

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS**

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, March 5, at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Anthony Marouchoc; Vice Chairwoman Denise Barge; General Treasurer Frank T. Caprio; Michael Marques, Director of Department of Business Regulation; Gary Sasse Director of Department of Administration; Jose Monteiro and Perry Clough.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Thomas F. Hogg, Chief Financial Officer; Susan Bodington, Deputy Director; John Gordon, Director of Asset Management; Amy Rainone, Director of Policy; Carol Ventura, Director of Development; Cathleen Paniccia, Director of Homeownership; Leslie McKnight, Director of Servicing Michael V. Milito, Corporation Counsel and Jo-Ann Ryan Communications Director.

Brian Gallogly, Counsel to the Corporation was also present, as were members of the public.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Board of Commissioners was posted in the Offices of the Corporation and at the first floor bulletin board in the State House.

Chairman Marouchoc called the meeting to order at approximately 8:30 a.m.

Approval of Minutes of Board Meeting Held on January 21, 2009

Upon a motion made by Commissioner Caprio and seconded by Commissioner Marques the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held on January 21, 2009 hereby are approved.

Chairman's Report

Chairman Marouchoc welcomed Garry Sasse, Director of Department of Business Regulation to the board meeting.

Committee Reports

Chairman Marouchoc noted that the Legislative Committee and Audit Committee met on January 29, 2009. Copies of the minutes of the Audit and Legislative Committees were provided in the board package. Commissioner Barge gave a brief review of the outcome of Legislative Committee and Commissioner Caprio summarized the Audit Committee minutes.

Executive Director's Report

Mr. Godfrey deferred his report until the end of the action items.

Approval of Annual PHA Plan

Upon a motion made by Commissioner Sasse and seconded by Commissioner Barge, the Board unanimously adopted a motion to convene a meeting of the Section 8 Committee of the Board of Commissioners to consider approval of the Housing Choice Voucher Section 8 Administrative Plan. The Section 8 Committee Meeting was convened at 8:38 am.

Chairman Marouchoc introduced and welcomed Allison Nugent, a resident participant of the certificate and voucher program administered by Rhode Island Housing in its role as a Public Housing Authority as the Resident Member of the Section 8 Committee.

Mr. Godfrey and Ms. Bodington, Deputy Director for Programs, presented this request.

Rhode Island Housing acts as a Public Housing Authority (PHA) with respect to its administration of the Section 8 tenant-based subsidy program. In accordance with section 511 of the Quality Housing and Work Responsibility Act of 1998, Rhode Island Housing must adopt an annual PHA Plan for the Section 8 Tenant-based program which establishes goals and objectives to meet the jurisdiction's housing needs. The Agency Plan includes Rhode Island Housing's strategies to achieve objectives in the areas of expanding the supply of assisted housing, promoting family self-sufficiency and ensuring equal opportunity in housing.

In order to comply with the requirements for the Quality Housing and Work responsibility Act, program participants were randomly selected to review the plan, a public hearing was held and a forty-five day public comment period was scheduled. The Plan was reviewed by our policy staff to determine consistency with the consolidated plan. The Agency Plan must receive the approval of the Board of Commissioners, and be forwarded to the Department of Housing and Urban Development.

Staff recommends that the Board of Commissioners adopt the Plan as presented.

Mr. Gordon, Director of Asset Management congratulated the division on achieving a received a coveted 100% SEMAP score for the administration of the PHA Plan. Mr. Gordon also introduced Claribel Shavers, Manager of the Section 8 Voucher Program and Mary Rose Silvia, FSS program coordinator.

Upon a motion made by Commissioner Clough and seconded by Commissioner Barge the following resolution was unanimously adopted:

Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

WHEREAS, Rhode Island Housing, in its capacity as a Public Housing Authority is required to adopt the PHA Annual Plan for the Section 8 Tenant-Based

program to comply with section 511 of the Quality Housing and Work responsibility Act of 1998.

RESOLVED, Rhode Island Housing, in its capacity as a Public Housing Authority, be and hereby is authorized to adopt the PHA Annual Plan for the Section 8 Tenant –Based Program to comply with the requirements of the Quality Housing and Work Responsibility Act of 1998.

