

**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, October 21, 2010 at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Mark Noble; Vice Chairwoman Denise Barge; Michael Solomon, designee for General Treasurer Frank T. Caprio; Kevin Flynn, designee for Rosemary Booth Gallogly, Director of Department of Administration; Jose Monteiro and Perry Clough. Michael Marques, Director of Department of Business Regulation was absent

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Susan Bodington, Deputy Director; Tom Hogg, Deputy Director; Carol Ventura, Director of Development; Amy Rainone, Director of Policy; Cathleen Paniccia, Director of Homeownership and Administration; Leslie McKnight, Director of Servicing, and Michael V. Milito, Corporation Counsel.

Ed Pare, 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 Noble called the meeting to order at approximately 8:35 a.m.

Approval of Minutes of Board Meeting Held on September 23, 2010

Upon a motion made by Commissioner Flynn and seconded by Commissioner Solomon the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held on September 23, 2010 hereby are approved.

Chairman's Report

Chairman Noble welcomed everyone and announced that on October 12, 2010, he participated in MED Week Affirmative Action Awards breakfast. It was an educational experience and Chairman Noble was impressed with the scope of the presentations and events.

Committee Reports

There were no committee meetings held during September.

Executive Director's Report

Mr. Godfrey referred the Commissioners to his written report, which had been previously distributed and commented on several topics of interest.

Commissioner Monteiro arrived at this point at 8:41 a.m.

Mr. Godfrey announced that within the past few weeks Rhode Island Housing had been honored with three awards. First, Rhode Island Housing has been selected as recipient of the 2010 Alfred P. Sloan Awards for Business Excellence in Workplace Flexibility in the greater Providence area. The award recognizes employers that are successfully using flexibility as part of an effective workplace strategy to achieve business goals and benefit employees by helping them meet their responsibilities on and off the job. As a recipient of the 2010 Sloan Awards, Rhode Island Housing ranks in the top 20% of employers nationally in terms of its programs, policies and culture for creating an effective and flexible workplace.

At the recent NCSHA Annual Conference in Boston, MA, Rhode Island Housing received the top awards in the categories of Special Needs Housing and Home Improvement and Rehabilitation. The Home Improvement Award was for the FirstHomes100+ program which helps families to buy and renovate a home with a single, low cost mortgage loan. This program has been especially powerful in helping to turn foreclosed houses into healthy homes. In the Special Needs category of Combating Homelessness, Rhode Island Housing received the award for Open Doors, a development sponsored by the Family Life Center, which specializes in providing services to families with a member returning home from incarceration. Commissioner Barge attended the conference and was accepted the awards on behalf of Rhode Island and the Board of Commissioners.

In addition, two staff members were recently honored by the Childhood Lead Action Coalition at their annual event. Carlos Hernandez was honored for his efforts assisting a family that was working with the International Institute and having trouble locating a safe, healthy home, and Peter Walsh was honored for his work with the International Institute in identifying safe, healthy housing for existing and new refugees. Mr. Godfrey congratulated both Carlos and Peter on their achievements

On October 14th, the Rhode Island Coalition for the Homeless (RICH) and the Rhode Island Homeless Advocacy Project held a rally in Providence to bring attention to the rising number of homeless in the state. The groups highlighted a Point in Time Count taken on September 23, 2010, which found a current deficit of 282 beds for those who are homeless. The State's Emergency Shelter Task Force has arranged for 67 emergency beds through four sites around the state, however, the additional beds are not funded for the duration of the winter season.

Mr. Godfrey informed the Commissioners that the Hardest Hit Fund Rhode Island (HHFRI) program has moved forward with a staggered, multi-phased implementation plan. During the Pilot period, Rhode Island Housing accepted applications, tested systems, processes and programs on targeted populations as detailed in our plan. The HHFRI Project Management Team met daily to review and evaluate the Program and worked through the Readiness Assessment exercise. As a result of this exercise and after receipt of HHF Round 4 funding, staff has made changes to its Program Term Sheets to enhance effectiveness, broaden

participation and streamline operations.

