attia, Ms. Murphy, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

### **Brewster Woods, Brewster**

Mr. Gandt presented the Brewster Woods Apartments development in Brewster. All units at Brewster Woods will be affordable, although there is an open question of whether all units will be restricted in perpetuity beyond foreclosure. The Town of Brewster would like deeper affordability in perpetuity; the sponsor, POAH, offered enhanced affordability of 26% at 80% AMI and 20% at 60% AMI in perpetuity and MHP anticipates that these levels will be approved by the town. Development costs are higher due to high quality construction with passive house design, hilly topography, and redesign iterations. Nevertheless, the costs are within the range of other developments that MHP is funding.

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

VOTED: To authorize a first leasehold mortgage loan of up to \$2,198,000 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 Brewster Woods Project in Brewster (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Brewster Woods Credit Analysis dated 10/20/2020 including all special conditions contained therein, and presented in the 10/20/2020 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 6/30/2023.

Mr. Attia, Ms. Murphy, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted affirmatively.

Mr. Curtiss said that he is proud of the lending team for putting together so many proposals. Members of the Board expressed their appreciation as well.

## ADJOURNMENT

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The board meeting was adjourned at 3:23 pm.

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

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Denis K. Sheahan  
Secretary/Treasurer  
Massachusetts Housing Partnership

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# MASSACHUSETTS HOUSING PARTNERSHIP

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## EXECUTIVE COMMITTEE MEETING

Tuesday, November 17, 2020

160 Federal Street, 2<sup>nd</sup> Floor

Boston, Massachusetts

**Members Present:** Kate Racer (Chair), Alicia Modestino, Denis Sheahan

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Tesfalem Chatot, Mark Curtiss, Steve Gandt, David Hanifin, Tom Hopper, Deepti Kamma, Danielle Kinkel, Anne Lewis, Rus Lodi, Nancy McCafferty, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Shawna O'Neil, Laura Shufelt, Charleen Tyson, Alice Wong

## CALL TO ORDER

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The meeting was called to order at 1:31 PM by the Chair, Kate Racer.

## LOAN APPROVALS

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### **Crocker Cutlery Apartments, Turners Falls/Montague**

Mr. Hanifin presented the loan proposal for the historic Crocker Bank building in downtown Turners Falls. The proposed loan will allow for the refinancing of an existing affordable multifamily property owned by Rural Development, Inc. (RDI), a non-profit developer/owner of affordable housing in Franklin County. All of the units are restricted to households earning 60% of area median income or below. There is a real estate boom in the area, and the community has a creative economy with local maker spaces. Mobile Section 8 voucher holders occupy many of the units and there are three commercial spaces on the ground floor. MHP used a 25% vacancy assumption to underwrite the commercial space. The sponsor is new to MHP. While RDI had a history of robust development in its early years it has suffered in recent years from protracted operating deficits and a declining cash position due to leadership turnover and instability. Since 2019, RDI's leadership has stabilized with a very experienced director, Gina Govoni, who was MHP's homeownership director for several years before assuming senior management positions at regional housing nonprofits in Metrowest and the Pioneer Valley.

The board discussed RDI's viability and the commercial vacancy assumptions. The residential vacancy has hovered around 6.5% and MHP is requiring that commercial leases are in place for at least the first five years of the loan.

Ms. Racer added that the Department of Housing and Community Development (DHCD) agrees it is a good idea to keep the RDI stabilized, as it is a critical agency for the towns and region that touch the Vermont/New Hampshire border.

Upon motion duly made by Ms. Modestino and seconded by Mr. Sheahan, it was

VOTED: To authorize a first mortgage loan of up to \$780,000 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 Crocker Cutlery Apartments Project in Turners Falls/Montague (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Crocker Cutlery Apartments Credit Analysis dated 11/17/2020 including all special conditions contained therein, and presented in the 11/17/2020 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 3/15/2021.

Ms. Modestino, Mr. Sheahan and Ms. Racer voted in the affirmative.

## ADJOURNMENT

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The Executive Committee meeting was adjourned at 1:50 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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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**ANNUAL MEETING OF THE BOARD OF DIRECTORS  
Tuesday, December 15, 2020 (via Zoom)  
160 Federal Street, 2<sup>nd</sup> Floor, Boston, MA**

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

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balanon-Rosen, Carla Cabral, Lori Cain, Tesfalem Chatot, Callie Clark, Isabel Cruz, Mark Curtiss, Karen English, Steve Gandt, Shelly Goehring, David Hanifin, Tom Hopper, Deepti Kamma, Danielle Kinkel, Rus Lodi, Geoff MacAdie, Nancy McCafferty, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Shawna O'Neil, Kathryn Riley, Amanda Roe, Elliot Schmiedl, Laura Shufelt, Charleen Tyson, Wuilliam Swartz-Flores, David Worsham

## CALL TO ORDER

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The meeting was called to order at 1:30 PM by the Chair, Mr. Clancy.