Upon a motion by Commissioner Marques and seconded by Commissioner Barge, the Section 8 Committee adjourned at 8:42 a.m. and Chairman Marouchoc reconvened the full Board in open session.

Approval of First Mortgage and SNRP Financing for Operation Stand Down, 22 Milton St. Johnston

Mr. Godfrey along with Carol Ventura, Director of Development gave this presentation.

This Request for Action (RFA) is for approval of first mortgage financing and Special Needs Rental Production funding for Operation Stand Down (OSD) to develop three supportive housing units for homeless veterans at 22 Milton Street in Johnston.

Operation Stand Down is a national organization with chapters in 35 states. The Rhode Island chapter was founded in 1993 and has since served over 2,000 veterans – providing supportive services and housing for homeless veterans. Milton Street will create transitional housing for up to six homeless veterans. One unit will be reserved for female veterans. Supportive services, case management, substance abuse counseling, job training and medical and psychiatric referrals will be provided to all residents. The applicant has received capital development funds from the Veterans Administration (VA). In addition, Operation Stand Down will receive a per diem of up to \$30 per person per day to operate the site and for the provision of services.

The financing for this transaction will consist of a 25-year first mortgage from Rhode Island Housing, a loan through the Rhode Island Housing Special Needs Rental Production program and a VA Capital Grant

Mr. Godfrey introduced Tony DeQuattro of Operation Stand Down who extended his thanks to Carol Ventura, Charlie Pytel and for their support and assistance throughout this process.

Upon a motion made by Commissioner Marques and seconded by Commissioner Barge the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well-planned and designed apartments which will provide housing for

low and moderate-income persons or families in locations where there is a need for such housing; and

Whereas, the applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting financing to acquire and rehabilitate the property as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>First Mortgage</u>	<u>SNRP</u>
22 Milton Street Johnston	Operation Stand Down	Up to \$75,000	Up to \$130,000

Whereas, Staff has reviewed the submission and determined that this development may qualify for non-recourse financing under enabling legislation, regulations, guidelines and policies; and

Whereas, Rhode Island Housing staff has reviewed the application and recommends that Special Needs Rental Production Program funds be committed to the proposal;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That subject to the special conditions listed below, Rhode Island Housing hereby declares firm commitment approval for a first mortgage loan to Operation Stand Down in an amount not to exceed \$75,000 and Special Needs Rental Production Program funds in an amount not to exceed \$130,000 for development of supportive housing located at 22 Milton Street in Johnston, Rhode Island;

Resolved, That the foregoing resolution is subject to the following conditions:

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.
- Final approval of an operating budget.
- Final approval by Rhode Island Housing of construction plans and specifications, and construction documentation.
- Evidence that all other financing sources are committed.

Resolved, That the Executive Director, any Deputy Director, or the Director of Development, each acting singly, shall take any and all actions they deem necessary to carry out the foregoing resolutions.

Approval of Reservation of Tax Credits and Preliminary Commitment of Financing for North Cove Apartments

Mr. Godfrey and Ms. Ventura presented this request.

This Request for Action (“RFA”) is for reservation of \$734,520 of 2009 Housing Tax Credits (HTCs), preliminary commitment of a First Mortgage of \$812,100, and a Targeted Loan of \$842,800 for North Cove Landing (“the Development”), a thirty-eight unit new construction family rental development in North Kingstown, RI. The developer is North Dartmouth Properties, Inc. (the “Developer”).

North Cove Landing is located on a vacant parcel of land at the end of Intrepid Road, close to the Wickford Village section of town. The Development has received master plan approval under the Comprehensive Permit process. It is adjacent to Wickford Village Apartments, a 129 unit Section 8 elderly and family rental housing development that was recently refinanced by Rhode Island Housing and underwent significant renovations. The site contains many of the elements important to KeepSpace. It will be serviced by walking trails, a boat launch, a bike path, and is within walking distance of Wilson Park, Narraganset Bay, and the town center. There is a good mix of potential job opportunities located within close proximity of the site which make it an ideal location for a family housing development (i.e. Quonset Point Commercial Complex, Wickford Village town center and the Post Road Commercial corridor of North Kingstown). There is also public transportation within walking distance and RIPTA currently services the adjacent Wickford Village site.

