



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

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

March 2, 2020

Amy Zarechian  
Executive Director  
Newton Housing Authority  
82 Lincoln Street  
Newton Highlands, MA 02461

RE: Haywood House, Newton (the "Project")

Dear Ms. Zarechian:

On behalf of Governor Charles D. Baker, I am pleased to announce the selection of Haywood House (the "Project"), located in Boston, MA, for a **Conditional Reservation** of Low-Income Housing Tax Credits. The Department of Housing and Community Development ("DHCD") is setting aside \$850,000 of its 2020, or a later year of, federal Low-Income Housing Tax Credits and \$1,000,000 of its 2020, or a later year of, Massachusetts State Low-Income Housing Tax Credits for the Project. This letter represents a **Conditional Reservation** of the stated amounts of tax credits. These amounts are based upon DHCD's determination that these are the lowest amounts of tax credits necessary for the feasibility of the Project. This tax credit amount is subject to DHCD review at the time a binding commitment is requested, at the time of carryover allocation (if applicable), and at the time the Project is placed in service pursuant to Section 42 of the Internal Revenue Code. At the time these subsequent reviews take place, DHCD reserves the right to reduce the tax credit amount based on DHCD's determination of the least amount of tax credits necessary for the feasibility of the Project at that time.

As of the date of this Conditional Reservation, there are insufficient 2020 federal tax credits available to fund your entire Conditional Reservation. If a sufficient amount of 2020 federal tax credits to fund your entire Conditional Reservation becomes available to DHCD through returned tax credits between the date of this Conditional Reservation and project loan closing or December 1, 2020, then DHCD will make an allocation of 2020 federal tax credits to the Project subject to all of the conditions set forth below. If additional 2020 federal tax credits sufficient to meet the entire Conditional Reservation do not become available, then, subject to all of the conditions set forth below, DHCD may make an allocation of a later year of federal tax credits to the Project for all or a portion of this amount and will issue, by the end of the calendar year, a binding commitment to allocate a later year of the federal Low-Income Housing Tax Credits to the Project in accordance with Internal Revenue Code Section 42(h)(1)(C) for the balance of the Conditional Reservation amount. Such binding commitment will contain conditions established by DHCD, and all such conditions must be met to DHCD's satisfaction in order for DHCD to allocate tax credits to the Project.

As of the date of this Conditional Reservation, there are also insufficient 2020 state tax credits available to fund your entire Conditional Reservation. If a sufficient amount of 2020 state tax credits to fund your entire Conditional Reservation becomes available to DHCD through returned tax credits between the date of this Conditional Reservation and project loan closing or December 1, 2020, then DHCD will make an allocation of 2020 state tax credits to the Project subject to all of the conditions set forth below. If additional 2020 state tax credits sufficient to meet the entire Conditional Reservation do not become available, then, subject to all of the conditions set forth below, DHCD may make an allocation of a later year of state tax credits to the Project for all or a portion of this amount and will issue, by the end of the calendar year, a binding commitment to allocate a later year of State Low-Income Housing Tax Credits to the Project in accordance with M.G.L. c. 62 sec. 6I, and M.G.L. c. 63 sec. 31H for the balance of the Conditional Reservation amount. Such binding commitment will contain conditions established by DHCD, and all such conditions must be met to DHCD's satisfaction in order for DHCD to allocate tax credits to the Project.

This Conditional Reservation is issued pursuant to and in reliance upon information presented in the Low-Income Housing Tax Credit Program/One Stop Application submitted October 31, 2019, which stated the developer shall lease 32 of the 55 units (or 58.18% of the units) in the Project to individuals or families whose income is 60% or less of the area median gross income as determined in accordance with Section 42 of the Internal Revenue Code. The Application also stated that at least 11 units would be leased to households whose incomes are at or below 30% area median gross income adjusted for family size. Should such information or any other information presented in the above-referenced application change, DHCD must be notified immediately and it reserves the right to reduce and/or withdraw this Conditional Reservation. **With the issuance of this award letter, DHCD will not permit an increase in the total developer fee, overhead, and consulting costs (as calculated in accordance with the calculation schedule provided in the 2018-2019 QAP), from the calculation submitted in the approved One Stop Application.**

**This Conditional Reservation for the Low-Income Housing Tax Credits is subject to the Project's meeting one of the following requirements:**

1) The Project is eligible for a Carryover Allocation pursuant to Section 42 of the Internal Revenue Code.

If the Project has not been Placed in Service pursuant to Section 42 of the Internal Revenue Code by the end of the calendar year in which you have credits, the Project may be eligible to receive a Carryover Allocation of tax credits if all conditions stipulated by DHCD in Attachment 1 have been met. The Project will then have two years from the date of the Carryover, in which to be Placed in Service. Documentation verifying that the conditions in Attachment 1 have been met as stipulated must be submitted to Jonathan Tambiah, DHCD, 100 Cambridge Street, Suite 300, Boston, MA 02114 no later than project loan closing or October 1, 2020. DHCD expressly reserves the right to reduce or withdraw this Conditional Reservation if all conditions in Attachment 1 are not met to DHCD's satisfaction by October 1, 2020. If the Project receives a Carryover Allocation, a binding election must be made by December 1<sup>st</sup> of the year in which you have credits, whether to freeze the tax credit rate at the December rate or select the rate for the month the Project is placed in service.