The Directors, Mr. Ziegler and Ms. Tyson reviewed the proposed MHP Succession Plan.

The plan designates Mark Curtiss as acting executive director in case of an unexpected vacancy, requires an open, widely advertised search (led by a search committee of the board and supported by an outside search consultant) to fill any permanent vacancy, and puts other measures in place to ensure a smooth transition and prepare staff for future leadership roles.

Upon a motion made and seconded, Mr. Clancy polled the Directors. Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan, Mr. Sosik and Mr. Clancy voted in the affirmative.

The remaining attendees joined the meeting at 1:58 PM.

## ANNUAL MEETING

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### **Election of officers and committee assignments; signature authority; 2021 board calendar**

Mr. Ziegler proposed maintaining the 2020 slate of officers and committee memberships in 2021 since the assignments worked well. The proposed calendar was sent to the board in advance, and the proposed start time for 2021 meetings is 2 PM.

Ms. Kinkel noted that the signature authorities are generally the same as 2020, and also reflect a handful of promotions and new signature authorizations made earlier in 2020.

Upon a motion made and seconded, it was

**VOTED:** To approve the individual signature authority votes as set forth in the December 15, 2020, memorandum from the General Counsel.

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

## LOAN APPROVALS

### **28-40 Washington Avenue, Chelsea**

Ms. Roe presented information about 28-40 Washington Avenue. This is a \$4.1 million loan proposal to acquire and moderately renovate 27 apartments and 4 commercial spaces located at 28-40 Washington Avenue in Bellingham Square, Chelsea. Prepayment premiums and lockout requirement exceptions have been made upon request of the borrower. No parking spaces are planned since the building is close to services and transportation. The apartments will be 100% affordable for elders and non-elderly disabled households, with an array of onsite services. The property currently has a HUD Section 8 contract in year 7 of a 20-year term.

Mr. Clancy asked if the 84% loan-to-value ratio (LTV) is an exception. Ms. Roe responded that MHP will get an appraisal before the loan occurs. MHP needs to be below 85% LTV for this particular loan.

Mr. Sheahan wondered if the units were renovated last time, since the funding request is for an exterior renovation. Ms. Roe said that the units are in very good condition, with new systems and other interior renovations performed in 2012.

Upon a motion made and seconded, it was

**VOTED:** To authorize a first mortgage loan of up to \$4,106,883 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 28-40 Washington Ave. Project in Chelsea (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the 28-40 Washington Ave. Credit Analysis dated 12/2/2020 including all special conditions contained therein, and presented in the 12/15/2020 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 3/5/2021.

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

### **Union Street Lofts, New Bedford (modification)**

Mr. Gandt explained that the loan modification being requested is to extend the closing deadline to March 31.

Upon a motion made and seconded, it was

**VOTED:** To extend the closing deadline for the Union Street Lofts project to March 31, 2021. Upon polling by Ms. Kinkel, Mr. Clancy, Mr. Attia, Ms. Maddox, Ms. Modestino, Ms. Ryan, Mr. Sheahan and Mr. Sosik voted in the affirmative.

### **Loan approvals between meetings**

Mr. Ziegler called the Directors' attention to the information submitted in advance regarding loan approvals that had occurred between meetings.

## **PORTFOLIO MANAGEMENT**

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### **147 Essex Avenue, Gloucester**

Mr. MacAdie requested approval of an assignment of ownership interests in 147 Essex Avenue LLC to the Caleb Foundation Inc. The loan to 147 Essex Avenue LLC matures on July 31, 2026, and the Caleb Foundation is well-positioned to assume the loan obligations.

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

**VOTED:** To approve the assignment of ownership interests of our Borrower, 147 Essex Street LLC, from Massachusetts Housing Investment Corporation to The Caleb Foundation.

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

### **Portfolio Performance Report**

Ms. Mohammed reported that MHP has received all December loan payments. The portfolio management team is tracking the collections for the top at-risk loans in the portfolio. At Boston Road, the collection percentage dropped in October and November to 55%; staff believes the report may not be accurate because the management is in the middle of a software conversion. At Clarendon Y, the June/July/August forbearance has expired; the loan is now current and preparing for a sale later in the summer.

The staff and board discussed the broad economic concerns if Congress fails to act and unemployment benefits terminate as scheduled on December 26.