The project was previously submitted to Rhode Island Housing as a part of the 2008 Tax Credit application round, but did not receive funding at that time. The Developer used the interim year to redesign the site plan following Rhode Island Housing’s recommendations, resulting in a more compact, traditional design, with clustering of units, an increase in the unit count and project density, and a reduction in impermeable surface area. The site is a very attractive parcel, but the property is restricted by a number of site constraints including a flood plain on the easterly portion of the site, which the engineer has worked to address through grading, passive drainage and rain gardens. Staff will work closely with the Developer to ensure that the final plans meet the requirements of CRMC, DEM and HUD. In addition the site does not have sewer service. The designers are proposing a community septic system to service the proposed development.

The North Cove site is currently part of the Wickford Village Apartments property. The developer will need to negotiate a release of that land parcel from the existing Rhode Island Housing mortgage. The Developer has initiated the appraisal process to ensure that the value of Wickford Village is not impacted when the North Cove parcel is transferred. The syndicator in the Wickford Village Apartments development has indicated a willingness to allow the release of land in return for the opportunity to be the HTC syndicator in the new North Cove transaction.

The primary sources of financing for the transaction will be a taxable mortgage from Rhode Island Housing, equity from the sale of 9% tax credits, Building Homes Rhode Island funds, Rhode Island Housing HOME funds, and Targeted Loan funds. The Developer has also requested a bridge loan from Rhode Island Housing to fund construction costs. Once the syndication commitment has been received, the final bridge loan amount can be determined. The bridge loan will be repaid at construction completion with syndication proceeds.

Jackie McDonald and Frank Spinella, representatives of the recipient were present and available to respond to questions from the Commissioners.

Upon a motion made by Commissioner Sasse and seconded by Commissioner Barge the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well-planned, well-designed apartment units which will provide housing for low and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing; and

Whereas, the Housing Tax Credit Program (the "Program") was created as part of the Tax Reform Act of 1986 (the "Act"); and

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Staff for Rhode Island Housing has determined that the Applicant ("Applicant") listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of tax credits from the tax credit authority available in the calendar year 2009 ("the Tax Credit") and for permanent financing as follows:

Applicant	Development	First Mortgage	Targeted Loan	9% HTC
North Dartmouth Properties	North Cove Landing	\$812,100	\$842,800	\$734,520

Whereas, Rhode Island Housing staff has reviewed the submission, inspected the site, and determined that this development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$734,520 of allocated 2009 housing tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of Rhode Island Housing applicable to the Allocation of Housing Tax Credits (the “Rules and Regulations of the Corporation”), and that the Executive Director, either Deputy Director and the Director of Housing Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island

Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That, subject to the special conditions listed below, the Corporation hereby preliminarily approves financing for a taxable first mortgage loan to Wickford Village Properties, LP, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$812,100 (the “Loan”) for family housing located in North Kingstown, Rhode Island.

Resolved, That the Corporation hereby preliminarily approves up to \$842,800 of Targeted Loan Funds for the Borrower.

Resolved, That, the foregoing resolutions are subject to the following conditions:

- Approval by Rhode Island Housing of all members of the development team.
- Receipt of an acceptable appraisal demonstrating that the existing Wickford Village development will continue to meet value upon transfer of the North Cove parcel.
- Acceptable final appraisal by an independent appraiser demonstrating that the North Cove first mortgage does not exceed 90% of the as-stabilized value of the property.
- Completion of the HUD 8-step process for alteration within a 100 year flood plain.
- A commitment of syndication equity from the sale of housing tax credits in an amount sufficient to insure the development’s feasibility by May 1, 2009.
- The award of Building Homes Rhode Island and HOME funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation.
- Approval of operating budget for the development.
- FHA Risk-Sharing approval for 50% of the First Mortgage.
- Completion of all items required for firm commitment and closing

Resolved, That the Executive Director, any Deputy Director, or the Director of Development each acting singly, shall take any and all actions they deem necessary to carry out the forgoing Resolutions.