2) The Project or one or more buildings in the Project is Placed in Service pursuant to Section 42 of the Internal Revenue Code.

If the Project or one or more buildings in the Project is placed in service by the end of the calendar year in which you have credits, the Project or one or more buildings in the Project may be eligible to receive an IRS Form 8609 and Eligibility Statement (Final Allocation) of credits provided that the Project satisfies all

pertinent IRS and DHCD requirements. You must contact Jonathan Tambiah in writing at the above address no later than **December 1<sup>st</sup>** of the year in which you have credits if your project will be placed in service by December 31<sup>st</sup> of that year.

All projects will be subject to annual compliance monitoring to allow DHCD to certify the Project's compliance with Section 42(g) of the Internal Revenue Code.

I am pleased by your interest in using the Low-Income Housing Tax Credit to provide affordable housing and look forward to seeing the Project move toward completion.

Sincerely,



Jennifer D. Maddox  
Undersecretary

cc: Senator Elizabeth Warren  
Senator Edward J. Markey  
Congressman Joseph P. Kennedy III  
State Senator Cynthia Stone Creem  
State Representative Ruth B. Balsler

By my signature below, I acknowledge the terms and conditions of this Conditional Reservation of Tax Credits. I fully understand that the Conditions required for a Carryover Allocation and/or Binding Commitment ***must be met by the dates specified in Attachment 1 hereto or my Reservation of Tax Credits will be in jeopardy. I understand that late submission of the required documentation will result in penalty fees*** (Please sign this acknowledgment and return it to DHCD.)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**Low-Income Housing Tax Credit Program**  
**Conditional Reservation**  
**March 2, 2020**  
**Attachment 1**

The following requirements must be met to DHCD's satisfaction by **project loan closing or October 1, 2020** to be eligible to receive a Carryover Allocation and/or Binding Commitment pursuant to Section 42 of the Internal Revenue Code:

- Submission to DHCD of evidence of full financial closing by November 15, 2020.
- Submission to DHCD of a formal opinion in the format prescribed by DHCD (available on our website) from the project accountant demonstrating (1) ownership of the property by the entity receiving the tax credit allocation, and (2) certifying compliance with Section 42 of the Internal Revenue Code and Treasury Regulation 1.42-6 that more than ten percent (10%) of the Owner's total reasonably expected basis in the Project has been incurred.
- Execution of the Release and Indemnification Agreement (available on our website) by an authorized representative of the entity anticipating receiving the tax credit allocation and submission of the Agreement to DHCD. The Agreement releases and indemnifies DHCD from any loss, demand or judgment resulting from the allocation of tax credits. DHCD assumes no liability for determination of the qualified basis of any project. All tax credit developers should consult a qualified tax accountant, tax attorney, and/or syndicator to determine final eligibility for the credit.
- Execution of the Owner Certification (available on our website) by an authorized representative of the entity anticipating receiving the tax credit allocation and submission of the Certification to DHCD. Please submit a revised One-Stop Application that breaks out the rental portion of the project from the homeownership portion.
- Payment to DHCD of the tax credit commitment fee which is a portion of the tax credit processing fee. The total tax-credit processing fee is equal to 8.5% of the annual tax credit amount for for-profit developers and 4.5% of the annual tax credit amount for non-profit developers, or \$38,250. The state tax credit processing fee is equal to 3% of the annual state credit amount for for-profit developers and 1.5% of the annual state credit amount for non-profit developers, or \$15,000. The total processing fee associated with this Project is \$53,250. The commitment fee is equal to one-third of the total processing fee minus the application fee. The amount owed by October 1, 2020 for this project is \$16,700. Please make the check payable to the Department of Housing and Community Development.
- Identification of an accountant with previous LIHTC experience acceptable to DHCD.
- Identification of a general contractor acceptable to DHCD.
- Identification of a management agent acceptable to DHCD. Please provide evidence that all key property manager(s) have received training regarding the compliance requirements of IRC Section 42.

- Submission of documentation identifying the finalized terms and conditions of all non-DHCD funding sources, including an updated One Stop. Please note that you must submit the updated One Stop in electronic and paper form.
- Submission of compliance with the Massachusetts Historical Commission.
- Submission of evidence of compliance with all recommendations contained in the Phase I Environmental Site Assessment Report.
- Submission of final plans and specifications satisfactory to DHCD including evidence:
  - that high speed internet access will be provided in all units; and
  - that the final plans and specifications meet or exceed Energy Star standards and incorporate the sustainable design features pledged in the One Stop application submitted October 31, 2019.

**Please be advised that any material changes to the plans and specifications must be reviewed and approved by DHCD.**
- Submission of an “as-is” appraisal supporting the acquisition cost carried in the approved One-Stop.
- Submission of evidence of compliance with the Massachusetts Architectural Access Board and all applicable federal, state, and local regulations regarding handicapped accessibility.
- Submission of Certificates of Lead Paint Compliance, if applicable.
- Submission of evidence of all necessary zoning approvals from the City of Newton.
- Submission of projected Placed in Service date as agreed to in the partnership or operating agreement.
- 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, including a pledge to list vacant units upon availability with Citizen’s Housing and Planning Association’s (CHAPA’s) Massachusetts Accessible Housing Registry at <http://www.chapa.org>.
- Submission of evidence that the equity contribution was competitively bid to ensure the highest yield possible.
- Commitment from a syndicator and/or investor acceptable to DHCD.
- Satisfactory market study.