### **Annual Portfolio Diversification Report**

Mr. Hopper presented the portfolio diversification report. There are no undue concentrations of risk, and properties are concentrated in metropolitan Boston. New approaches to the analysis include researching rent rolls and contacting borrowers to find out how many units have a subsidy, which helps to mitigate risks. The report considered unemployment rates and COVID case rates by municipality as well.

## CAPITAL SOURCES

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### **Loan increase from Needham Bank**

Ms. Kinkel referenced her memorandum and highlighted that this is a voluntary line of credit structured similar to Ch. 102 financing. Needham Bank made an initial voluntary loan to MHP in 2017, and is now increasing the line of credit by an additional \$5 million.

There was a discussion of how voluntary lines of credits have transpired in the past and whether MHP could consider serious outreach in building a larger pipeline of voluntary bank credit lines. The voluntary lines of credit to MHP are beneficial to banks in addressing their CRA needs. Mr. Sheahan added it is challenging to locate opportunities outside of Greater Boston, and within Greater Boston it is hard to compete for transactions.

MHP could develop a product that would invite banks to come to MHP which might soften the need to utilize Ch. 102 funds. Staff is preparing a term sheet for a voluntary line of credit program and is currently in communication with a handful of banks. MHP would like to create a formal program because it is more efficient to administer a consistent product.

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

**VOTED:** To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board (“MHP”) to 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 in order to make an additional \$5,000,000 available for call by MHP from Needham Bank.

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

### **Introduction of new staff**

Ms. Tyson introduced Lori Cain, the new Director of Human Resources, who comes to MHP from a position as chief operating officer at HomeStart.

Mr. Schmiedl introduced Wuilliam Swartz-Flores, who will be a primary liaison with participating lenders and will work with ONE mortgage borrowers.

### **Warehouse line of credit with Peoples United Bank**

Ms. Tyson said MHP is seeking approval of the renewal of a warehouse line of credit with Peoples United Bank (PUB). There is an existing \$35 million uncommitted line that MHP utilizes to fund Fannie Mae loans. The existing terms (LIBOR + 2%) are being extended.

Board members wondered about continuing to use LIBOR and what will happen to the terms when LIBOR is not used. Ms. Tyson said she had not requested a move from LIBOR, but will follow up with PUB and ask what will happen with LIBOR.

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

**VOTED:** To authorize the Executive Director, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board (“MHP”), to execute and deliver any and all agreements, documents, certificates, or other instruments required to establish an uncommitted warehouse line of \$35,000,000 with People’s United Bank as generally set forth in the briefing materials for the December 15, 2020 board meeting. The amount of the warehouse line may be temporarily increased to accommodate larger transactions that have been approved by the executive committee and/or directors of MHP.

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

### **Approval of 2021 officers, committees and calendar**

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

**VOTED:** To adopt the 2021 officers, committees and calendar as presented, and to approve the minutes of the October and November 2020 meetings.

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

## **MHP MANAGEMENT AND FINANCE**

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### **Executive Team report**

An Executive Team report, financial report, and cash and investments report were submitted in advance of the meeting. There was no discussion.

## **PRESENTATIONS**

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### **System Change Goals**

Staff is continuing to bring a system change lens to all of its work. Primary elements of MHP’s system change goals are having anti-racist policies, promoting housing stability, ensuring that new housing is built in smart locations, preventing displacement, and increasing household income supports to reduce income inequality.

The homeownership team presented an idea to advance wealth-building, anti-racism and housing stability. MHP has been working to close the racial homeownership gap and is now considering whether to eliminate the requirement that buyers bring 1.5% of their own funds (or 3% for 2- and 3-family homes) to the down payment. This would not require a decrease in down payment, but funds would be allowed from other sources such as down payment assistance. Homebuyers cannot keep up with the market with single family home prices having increased 17% over the past year. White families continue to have much more access to saving and building wealth while black households have higher debt (credit cards, student loans, and medical debt). Massachusetts has the sixth widest black-white disparity in homeownership rates in the US.

In looking at the MHP portfolio, black and Latinx households come to the table with fewer assets and are more likely to access down payment assistance programs. If a borrower puts less money down, there may be higher risk with that loan. Most borrowers put down 3% or 5% total. 43% of borrowers who put down 1.5% experienced at least one 30-day delinquency. Low credit scores are likely to increase a loan's probability of becoming delinquent, but that is a correlation, not causation.