Approval of Reservation of Tax Credits and Preliminary Commitment of Financing for Smith Hill Visions II

Mr. Godfrey outlined this proposal.

This Request for Action (“RFA”) is for reservation of \$1,221,704 of 2009 or 2010 Housing Tax Credits (HTCs) and a preliminary commitment of a First Mortgage of \$300,000 for Smith Hill Visions II (“the Development”), a fifty-two (52) unit family rental development in Providence, RI. The developer is the Smith Hill Community Development Corporation (the “Developer”).

The Smith Hill Visions II project focuses primarily on the rehabilitation of vacant and foreclosed properties. The Development will address the devastating effect the foreclosure crisis has had on the Smith Hill neighborhood, with the goal of stabilizing and continuing the revitalization of the neighborhood. The development will provide twenty-nine (29) two-bedroom units, fourteen (14) three-bedroom units and nine (9) four-bedroom units. Eleven (11) of the units will be affordable to families at 55% of AMI and the balance of forty-one (41) are targeted to families at 50% of AMI. Overall, forty-nine (49) units will be rehabilitated and three (3) apartments will be newly constructed on strategically located vacant lots.

Presently, SHCDC directly owns or controls structures and lots representing twenty-seven (27) of the project units with an additional six (6) in Rhode Island Housing’s Land Bank. By March 10th SHCDC projects they will have an additional thirteen (13) units under control either through direct purchase or through the Neighborhood Stabilization Program Land Bank Program. SHCDC has identified an additional six (6) units to be targeted for the Development and is confident that the properties can be acquired in April. Staff will require that all acquisition for the Development be completed by May 1, 2009.

This project is intended as the next phase of the SHCDC’s implementation of the Smith Hill Visions plan. Initial work began in 1995 with the Renaissance Project on Goddard Street, and this work spurred the master planning efforts that resulted in a neighborhood plan. The developer successfully produced 26 apartments in Smith Hill Visions I in 2005. In addition, SHCDC has completed several homeownership units and has developed a transitional housing program in conjunction with Crossroads Rhode Island.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Barge the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well-planned, well-designed apartment units which will provide housing for low and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing; and

Whereas, the Housing Tax Credit Program (the "Program") was created as part of the Tax Reform Act of 1986 (the "Act"); and

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Staff for Rhode Island Housing has determined that the Applicant ("Applicant") listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of tax credits from the tax credit authority available in the calendar year 2009 ("the Tax Credit") and for permanent financing as follows:

Applicant	Development	First Mortgage	9% HTC
Smith Hill CDC	Smith Hill Visions II	\$300,000	\$1,221,704

Whereas, Rhode Island Housing staff has reviewed the submission, inspected the site, and determined that this development may qualify for financing under Rhode Island Housing's enabling legislation, regulations, guidelines and policies;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$1,221,704 of allocated 2009 or 2010 housing tax credits be reserved for the Applicant pursuant to Section 3 of the Rules and Regulations of Rhode Island Housing applicable to the Allocation of Housing Tax Credits (the "Rules and Regulations of the Corporation"), and that the Executive Director, either Deputy Director and the Director of Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That, subject to the special conditions listed below, the Corporation hereby preliminarily approves financing for a taxable first mortgage loan to Smith Hill Community Development Corporation, or an affiliated partnership (the "Borrower") in an amount not to exceed \$300,000 (the "Loan") for family housing located in Providence, Rhode Island.

Resolved, That, the foregoing resolutions are subject to the following conditions:

- Approval by Rhode Island Housing of all members of the development team.
- Acceptable final appraisal by an independent appraiser demonstrating that the Smith Hill Visions II first mortgage does not exceed 90% of the as-stabilized value of the properties.
- A commitment of syndication equity from the sale of housing tax credits in

an amount sufficient to insure the development's feasibility by May 1, 2009.

