



Commonwealth of Massachusetts  
**DEPARTMENT OF HOUSING &  
COMMUNITY DEVELOPMENT**

Charles D. Baker, Governor ♦ Karyn E. Polito, Lt. Governor ♦ Jennifer D. Maddox, Undersecretary

March 2, 2020

Ms. Amy Zarechian  
Newton Housing Authority  
82 Lincoln Street  
Newton, MA 02461

RE: Haywood House, Newton

Dear Ms. Zarechian:

On behalf of the Baker Polito Administration, I am pleased to inform you that funds in the amount of \$750,000 from the Affordable Housing Trust Fund (“AHTF”) have been conditionally reserved by the Department of Housing and Community Development (“DHCD”) for a permanent mortgage loan for the Project, subject to the terms stated herein. If all the requirements of this Conditional Funding Reservation and an AHTF Award are satisfied, the AHTF loan will be made to the Project’s borrower/owner, the Newton Housing Authority (the “Developer”).

This Conditional Funding Reservation is issued pursuant to and in reliance on your funding application submitted to DHCD on October 31, 2019. The Conditional Funding Reservation is also based upon your agreement that the Project will consist of 55 units of rental housing, of which all will be Affordable Housing Trust Fund-assisted. AHTF units must be affordable to households at or below 110% of Area Median Income for at least 30 years. The amount awarded shall be the minimum amount necessary to make a project feasible. The borrower must be current on all existing mortgage obligations with the Commonwealth or any subdivision of the Commonwealth. To accomplish this goal, the loan documents will contain appropriate restrictions on the use of the Project.

The term may be extended under certain conditions with the approval of DHCD. The loan may be without interest or at an interest rate acceptable to DHCD which will be determined prior to loan closing, and there will be no periodic payments due under the loan. Typically, there will be one payment due at maturity, in an amount (subject to adjustment for interest costs, penalties, and other charges under the terms of the loan documents) representing the entire balance of the loan. However, DHCD reserves the right to require repayment of the Affordable Housing Trust Fund loan out of cash flow if DHCD deems there is or may be at some point in the future adequate cash flow to do so.

As collateral for the loan, DHCD will take a mortgage and security agreement on the real property included in the Project. The priority position of the Affordable Housing Trust Fund mortgage will be determined at the time of MassDocs loan closing. A change in ownership of the Project or in

the legal form of the owner of the Project, the placing of additional encumbrances on the Project without the prior written consent of DHCD, failure to maintain the Eligible Use for the Project, or default under senior mortgage loans, shall be among the events of default under the Affordable Housing Trust Fund loan.

This Conditional Funding Reservation is contingent upon the Developer meeting the following general conditions to the satisfaction of DHCD by November 15, 2020:

1. Submission to and approval by DHCD of the following:
  - a. Updated One-Stop: With the issuance of this award, DHCD will not permit an increase in the total developer fee, overhead, and consulting costs from the calculation submitted and approved in the One Stop Application. If additional project sources become available, DHCD may reduce its award.
  - b. Evidence of firm commitment for construction and/or permanent mortgage financing from those entities and in those amounts shown on the development pro forma, and on such terms as are acceptable to DHCD;
  - c. Detailed time lines for the construction of the Project, including construction completion date, funding schedule, and move-in date;
  - d. Documentation of the bid process, contractor, selection process, and plan for monitoring of construction or rehabilitation;
  - e. Documentation that the general contractor is bonded or, if the general contractor is unable to meet this requirement, at DHCD's discretion, the general contractor will be required to obtain or have a Letter of Credit for a minimum of 15% of the construction contract;
  - f. Documentation of plans for meeting applicable state and federal requirements regarding Section 3, Minority and Women-Owned Business Enterprises, Davis-Bacon, Environmental Review, Uniform Relocation Act, and conflict of interest; and
  - g. Documentation that all contractors/subcontractors have been screened to confirm that they are not debarred or ineligible to work on a project.
2. Submission of a purchase and sale agreement or an instrument satisfactory to DHCD which indicates that by the date of the Affordable Housing Trust Fund loan closing, the Developer will have clear title to the Project, quality of title to be satisfactory to DHCD's counsel;
3. Submission to and approval by DHCD of a final construction budget with bid prices from the selected general contractor;
4. Submission of satisfactory evidence that all other legal, design, regulatory and environmental requirements for the Project are fulfilled and approvals obtained and all site surveys required for the Project are obtained;
5. Submission of and approval by DHCD of the project's service plan and evidence of a satisfactory funding commitment for the services, as applicable;

6. Submission of final plans and specifications satisfactory to DHCD and in accordance with the current QAP including evidence:
  - a. that high speed internet access will be provided in all units;
  - b. that the final plans and specifications meet or exceed Energy Star standards and incorporate the green design features outlined in the One Stop application, i.e. Appendix H;
  - c. that the building will meet federal and state requirements for accessibility;
7. Submission of a Fair Housing narrative describing how the marketing, tenant selection, and other applicable policies and procedures will incorporate the Department's Fair Housing principles;
8. Submission to and approval by DHCD of proposed signage and press release material for groundbreakings, ribbon cuttings, etc., clearly referencing DHCD's financial support of the project;
9. Please note that DHCD uses MassDocs loan documents. These documents are intended to be template document to be employed "as is" with the exception of project specific provisions. Sample MassDocs forms may be reviewed at [www.massdocs.com](http://www.massdocs.com); and
10. Upon completion of the development, any cost savings from the original development budget may be paid per the forthcoming MassDocs loan documents. At the option of DHCD, the savings may be held as a capital reserve for the development.