To date, the program has received 24 completed applications for HHFRI assistance. In addition, the Pilot intake service group has identified an additional 150 homeowners who appear to be eligible for assistance. These homeowners are in various stages of the application process. Now that Rhode Island Housing has been operational for 30 days and the intake service group has been able to implement their customer outreach process, and anticipates a steady stream of applications. Rhode Island Housing submitted its Readiness Assessment on October 15th and is presently working on the Compliance/Quality Control Plan in anticipation of the November 19th submission date.

Staff is working toward the launch of the program in Providence on November 9th, followed by opening up of the program to the remaining eleven hardest-hit Rhode Island communities and then statewide. Target roll-out for the Unemployment Program is December 1st. With \$80 million earmarked for HHFRI, it is anticipated that Rhode Island Housing will be able to assist over 6,000 households over the next 24 months. However, participation from out-of-state national lender/servicers continues to be a major concern.

Mr. Godfrey acknowledged and thanked the Hardest Hit staff and Cathy Paniccia for their dedication to getting the HHFRI program designed and implemented.

Firm Approval of Financing for Marvin Gardens I

Richard Godfrey presented this request.

This Request for Action (“RFA”) is for firm approval of financing for Marvin Gardens I (the “Development”), an existing Section 8 development in Providence. Cathedral Development Group (“CDG”) has requested financing through Rhode Island Housing’s Preservation Program.

Located in Providence, Marvin Gardens I is a 121 unit development consisting of 109 one-bedroom units and 12 two-bedroom units. The development was originally constructed and financed by Rhode Island Housing in 1978 with Section 8 rental assistance through a Housing Assistance Payment (HAP) contract. The HAP contract was renewed in 2010 and now extends through 2030.

In 1990, the property was acquired by Willow Street Associates LP with financing provided by Rhode Island Housing. The general partner of Willow Street Associates is Property Advisory Group (“PAG”). PAG is an affiliate of CDG. As part of that transaction, Willow Street entered into an extended affordability agreement in exchange for Rhode Island Housing’s pre-payment approval.

In October 2009, the Board gave preliminary approval for the sale of the property to Omni Development Corp., which intended to acquire and rehabilitate the property. However, Omni was unable to identify a tax credit investor and its purchase and sale agreement expired. Since the expiration of this offer, CDG determined that it could refinance and rehabilitate the Development using tax exempt financing and housing tax credits. CDG has received a Letter of

Intent from the Stratford Capital Group for purchase of housing tax credits and an acceptable appraisal has been delivered. CDG will form a new partnership and acquire the property from the current owner. The new ownership entity will execute another Regulatory Agreement to maintain the long term affordability of the Development. Staff has been working with the borrower for an extended period of time and most of the due diligence has been completed. Therefore, preliminary approval was deemed unnecessary and staff is recommending firm approval.

Marvin Gardens I has a substantial amount of deferred maintenance which has contributed to a higher than average vacancy rate in a subsidized project as well as an inadequate debt service coverage ratio. The proposed transaction will enable CDG to implement significant capital improvements to the buildings. Based on an extensive review by CDG's management staff and a capital needs assessment, the developer is proposing \$2.5 million in renovations to ensure the long term viability of the property. The proposed scope of work includes fire code compliance upgrades; new mechanical systems to increase efficiency and decrease utility expenses; new roofs; replacement of all windows and siding and repairs to the brick facade; parking lot resurfacing, the construction of new retaining walls and removal of underground storage tanks. Additional interior improvements include upgrade of the common areas, elevator improvements, and bath and kitchen upgrades.

The extensive rehabilitation should alleviate the vacancy issues resulting in improved operating efficiencies. Marvin Gardens I has experienced security breaches, drug activity and other issues that negatively impact the building's operations and contribute to the high vacancy levels. The proposed operating budget includes funding for adequate staffing levels including a Resident Services Coordinator and an increased security budget to address the current problems.