Mr. Schmiedl asked whether a change in down payment requirements for ONE Mortgage is a worthwhile idea to pursue. Mr. Sheahan said that bankers find that there is more risk when borrowers put down less money. Typically, a traditional bank "looks through" other sources of funds for a loan closing: a gift is discounted from an underwriting perspective. It will be important to provide information to our partner banks so that they can understand any proposed changes. Mr. Clancy agreed that banks discount based on where the funds come from.

Mr. Sosik's view is that while most people will try to keep their house, the numbers present a stark picture. He thought it was best to keep solutions simple and focus on one loan at a time rather than make wholesale changes. In Ms. Modestino's experience, a big component is how the rules may have been written to disadvantage certain groups and whether that effect was intentional. Why is a relative lending money looked at differently than other types of support? Perhaps there should be more support after a loan is made so that we are not setting people up for failure.

Mr. Ziegler added that MHP knew the credit score change adopted in 2018 would have a slight impact on risk and a positive impact on racial equity. We are looking for something similar here. Mr. Schmiedl explained that the program was designed to address monthly affordability. MHP has addressed the credit score barrier, but the down payment barrier may be more difficult to address. To clarify, MHP would not be adopting a zero down policy. Mr. Ziegler concluded that staff will bring this issue back to the board after some more conversations.

Mr. Clancy said that he thought this work was very important.

## **Financials**

Ms. Tyson noted that MHP investments had undergone annual compliance testing and everything is in compliance with our policy.

## **ADJOURNMENT**

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Mr. Clancy wished everyone happy holidays and thanked everyone for their work. There being no further business, the meeting was adjourned at 3:25 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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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**EXECUTIVE COMMITTEE MEETING**  
**Tuesday, January 26, 2021 (via Zoom)**  
**160 Federal Street, 2<sup>nd</sup> Floor, Boston, MA**

**Members Present:** Kate Racer (Chair), Carolyn Ryan, Denis Sheahan

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Tesfalem Chatot, Mark Curtiss, Steve Gandt, Deepti Kamma, Danielle Kinkel, Anne Lewis, Rus Lodi, Nancy McCafferty, Megan Mulcahy, Mahtowin Munro, Vanessa Okonkwo, Shawna O’Neil, Laura Shufelt, Charleen Tyson, Alice Wong

## CALL TO ORDER

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The meeting was called to order at 1:33 PM by the Chair, Kate Racer.

## LOAN APPROVALS

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### **Frost Terrace, Cambridge**

Ms. O’Neil and Mr. Gandt presented the Frost Terrace loan proposal. This is a 40B development near Porter Square in Cambridge that preserves three existing buildings and creates a new five-story building. All 40 units will be affordable at or below 60% AMI. The development will include community areas including a recreation area for children. The costs of COVID-related delays could not be covered with the existing debt from the Massachusetts Housing Investment Corporation (MHIC).

The co-sponsors for this development are Capstone Communities and Hope Real Estate, both of which have strong credit references and experience.

Mr. Sheahan commented that he had toured the well-located site. Construction is well underway, and there is a lot of support for the development in Cambridge.

Ms. Racer added that DHCD supports the project enthusiastically, noting that it is remarkable the team has held up so well given the four-month COVID delay.

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

**VOTED:** To authorize a first mortgage loan of up to \$4,973,035 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 Frost Terrace Project in Cambridge (the Loan). The Loan shall be consistent with MHP’s Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Frost Terrace Credit Analysis dated 1/26/2021 including all special conditions contained therein, and presented in the 01/26/2021 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 12/31/2022.

Ms. Kinkel polled the directors. Ms. Ryan, Mr. Sheahan and Ms. Racer voted in the affirmative.

## **BANK TRANSACTIONS**

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### **Martha's Vineyard Savings Bank (MVSB)**

Ms. Kinkel said that MVSB, a mutually owned savings bank, is reorganizing into a mutual holding company. MHP has concluded in past transactions that a transfer of assets between related parties as a result of an ownership reorganization does not trigger a loan obligation to MHP. Therefore, she recommended that the MVSB reorganization would not result in a Chapter 102 loan obligation to MHP. MHP will provide a letter of satisfactory arrangements to the Massachusetts Banking Commissioner to this effect.

Mr. Sheahan commented that when mutual banks go through this process, they ultimately convert to a public form, such as Eastern. In the case of mutual banks, the Chapter 102 rules do not appear to apply in same way as they do for publicly traded banks.

Historically, MHP approval would be triggered by an acquisition application to the Board of Bank Incorporation (the "BBI"). Ms. Kinkel noted that a 2014 amendment to MGL c.167A kept these particular transactions within MHP's purview even though they are now subject to approval by the Banking Commissioner instead of the BBI.