- The award of Building Homes Rhode Island, HOME funds, NSP funds and Lead funds in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation.
- Approval of proposed operating budget for the development.
- Final site control of all properties by May 1, 2009
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Successful bidding and value engineering to fill and financing gap.

Resolved, That the Executive Director, any Deputy Director, or the Director of Development each acting singly, shall take any and all actions they deem necessary to carry out the forgoing Resolutions.

Approval of Financing for Pidge Manor Apartments

Mr. Godfrey, along with Ms. Ventura, Director of Development, presented this proposal.

This Request for Action ("RFA") is for the commitment of a First Mortgage of \$490,000 for Pidge Manor Apartments ("the Development"), an existing tax credit development. The developer is The ARC of Blackstone Valley (the "ARC").

Located in the Oak Hill neighborhood of Pawtucket, Pidge Manor Apartments is comprised of 12 two bedroom units, with eight townhouse-style apartments situated above four accessible flats. The development was an early tax credit deal, originally funded in part with Rhode Island Housing Targeted Loan Funds subordinate to the first mortgage which was provided by Fleet Bank. The construction and permanent financing was completed and the project was placed in service in 1993.

The 15-year tax credit compliance period is complete and the property is not subject to an extended use agreement. The current first mortgage holder, Conreal Realty purchased the loan from Fleet Bank approximately 10 years ago to prevent foreclosure, thereby protecting its interests as the existing Limited Partner and ensuring compliance with tax credit program requirements through the compliance period. The current borrower, Pidge Manor Associates is several years delinquent in payments. Conreal has now foreclosed on the property.

Several clients of the ARC have lived in the property over the past 15 years. The ARC has reached an agreement with Conreal to purchase the property in order to preserve the units and the affordability, and has further agreed to assume the note for Rhode Island Housing's existing Targeted Loan. The ARC proposes to purchase the property from the current owner, rehabilitate the building, and rent the units to individuals and/or households whose income does not exceed 80% of Area Median Income. It is likely that two of the units would be occupied by clients of the ARC. Several other units would be rented to ARC staff, who historically have had trouble finding stable housing. The balance would be rented to income qualified households.

The site is well-located, with access to shopping and potential job opportunities. There is also public transportation within walking distance. Nine of the twelve units are currently occupied and the leases for those tenants would be honored eliminating any relocation concerns.

The proposed acquisition financing consists of a portion to be paid to the seller at closing, a second portion in the form of seller financing subordinate to the new Rhode Island Housing first mortgage and the balance through the ARC's assumption of the existing Rhode Island Housing targeted loan fund subordinate debt. The seller also intends to claim a charitable donation to the extent that the value of the property exceeds the acquisition price. The balance of the funds required for the rehabilitation costs and other expenses will come from the Affordable Housing Trust.

The buildings have been relatively well-maintained over the past 15 years; however, there is some deferred maintenance that needs to be addressed. The rehabilitation will focus primarily on bringing the building into compliance with current fire codes, addressing drainage issues and upgrading units as necessary. The ARC will commission a Capital Needs Assessment before a final scope of work is determined.

Bill Gordon, representing the sponsor, was introduced and thanked the board and staff for their consideration.

Upon a motion made by Commissioner Clough and seconded by Commissioner Marques the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of the Corporation have promise of supplying well-planned, well-designed apartment units which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, The Corporation intends to issue taxable bonds for the purpose of financing qualified housing developments throughout the state;

Whereas, Said bonds shall have a term not to exceed forty (40) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, The applicant (“Applicant”) listed below has presented an application to the Corporation requesting a first mortgage to refinance the building as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Taxable Mortgage</u>
Pidge Manor Apartments	The ARC of Blackstone Valley	\$490,000

Whereas, Corporation staff has reviewed the submission and determined that this development qualifies for financing under the Corporation’s enabling legislation, regulations, guidelines and policies;

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, the Corporation hereby declares approval for taxable mortgage financing to The ARC of Blackstone Valley in an amount not to exceed \$490,000 for rental housing located at 110 Pidge Avenue in Pawtucket, Rhode Island to be financed by taxable bonds;