Upon a motion made by Commissioner Solomon and seconded by Commissioner Monteiro 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;

Whereas, Rhode Island Housing intends to issue tax-exempt 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 Rhode Island Housing requesting tax-exempt financing to acquire and rehabilitate the building as set forth below;

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Financing</u>
Marvin Gardens I	Cathedral Development Group, Inc.	\$5,510,000

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

NOW, THEREFORE, IT IS HEREBY:

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for tax exempt mortgage financing in an amount not to exceed \$5,510,000 for rental housing known as Marvin Gardens I located in Providence, Rhode Island.

Resolved, That Rhode Island Housing hereby declares that the firm approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to \$5,510,000 in permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated there under. This resolution shall take effect immediately upon adoption.

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

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.
- Approval of a loan from the Affordable Housing Trust.
- Syndication equity from the sale of housing tax credits in an amount sufficient to achieve project feasibility.
- Approval by Rhode Island Housing of development team members.
- Final approval of the new operating budget.
- Final approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the first mortgage.

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

Firm Approval of 2010 Tax Credits and Financing for Around Public and Friendship

Susan Bodington, Deputy Director, and Carol Ventura, Director of Development, made this presentation. In accordance with an Advisory Opinion from the Ethics Commission, Mr. Godfrey did not participate in the review and recommendation of the proposal since Mr. Godfrey's wife is the Executive Director of SWAP. Chairman Noble represented the board during the review process of this request.

This Request for Action ("RFA") is for the firm commitment of up to \$920,000 in 2010 9% Housing Tax Credits ("HTC"), a \$100,000 first mortgage, a \$397,900 deferred payment loan, and a \$5,500,000 revolving construction loan for the Around Public & Friendship development ("APF" or the "Development"), a 37 unit rental development in Providence. Preliminary approval to the request was granted by the Board of Commissioners on May 20, 2010.

Since May, there has been significant progress made toward finalizing the deal. However, intervening events have resulted in some notable changes. The original proposal, which envisioned 38 units, required several variances from the Providence Zoning Board of Review. While the requested variances received support from a majority of the board, the plan was unable to garner the 4 votes required for approval. As a result, SWAP is now pursuing a development plan that will allow them to build 37 units which will not require any zoning variances.

Under the current plan, the proposed Development includes twelve vacant, abandoned, and infill properties, including the vacant industrial property known as the Earthen Vessel building located on Gordon Avenue. There are six existing properties that were foreclosed and have been acquired by the Rhode Island Housing or Neighborhood Stabilization Program ("NSP") Land Bank in the past year. A seventh foreclosure was purchased by SWAP. Two of the seven properties are on Pine Street, with one directly across the street from SWAP's offices. APF also includes a vacant parcel at the intersection of Public, Burnside and Reynolds streets. The building configuration will allow for some open space, play areas and parking. Three (3) units will be constructed on the site. The other sites are located in and around Prairie Avenue, Public Street and Potters Avenue.

The Earthen Vessel, located at 15 Gordon Avenue near Prairie Avenue has been vacant for many years. An old mill, the Earthen Vessel was purchased by SWAP several years ago through financing provided by LISC. Their plan at preliminary approval was to renovate the building for residential use as 14 rental units, comprised of 8 one-bedrooms and 6 two-bedrooms. It was this proposal that was denied a zoning variance. Under the new "by-right" development plan, SWAP will redevelop the property as 7 three-bedroom townhouse style rental units with a small amount of community space. Directly across the street, on land that was originally designated as parking for the mill, SWAP will develop five new units in two buildings. This redevelopment will help to re-stabilize the corner near Gordon Avenue and Baxter and Public Streets. Earthen Vessel is near the old Federated Lithographers site on Prairie Avenue which is currently being

cleared by the City of Providence. That site has been targeted for redevelopment as medical and office space and the redevelopment will provide a boost to the overall neighborhood. Upon completion, Earthen Vessel will be renamed Saratoga Lofts.