Mr. Sheahan believes there is an inconsistency between the intent of Chapter 102 and the carve-out for banks that are being de-mutualized and sold to investors. Perhaps the inconsistency is simply in how the law was drafted. The board discussed whether there is value in exploring this inconsistency and whether such transactions should result in loan obligations to MHP. That would likely require an amendment to state law, though staff are also currently reviewing MHP's existing Chapter 102 Guidelines and will consider that issue in any proposed revisions.

Upon 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 in accordance with M.G.L.c.167A by Martha's Vineyard Savings Bank in conjunction with its application to establish a mutual holding company.

Ms. Kinkel polled the Directors. Ms. Ryan, Mr. Sheahan and Ms. Racer voted in the affirmative.

## ADJOURNMENT

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The Executive Committee meeting was adjourned at 2:18 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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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**BOARD OF DIRECTORS MEETING**  
**Tuesday, February 23, 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 (left at 2:32 pm), Denis Sheahan (joined at 2:12 pm), Matt Sosik

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Katie Bosse, Carla Cabral, Tesfalem Chatot, Callie Clark, Mark Curtiss, Karen English, Steve Gandt, Shelly Goehring, David Hanifin, Deepti Kamma, Merida Kepnes, Danielle Kinkel, Anne Lewis, Rus Lodi, Nancy McCafferty, Cynthia Mohammed, Megan Mulcahy, Mahtowin Munro, Toi Neely, Vanessa Okonkwo, Shawna O’Neil, Dave Oteri, Kathy Riley, Elliot Schmiedl, Laura Shufelt, Alice Wong, David Worsham

## CALL TO ORDER

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Mr. Clancy called the meeting to order at 2:02 pm.

## CAMBRIDGE TRUST COMPANY – FUNDING BANK AGREEMENT

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Mr. Sheahan recused himself from this agenda item and was not on the call during the discussion or vote.

Ms. Lewis explained the proposed funding arrangement between Cambridge Trust and MHP. Cambridge Trust will provide a line of credit to MHP in the total amount of \$110 million at its “cost of funds rate” which may be drawn on for ten years. MHP developed this arrangement based on prior voluntary lines of credit and the traditional loan obligations required under Chapter 102. The intention is for this, and future, voluntary lines of credit to mirror the same terms and conditions as statutory lines of credit.

Banks have sought out MHP to provide expertise in underwriting affordable rental properties, and MHP’s experience with multiple executions (direct lending under Chapter 102, and under the Fannie Mae and FHA risk-sharing platforms) can be leveraged. Voluntary lines of credit, like the Cambridge Trust arrangement, will provide MHP with stability to continue offering diverse capital sources for community development well into the future.

Mr. Curtiss added that there is an enormous demand among MHP customers, and this arrangement can be deployed almost immediately. The process with Cambridge Trust was a valuable learning experience for MHP, and MHP is now in conversations with several banks about similar arrangements. In time, MHP would like to offer this type of funding arrangement as

a CRA Credit product to banks across Massachusetts. Conversations with the Massachusetts Bankers Association leadership indicated there would be interest for such a product.

Mr. Clancy and Mr. Sosik agreed that this was a tremendous opportunity for MHP and a vital commitment by Cambridge Trust, one that hopefully encourages other banks to do the same.

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 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 in order to make \$110,000,000 available for call by MHP from Cambridge Trust Company, on terms consistent with the letter executed between MHP and the Cambridge Trust Company on February 2, 2021.

Ms. Kinkel polled the board. Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, Ms. Ryan, and Mr. Sosik voted in favor.

Mr. Sheahan joined the meeting at 2:12 pm, following the above discussion and vote.

## APPROVAL OF MINUTES

Upon motion made by Ms. Ryan and seconded by Mr. Attia, the minutes of the December 15, 2020, and January 26, 2021 meetings were approved.

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.

Regarding the Housing Choice and Economic Development bond bill, MHP will work with an interagency group to draft guidance on the new requirement to include multifamily zoning near transit which will go into in 2022. Massachusetts is now the second state in the country to require multifamily housing near transit; the bond bill provided a \$50 million authorization for transit-oriented developments.

Massachusetts has received \$437 million in federal assistance for rental assistance. MHP and MassHousing jointly proposed a program that would use a portion of those funds to support and stabilize subsidized affordable housing properties that are experiencing rent arrearages. Ms. Maddox acknowledged that DHCD is pleased to work with the quasi-public agencies on this program. The board discussed whether the MHP/MassHousing program will address the need sufficiently and which populations of residents would be assisted. Mr. Attia reported that the available funding matches the current and immediate future demands, but that the needs over 2021 are hard to predict. More details will be available for discussion at the April 2021 board meeting.