Resolved, That the foregoing resolutions are subject to the following conditions:

- Acceptable final appraisal by an independent appraiser demonstrating that the Pidge Manor first mortgage does not exceed 90% of the as-stabilized value of the property.
- Commitment by the seller that the property will be transferred free of all tax liens.
- The award of other funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing.
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation.
- Approval of proposed operating budget for the development.
- Approval by the City of Pawtucket of a request by the ARC of Blackstone Valley for a reduction in property taxes to 8% of the Gross Potential Income.
- Assumption of the original Targeted Loan by the ARC of Blackstone Valley.
- Completion of all items required for closing in accordance with normal underwriting and processing requirements.

Resolved: That the Executive Director, either Deputy Director, and the Director of Development, each acting singly, shall take any and all action they deem necessary to carry out the foregoing resolutions.

Authorization to Participate in the Ginnie Mae Mortgage-Backed Securities Program

Mr. Godfrey gave an explanation of the new program. Tom Hogg, Deputy Director, provided additional information regarding the details of the mortgage-backed securities and thanked

Cathy Paniccia, Leslie McKnight and the servicing department for their assistance with the implementation of this program.

This Request for Action is for approval to participate in the Government National Mortgage Association (“Ginnie Mae”) Mortgage-Backed Securities (“MBS”) Programs as an alternative to Rhode Island Housing’s traditional financing model.

In normal times, Rhode Island Housing funds its single-family lending activities with issuance of tax-exempt bonds under our Housing Opportunity Bond (“HOB”) indenture, which is based on the federal Mortgage Revenue Bond (“MRB”) program. Rhode Island Housing’s most recent HOB issuance was Series 60 in August 2008.

Due to upheaval in the bond market, the traditional relationship between tax-exempt and conventional mortgage rates has transposed by approximately 200 basis points. As a result, Rhode Island Housing is unable to issue bonds under the MRB program at a rate that is affordable to low- and moderate-income first-time homebuyers. Therefore, Rhode Island Housing has been exploring alternative capital sources to fund new loans.

At its January 2009 meeting the Board approved a resolution authorizing Rhode Island Housing to use interim financing from the Federal Home Loan Bank of Boston (“FHLBB”) to fund new mortgages. Staff has determined that participation in the Ginnie Mae MBS Programs will result in more efficient use of the FHLBB borrowings and will result in a source of capital that will permit Rhode Island Housing to continue to fund new loans until the bond markets return to normalcy.

Under the MBS Programs, Ginnie Mae will guarantee securities issued by Rhode Island Housing, which are backed by pools of our mortgages. The Ginnie Mae guaranty ensures that security holders receive timely payment of principal and interest as provided in the transaction documents.

The FHLBB requires that its borrowers pledge collateral to secure its advances, and generally lends a maximum of 75% of the value of the collateral pledged. However, with the Ginnie Mae guaranty, the FHLBB will advance up to 90% of the pledged collateral, which increases by 20% the capital available to Rhode Island Housing to make new loans. Thus, the Ginnie Mae MBS Programs greatly increases the effectiveness of the FHLBB borrowings at minimal cost to Rhode Island Housing.

Ginnie Mae requires that the Board authorize specifically identified employees to act on behalf of Rhode Island Housing regarding the MBS Programs, rather than designating authorized officers by position, which is the usual commercial practice. From time to time, staff will seek authorization of other specifically identified employees due to staff turnover or reorganization of functions.

Upon a motion made by Commissioner Barge and seconded by Commissioner Monteiro the resolution was unanimously adopted in the form as presented to the board in the March 5, 2009 Board package.

Executive Director's Report

Mr. Godfrey referred to his Report which was provided to the Commissioners and briefly commented on the following points:

- Mr. Godfrey noted that after much debate by the Senate and House, President Obama signed the American Recovery and Reinvestment Act on February 17, an act which hopes to create or save three-and-half million jobs over the next two years and includes a number of provisions for housing. On February 25, Senator Reed announced that the U.S. Department of Housing and Urban Development (HUD) is making over \$79 million available to Rhode Island through the American Recovery and Reinvestment Act.