In total, the revised plan for APF will create 37 new homes. Twenty-nine will be rehabilitated and 8 will be new construction. There will be 1 one-bedroom unit, 12 two-bedroom units, 22 three-bedroom units and 2 four-bedroom units. While the change in the development approach necessitated by zoning has resulted in a reduction in the number of new units produced from 38 to 37, it has actually resulted in a significant increase in the number of larger family units, enhancing the marketability of the project.

The change from smaller rehabilitated units to larger units, several of which are new construction has also resulted in an increase in total development costs of approximately \$1 million. However, while the amount of HTCs has increased from the preliminary commitment, the equity raise has increased as well from \$.67 to \$.69 mitigating some of the increased cost. In addition, the first mortgage has increased and the Deferred Payment Loan has decreased.

The majority of the syndication proceeds will not be available until construction is completed. Therefore the developer has requested a construction bridge loan to help pay for construction costs. The bridge loan will be repaid with syndication proceeds upon construction completion and the achievement of various post construction benchmarks.

Marilyn Carlson of SWAP and Barbara Sokoloff, consultant for SWAP were present to answer questions from the board.

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 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, 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 2010 ("the Tax Credit") and financing as follows:

Applicant	Development	9% Tax Credits	1 st Mortgage	Deferred Payment Loan	Revolving Construction Loan
SWAP, Inc.	Around Public & Friendship	\$920,000	\$100,000	\$397,900	\$5,500,000

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 \$920,000 of allocated 2010 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 Low-Income Housing Tax Credits (the “Rules and Regulations of the Corporation”), and that 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, Rhode Island Housing hereby approves financing for a taxable first mortgage loan to SWAP, Inc, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$100,000 (the “Loan”) for family housing located in Providence, Rhode Island.

Resolved: That Rhode Island Housing hereby approves up to \$397,900 of Deferred Payment Loan Funds for the Borrower.

Resolved: That Rhode Island Housing hereby approves up to \$5,500,000 of Revolving Construction Loan Funds for the Borrower.

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

1. Syndication equity from the sale of Housing Tax Credits and Federal Historic Tax Credits in amounts sufficient to achieve project feasibility;
2. The award of HOME funds, Lead funds and Building Homes Rhode Island funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
3. Final Approval of plans, specifications and construction documentation.
4. Acceptable final appraisal and market study by independent appraiser demonstrating that the loans do not exceed 90% of the as-stabilized value of the property and that sufficient demand exists for the proposed residential and commercial units;

5. Approval by Rhode Island Housing of all management related issues;
6. Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.

Resolved: That either 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.

Firm Approval of 2010 Tax Credits and Financing for Coventry Meadows

Richard Godfrey and Ms. Ventura, Director of Development, presented this request.

This Request for Action (“RFA”) is for firm commitment of \$762,071 of 2010 Housing Tax Credits (HTCs), a First Mortgage of \$650,000, a Deferred Payment Loan of \$824,000, and a revolving construction loan of \$5,000,000 for Coventry Meadows (“the Development”), a forty-four unit new construction family rental development in Coventry, RI. The developer is Coventry Housing Associates Corporation (the “Developer”).

Coventry Meadows received preliminary approval for a 2010 HTC reservation at the February 2010 Board meeting. The project is located on a vacant parcel of land near the intersection of Tiogue and Arnold Avenues in Coventry. The Development has received final master plan approval under the Comprehensive Permit process. It is well located, and exhibits many features consistent with the KeepSpace Initiative, including proximity to employment, shopping opportunities, and recreation, access to public transportation, and utilization of a larger infill lot on existing infrastructure. The project will tie into existing sewer and water, and is served by RIPTA’s 13 Line with a stop near the project site on Route 3/Tiogue Avenue.