Ms. Ryan left the meeting at 2:32 pm.

## PERFORMANCE GOALS

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The Lending team reported a reasonable possibility of reaching its goals by fiscal year-end despite a slow start to the fiscal year. The pipeline is strong and staff expects to be back to pre-pandemic levels soon, especially with the spring market.

Homeownership announced that 38 ONE+ Boston loans have been closed to date, with over three-quarters of those loans made to households of color. As of January 1, about 2.5% of borrowers were in deferment/forbearance and delinquencies have remained steady; this is half the amount in July 2020. The volume is picking up from six months ago, with the strongest October-December in many years.

Community Assistance is addressing the hurdles to developing housing on public land, and while many communities were waiting for the bond bill to pass, but team was able to meet with Southampton and Brewster regarding their new multifamily zoning laws.

Public Affairs explained the 3-pronged approach to communications: supporting partners, saluting inclusive content, and highlighting exclusionary approaches.

The Finance team noted the 36-month operating expense coverage and loans totaling \$66.5 million have closed this fiscal year. Projections show MHP holding steady in FY21 at \$2 million in annual cash flow with a capital ratio of ~8%, with the capital ratio dropping slightly in 2023 and 2024, before picking back up in 2025. Because MHP's loan investments are being replaced at lower rates, there is a ~\$750,000 decrease in interest earnings.

The Board reviewed MHP's system change goals. The goals focus on racial equity, the housing stability crisis, sustainable development, displacement and wage equity. Current strategies include: Community Assistance conducting virtual listening sessions to broaden participants in the conversations; Lending and Portfolio Management establishing groups to address resident supports, racial equity, telling MHP's story, pejorative language, and energy savings for tenants; involvement with an industry-wide internship advisory committee to help build new connections and partnerships; and the Center for Housing Data publishing its research on regional disparities.

## LOAN PROPOSALS

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### **Island Housing Trust, Tisbury**

Ms. Wong presented the Island Housing Trust loan proposal. The proposed loan would refinance and consolidate the sponsor's current debt obligations. The sponsor will move existing reserves from the Island Housing Authority to MHP in accordance with the proposal. The loan proceeds will help the Trust fund its replacement reserves at much higher rates. The Trust is liquid and unleveraged, with only five full-time employees on staff.

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

**VOTED:** To authorize a first leasehold mortgage loan of up to \$1,525,000 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 Island Housing Trust Rental Properties Project in Tisbury (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Island Housing Trust Rental Properties Credit Analysis dated 2/23/2021 including all special conditions contained therein, and presented in the 02/23/2021 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 12/31/2021.

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

### **Holbrook Center Senior Housing, Holbrook**

Mr. Hanifin presented the \$4.5MM loan proposal. This is an affordable, 62+ development in the Holbrook town center which is near the senior center and other commercial amenities. The proposed development offers 72 one-bedroom units, with amenities including a library, community kitchen, community space, a small commercial space, a full-time resident services coordinator, and two live-in responders. South Shore Elder Services will provide in-home services and mid-day meal services. The design meets enterprise green communities and passive design standards and won a competition for its passive design. The sponsor has strength and depth, with sufficient financial stature.

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

VOTED: To authorize a first mortgage loan of up to \$4,500,000 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 Holbrook Center Senior Housing Project in Holbrook (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing Programs (the Loan Policy) and the Holbrook Center Senior Housing Credit Analysis dated 2/23/2021 including all special conditions contained therein, and presented in the 02/23/2021 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 10/31/2023.

Mr. Attia, Mr. Clancy, Ms. Maddox, Mr. Sheahan and Mr. Sosik voted in favor. (Ms. Modestino was briefly unavailable during the vote.)

### **420 Harvard Street, Brookline**

Ms. Riley requested a loan modification to approve the assignment of the existing MHP first mortgage loan from 420 Harvard Associates LLC to a new sponsor, Fluid Management Systems, Inc. The development is 100% occupied and the existing sponsor entered into a Purchase & Sale Agreement with the proposed buyer in January. BBA will be retained as the property manager, and SEB will continue to manage the affordable units.