The funding is primarily formula-based and is to be used to build on President Obama's announced priorities of mitigating the destabilizing effects of foreclosures on our communities and creating green jobs.

Much of the funding will be disbursed directly to municipalities throughout the state (including CDBG funds and funds for Homelessness Prevention) and others will go directly to local housing authorities for capital improvement projects.

Rhode Island Housing will directly administer the TCAP funds, distributing funds competitively and giving priority to housing developments that can begin construction immediately. Projects awarded low income housing tax credits in fiscal years 2007, 2008, or 2009 are eligible for funding but priority will be given to those developments that are expected to be completed by February 2012. 75 percent of TCAP funds will be committed by February 2010, 75 percent must be expended by February 2011, and 100 percent of the funds must be expended by February 2012. The 52 State Housing Credit Agencies that administer the Low-Income Housing Tax Credit Program are the only eligible applicants.

The *Homeowner Stability Plan* hopes to reach up to 3 to 4 million at-risk homeowners to prevent foreclosures and help families stay in their homes. This loan *modification initiative* will reduce the amount homeowners owe per month to sustainable levels. The Plan is a shared effort with lenders to reduce interest payments; provides incentives to servicers and borrowers and brings together lenders, services, borrowers and the government to reduce mortgages to "affordable" levels, meaning no more than 31% of the borrower's income.

Other details of the Plan include:

- funding for non-profit counseling agencies to improve outreach and communications, especially to disadvantaged communities and those hardest hit by foreclosures and vacancies;
 - purchase of Fannie Mae and Freddie Mac-backed securities to ensure that there is stability and liquidity in the marketplace;
 - an effort to work with HFAs to increase their liquidity.
- Each year Rhode Island Housing submits the State of Rhode Island's Continuum of Care application to HUD for rental assistance as well as operating, construction, rehabilitation and supportive services for Supportive Housing for the chronically homeless. These

programs provide housing and supportive services along a 'continuum of care' from shelters to transitional housing to permanent housing.

The Continuum of Care funding is an important component to the State's Ten-Year Plan to End Homelessness. Along with Rhode Island Housing's RoadHome rental assistance, these programs provide the lion's share of service enriched housing opportunities for the homeless, and their best chance for achieving stable, permanent housing.

Mr. Godfrey announced that Rhode Island Housing was awarded \$4,737,444 representing the renewal of all but one of the current programs. Last year 965 persons were served through SHP and through Shelter + Care. In all 535 beds are provided for homeless families and individuals through SHP, plus 125 Shelter Plus Care rental assistance vouchers. While no new funds were awarded this year, a new supportive housing project for veterans funded through last year's award is now being developed.

- Foreclosure activity continues at a rapid pace. The number of legally noticed foreclosures advertised in the *Providence Journal* through January was 458. This is the highest monthly total in two years of tracking and represents a 27.6 percent increase over the months of November and December 2008. The January 2009 figure is 41.7 percent higher than the number for January 2008, totaling 323 initiations. Since the Warren Group initiation data is drawn exclusively from the *Providence Journal*; the figures are skewed towards municipalities commonly served by the Journal. Many listings for municipalities served by local newspapers, such as Pawtucket and Woonsocket, are not captured.

Mr. Godfrey noted that even though the Bond market is in turmoil, and that Rhode Island Housing's rates are slightly higher than federally funded loans, our products remain competitive because of the extra assistance and lower down payments than other lenders. Rhode Island Housing's First Homes Program is a safe affordable product that is highly regarded. Rhode Island Housing is also evaluating its interest rate risk and is leveraging its options to fit the markets. Mr. Godfrey noted that Rhode Island Housing will continue to rise to the challenge and will offer safe, reliable products and services to the people of Rhode Island.

Mr. Godfrey also announced that staff will ensure that the Board of Commissioner is kept updated on current issues that affect the fiscal health of Rhode Island Housing and Rhode Islanders.

There being no further business to discuss, a motion was duly made by Commissioner Caprio and seconded by Commissioner Flynn to adjourn the open meeting at approximately at 9:43 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director