The Development will provide 8 one-bedroom units, 20 two bedroom units and 16 three-bedroom units in 6 buildings, as well as an on-site management office. All of the units will be restricted to families at 60% of AMI, with rents well below the tax credit maximum. Heat and hot water will be included in the rent.

The proposed buildings are modeled after those at the successful Coventry Crossroads development owned and operated by the same Developer. The Meadows units are designed to be energy efficient with minimal common areas which should result in lower operating costs. The buildings are attached two level dwelling buildings built into the contours of the property with on-grade individual access so that each unit will have its own entrance. The design also incorporates defensible space principles and emphasizes the exterior boundaries of each unit providing a sense of ownership to the residents. There is also open space on the site dedicated to a larger recreation area for residents.

The proposed construction costs have increased by nearly \$290,000 since preliminary commitment due primarily to costs associated with sitework required by the fire marshal and by the town as a condition of approval, and to additional requirements of the syndicator. These include an upgrade to the water service including increased pressurization, a fire plan review fee, and the addition of an alternate entrance to the property located about 200’ south on Arnold

Road from the project's proposed main entrance. Redstone, the project syndicator, is also requiring construction guarantees over and above those typically required from the owner. Stand Corporation is providing the guaranty for a fee of \$60,000. Stand, the project architect, the developer and Rhode Island Housing have been meeting throughout the design process which all believe has yielded a comprehensive design and will minimize cost overruns and construction risk. CHA is will be providing an operating guaranty to the syndicator through rent-up and stabilization. Construction loan interest has increased as well as a result of these changes. These additional costs are being paid for with an increase in the first mortgage, an increase in HTC of \$30,540 and an increase in the equity raise from the sale of HTCs from \$0.65 to \$0.69.

The construction of Coventry Meadows will help Coventry move closer to meeting the requirements of the Low and Moderate Income Housing Act (the "Act). Presently 5.3% of the housing in Coventry qualifies as affordable. Upon completion of these 44 homes, 5.63% of the units in Coventry will be considered affordable under the Act.

The majority of the syndication proceeds will not be available until construction is completed. Therefore the developer has requested a construction bridge loan to help pay for construction costs. The bridge loan will be repaid with syndication proceeds upon construction completion and the achievement of various post construction benchmarks.

Frank Spinella and the Coventry Housing Authority development team were introduced and thanked the board and staff for their consideration of this funding.

Upon a motion made by Commissioner Barge and seconded by Commissioner Clough 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 has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Rhode Island Housing staff 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 2010 ("the Tax Credit") and for permanent financing as follows:

Applicant	Development	First Mortgage	Deferred Payment	9% HTC	Revolving Construction Loan
Coventry Housing Associates Corp.	Coventry Meadows	\$650,000	\$824,000	\$762,071	\$5,000,000

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 \$762,071 of allocated 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 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 approves financing for a taxable first mortgage loan to Coventry Housing Associates Corporation, or an affiliated partnership (the “Borrower”) in an amount not to exceed \$650,000 (the “Loan”) for family housing located in Coventry, Rhode Island.

Resolved, That Rhode Island Housing hereby approves up to \$824,000 of Deferred Payment Loan Funds for the Borrower.

Resolved, That Rhode Island Housing hereby approves up to \$5,000,000 of Revolving Construction Loan Funds for the Borrower.

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

- Syndication equity from the sale of Housing Tax Credits in an amount sufficient to achieve project feasibility;
- The award of Building Homes Rhode Island, HOME funds, and CDBG funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
- Final Approval of plans, specifications and construction documentation;

- Acceptable final appraisal by an independent appraiser demonstrating that the Coventry Meadows first mortgage does not exceed 90% of the as-stabilized value of the property;
- Approval of proposed operating budget for the development.
- Approval from the Town of Coventry verifying real estate tax assessment at no more than 8% of Gross Potential Income;
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements with mutually acceptable documentation.

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 a Developer for Medina Apartments

Mr. Godfrey made this presentation.

This Request for Action is for approval to designate a developer for the acquisition and re-development of Medina Village Apartments (Medina Village).