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

VOTED: To authorize the assignment of an existing \$14,640,096 loan from MHP to 420 Harvard Associates LLC, which is secured by property located at 420 Harvard Street and 49 Coolidge Street, Brookline, MA, to a single asset entity owned and

controlled by Fluid Management Systems, Inc., as further presented in the briefing materials for the February 23, 2021 board meeting, as the same may be modified pursuant to the Loan Policy

Mr. Attia, Mr. Clancy, Ms. Maddox, Ms. Modestino, 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**

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### **Chapter 102 Credit Guidelines**

Ms. Kinkel reviewed her memorandum regarding the Chapter 102 guidelines. MHP has the authority to amend and modify its guidelines. For more than a year, MHP staff considered the ramifications of modifying the guidelines and discussed the proposed guidelines with those Board members who are bankers, and also with the Massachusetts Bankers Association leadership, all of whom provided useful feedback that was incorporated into the review process. Notably, Mr. Ziegler applauded the thankless work of Tesfalem Chatot and Deepti Kamma who reviewed each affordable lending credit application to create a database of the approximately \$934,000,000 in credit that was provided to local banks over the last 25+ years.

Additionally, the chief executive officers of Eastern Bank, Rockland Trust and Berkshire Bank were contacted to inform them of the impending modification.

The board agreed that the timing of this change is good for MHP as the merger/acquisition market is expected to become more active, and that he believes the banking industry is supportive.

Ms. Sosik acknowledged he had initial concerns which were alleviated through a healthy and thoughtful review that included the banking industry.

The board discussed whether mutual bank reorganizations implicate Chapter 102 obligations, concluding that there would be no loan obligation because mutual reorganization do not involve external stock transfers (at that moment in time).

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

**VOTED:** To approve the revised “Guidelines Regarding Bank Acquisitions Subject to Chapter 102 of the Acts of 1990” as set forth in the briefing materials for the February 23, 2021 board meeting.

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

### **Revised Peoples United Bank (PUB) warehouse line of credit renewal**

M&T Bank announced that it is acquiring PUB. MHP staff will confirm whether this acquisition implicates Chapter 102.

PUB has requested that the warehouse line of credit be decreased to \$15 million from the \$35 million approved by the Board in December. PUB's credit committee decreased the line to align with MHP's Fannie Mae for the upcoming year. MHP can go to PUB's credit committee to seek approval an increase, if necessary.

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

VOTED: To authorize the Executive Director or his designee, in the name of and on behalf of the Massachusetts Housing Partnership Fund Board ("MHP"), to execute and deliver any and all agreements, documents, certificates, or other instruments required to establish an uncommitted warehouse line of \$15,000,000 with People's United Bank as generally set forth in the briefing materials for the December 15, 2020 and February 23, 2021 board meetings. The amount of the warehouse line may be temporarily increased to accommodate larger transactions that have been approved by the executive committee and/or directors of MHP.

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

## ADJOURNMENT

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The board meeting was adjourned at 3:29 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

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# MASSACHUSETTS HOUSING PARTNERSHIP

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**EXECUTIVE COMMITTEE MEETING**  
**Tuesday, March 23, 2021 – Via Zoom**  
**160 Federal Street, 2<sup>nd</sup> Floor**  
**Boston, Massachusetts**

**Members Present:** Kate Racer (chair), Mark Attia, Alicia Modestino

**Participating Staff:** Clark Ziegler (Executive Director), Alma Balonon-Rosen, Tesfalem Chatot, Mark Curtiss, Karen English, Steven Gandt, David Hanifin, Deepti Kamma, Danielle Kinkel, Anne Lewis, Nancy McCafferty, Mahtowin Munro, Vanessa Okonkwo, Shawna O’Neil, Kathy Riley, Laura Shufelt, Alice Wong

## CALL TO ORDER

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Ms. Racer called the meeting to order at 2:03 pm.

## LOAN PROPOSALS

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### **McElwain Apartments, Bridgewater**

Mr. Hanifin presented the loan proposal for McElwain Apartments. The development includes the adaptive reuse of a historic school into 16 apartments, the renovation of an existing 2-story historic home containing 3 apartments, and the new construction of a highly energy efficient 3-story elevated building with 38 apartments designed to meet Passive House certification requirements. The development site is conveniently located a half mile from Bridgewater's town center. McElwain Apartments will include 13 one-, 36 two- and 8 three-bedroom units. Fifty-one units will be income restricted at 60% AMI, and the remaining units will be subsidized with a Section 8 contract. The construction closing is anticipated in May. The co-sponsor, Capstone Communities, is well-known to MHP; MHP knows the other co-sponsor, Matt Zoeller from MPZ, from his work at Trinity Financial.

Mr. Attia commented that the cost per unit is nearly \$500,000; he acknowledged that the development costs are high but understandable. Such costs are becoming the norm rather than the exception. Mr. Hanifin and Ms. Modestino acknowledged that bringing buildings up to code and adding elevators are costly necessities. Bridgewater is making a large contribution to the development, which is noteworthy.