Closing and funding of the Affordable Housing Trust Fund loan will be conditional upon the fulfillment of all terms and conditions of the Conditional Funding Reservation and upon satisfactory submission of all documents required by a loan closing agenda to be prepared by DHCD's special counsel for this loan. Funding of the Affordable Housing Trust Fund loan is also conditional upon the continued availability of general revenue funds or tax-exempt bonds or MassHousing flexible funds or MassHousing direct loan funds and release of funds by the Executive Office of Administration and Finance for the Affordable Housing Trust Fund. The AHTF tax exempt and general revenue loans can only be disbursed in accordance with a Capital Plan that has been approved by the Executive Office of Administration and Finance for each fiscal year of funding. Any changes in the loan amount or the timing of its disbursement may require a change in the Capital Plan and will be subject to approval of DHCD and the Executive Office of Administration and Finance. In the event that changes may be proposed, please contact the AHTF program manager.

This Conditional Funding Reservation will be in effect until November 15, 2020 and the Affordable Housing Trust Fund loan for the project may close no later than that date. If you become aware that the Project will not be able to meet all requirements for closing by that date, you should immediately contact Lynn Shields, Manager, at (617) 854-1381.

I congratulate you on receiving this Conditional Funding Reservation from the Affordable Housing Trust Fund and on your commitment to creating housing opportunities for low-income individuals and families. I look forward to seeing the project move toward completion.

Sincerely,



Jennifer D. Maddox  
Undersecretary

cc: State Senator Cynthia Stone Creem  
State Representative John J. Lawn, Jr.

This award letter shall be deemed accepted when it has been signed and a copy returned to DHCD.

Borrower Signature: \_\_\_\_\_

Date: \_\_\_\_\_

## ADDITIONAL AHTF CONDITIONS

1. The sponsor must close on the AHTF financing within one year of the date of this award or apply to the AHTF for an extension to the award. Inability to meet the one-year deadline may result in a reconsideration of this award.
2. The borrower will be responsible for payment of all costs of construction monitoring for the AHTF.
3. It is anticipated that the source of AHTF funds to be provided to the project will be tax-exempt funds.
4. The borrower of the AHTF funds must be a single purpose, sole asset entity with the exception of projects sponsored by public housing authorities in which case the public housing authority sponsor may be the borrower.
5. The fiscal year of the AHTF financing will be 2021.
6. All sources and uses must be acceptable to MassHousing.
7. AHTF financing must be applied to eligible uses. Commercial costs, reserves, and infrastructure are not eligible uses.
8. Identification of a general contractor acceptable to MassHousing and DHCD if the general contractor is not identified at the time of application or if the general contractor is changed from that in the application.
9. Upon receipt by the borrower, disbursing agent or escrow agent, AHTF funds must be deposited into non-interest-bearing accounts (IOLTA accounts may not be used).
10. The execution of an Affordable Housing Restriction satisfactory to MassHousing and DHCD that shall provide that units shall be leased, rented or otherwise made available exclusively to persons or families whose annual income, at the time of initial occupancy of the unit, is less than or equal to area median income based on family size pursuant to the so-called Section 8 Program under Section 8 of the U.S. Housing Act of 1937, or any successor program, and the regulations promulgated thereunder according to the schedule below.

<b>Income Type</b>	<b>Bedrooms</b>	<b>Units</b>	<b>RA Type</b>	<b>Unit Type</b>
30% Rental Assisted	1-Bed	11	Section 8	
60% Non-Rental Assisted	1-Bed	21	MRVP	
100% AMI	1-Bed	23		

11. The Affordable Housing Restriction shall be in effect in perpetuity.
12. The debt coverage ratio, trending assumptions, and vacancy rates must be acceptable to MassHousing.

13. Project sponsors are strongly encouraged to seek additional non-MassDocs sources for the project. Please note that in the event the sponsor obtains additional funding for the project, the Affordable Housing Trust Fund award may be reduced, as necessary and appropriate to maintain compliance and consistency with Affordable Housing Trust Fund requirements.
14. Submission of an as-is appraisal acceptable to MassHousing and DHCD.
15. If there is an identity of interest between the sponsor and the general contractor or if a construction contractor is selected on any basis other than a competitive bid, the sponsor must submit a plan acceptable to MassHousing and DHCD to ensure that construction pricing is competitive and, prior to loan closing, evidence that the price is, in fact, competitive.
16. The developer must respond to issues raised in recent design/cost review commissioned by DHCD in a form and manner acceptable to MassHousing.
17. The developer must clarify that there is no commercial space and fix the OneStop accordingly.
18. Submission of a vehicle access plan acceptable to MassHousing that addresses deliveries, pick up/drop off, trash collection, and emergency.