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

**VOTED:** To authorize a first mortgage loan of up to \$5,096,527 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 McElwain School Apartments Project in Bridgewater (the Loan). The Loan shall be consistent with MHP’s Loan Policy for its Permanent Financing Programs (the Loan Policy) and the McElwain School Apartments Credit Analysis dated 3/23/2021

including all special conditions contained therein, and presented in the 3/23/2021 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 11/30/2023.

Ms. Kinkel polled the Directors. Ms. Modestino, Mr. Attia and Ms. Racer voted in favor.

### **Salem Heights, Salem**

Ms. Mulcahy provided an overview of the FNMA MTEB product which will be used to finance the Salem Heights development. MHP will be one of the first organizations in Massachusetts to utilize the program and has a pipeline of transactions that can use this structure.

Ms. O'Neil and Mr. Gandt presented the loan proposal for Salem Heights. Of the proposed 282 apartments, 203 are expected to qualify as tax credit units plus 72 apartments will be project-based contract units. The board discussed the historic difficulty with rent increases and collections at this property, but the renovations will improve rents, collections and vacancies.

Mr. Gandt noted that the sponsor is Pulla Inc., the parent company for all of Pulla's entities. Their net income for FY 19 was \$1.7M, with a strong balance sheet.

The board reviewed POAH's financial condition and the future availability of SHERA funds through DHCD. The subject loan should not be conditioned upon a SHERA award because the underwriting is strong without it, but existence of the program is significant and will strengthen the transaction.

Mr. Attia provided a brief background on the SHERA program and confirmed the funds would not create restrictions on the sponsor. There will be additional details from DHCD available to discuss at the next board meeting.

Notably, Ms. Racer praised MHP and MassHousing for their phenomenal job developing the SHERA program.

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

VOTED: To authorize an application to Fannie Mae for a first mortgage loan of up to \$33,866,000 pursuant to MHP's Fannie Mae MBS Program for Affordable Housing, for the Salem Heights Refinance Project in Salem (the Loan). The Loan shall be consistent with Fannie Mae underwriting standards except as modified with Fannie Mae waivers, if any, and the Salem Heights Refinance Credit Analysis dated 3/23/2021 including all special conditions contained therein, and presented in the 03/23/2021 MHP briefing materials. MHP commitment for the Loan shall expire if the loan closing does not occur by 8/1/2023.

Ms. Modestino, Mr. Attia and Ms. Racer voted in favor.

### **The Lighthouses, Salem**

Ms. Wong presented the loan proposal for The Lighthouses development. The Lighthouses is a transit-oriented historic building in a historic district that is seeking passive house certification. The development will include significant resident programming plus a food pantry. There are

additional costs associated with the property being located in a flood zone, such as locating HVAC systems will be on the roof. Additionally, the sponsor will pay utilities to insulate residents from increasing electricity costs. MHP has known the sponsor, North Shore CDC, for a long time and may also issue a Housing RAP line of credit for the transaction. The board considered the benefits of the Housing RAP program, noting that while investors and lenders expect a reserve safety net, the data indicates that reserves do not often get used.

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

**VOTED:** To authorize a first mortgage loan of up to \$5,000,000 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 The Lighthouses Project in Salem (the Loan). The Loan shall be consistent with MHP's Loan Policy for its Permanent Financing programs (the Loan Policy) and the The Lighthouses Credit Analysis dated 3/23/2021 including all special conditions contained therein, and presented in the 3/23/2021 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.

Ms. Modestino, Mr. Attia and Ms. Racer voted in favor.

Mr. Attia applauded the development, saying it was the North Shore CDC's largest development to date. Ms. Racer said that MHP bringing 2 passive house deals in one meeting is a great accomplishment.

## **CAPITAL SOURCES**

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### **Bank of America Refinancing**

Ms. Lewis explained that BOA signed an agreement in 2004 and has been MHP's largest funder at \$426M. The \$3.3M to be refinanced is from a 1999 agreement and represents less than 1% of the overall agreement, with new advances to be funded under the newer—but expiring—BOA loan agreement. If not utilized, these funds will expire on March 31, 2021.

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

**VOTED:** To approve the refinancing of certain advances made pursuant to the Fleet/Bank of America Loan Agreement dated as of September 10, 1999, with new advances that will be made pursuant to the Bank of America Loan Agreement dated as of February 25, 2004, up to a cumulative amount of \$3,300,000, under the conditions that any such refinancing shall be limited to an advance repricing and shall not extend the term or amortization beyond the current applicable term or amortization.

Ms. Modestino, Mr. Attia, and Ms. Racer voted in favor.

## **ADJOURNMENT**

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The board meeting was adjourned at 2:47 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