Medina Village is an existing scattered site family housing development consisting of twenty-two (22) walk-up apartment buildings on multiple streets in the West End of Providence. Rhode Island Housing acquired the properties and the associated Section 8 HAP contract for all eighty-three (83) units on July 20, 2010 immediately after the Department of Housing and Urban Development (HUD) foreclosed on the original owner. The acquisition price for Medina Village was \$1. Upon acquisition, Rhode Island Housing transferred the property to its subsidiary, Rhode Island Housing Development Corporation.

As part of Rhode Island Housing's contract of sale with HUD, the selected development team must be approved by HUD and the re-development of the units must be completed by July 20, 2012. To expedite the developer selection process, Rhode Island Housing initiated a community engagement process to solicit input from community partners to develop a plan to create a safe and healthy neighborhood around the redevelopment of Medina Village. Valuable feedback was received during this process and it was used to help shape the criteria used in the Request for Proposals (RFP) to select a developer.

Paramount among the resident and community concerns incorporated into the evaluation criteria for the RFP were the developer's ability to turn around under-performing properties as well as the quality and responsiveness of the property management entity. This RFP was issued in August and other evaluative factors in the RFP included:

- The developer's experience and commitment to community engagement and working together with residents and community partners;
- The developer's prior effective working relationship with Rhode Island Housing, other community lenders, and the likelihood for approval by HUD;

- The development team's past experience with Section 8 ownership, management, and operational practices;
- The experience and financial capacity of the development team members and the availability of debt and equity resources needed for the acquisition and rehabilitation of the properties;
- The quality of the proposed Affirmative Fair Housing Marketing Plan; and
- Evidence that the developer would be able to meet the time deadline for re-development imposed by HUD.

Rhode Island Housing received four responses from the following entities: Women's Development Corporation; a joint venture proposal between CommunityWorks Rhode Island and Dimeo Properties; a joint venture proposal between West Elmwood Housing Development Corporation and Arch Street Development; and a joint venture partnership proposal from Omni Development Corporation and Winn Development.

Staff analyzed the developer responses against the evaluation criteria and presented the four proposals to a recommendation committee. The recommendation committee consisted of internal senior staff as well as a Medina Village tenant and a neighborhood homeowner. The four proposals were competitively ranked on each evaluation factor. Based on the competitive the rankings in each category, the committee determined that the best proposal was received by the partnership of Omni Development Corporation and WinnDevelopment (Omni/Winn).

The Omni/Winn proposal demonstrated a strong track record for turning around troubled properties and solid examples of community engagement and resident involvement. In addition, both Omni and Winn have a significant background in Section 8 management and operations as well as reliable past performance as partners on other developments. A major factor that differentiated the Omni/Winn proposal from the other submissions was the inclusion of a solid commitment letter from National Equity Fund (NEF) to purchase any allocated housing tax credits at a price of \$.80 per dollar of credit. None of the other proposals included a solid letter of interest at this pricing level. This level of investment makes the proposal more feasible than the others.

The Omni/Winn proposal also featured alternative proposals for the re-development which included the demolition of some existing Medina properties with the replacement units provided in newly constructed buildings and within additional foreclosed properties to be redeveloped in the neighborhood. Omni/Winn is also proposing a resident services coordinator/community outreach specialist as well as the creation of a Tenant- Management Committee and Neighborhood Improvement Association.

If selected as the developer for Medina Village, Omni/Winn has committed to participating in the ongoing community engagement process and refining a scope of work for the properties. Once a legal entity has been established by the partnership, it is anticipated that the partnership will execute a purchase and sales agreement with the Rhode Island Housing Development Corporation and assume the obligations of the previous HOME grant and pre-development loan provided by Rhode Island Housing.

Joe Caffey, Executive Director of Omni Development was present and available to respond to questions from the Commissioners.

Following the discussion, Chairman Noble requested that staff arrange a field trip for the Commissioners to tour the development.

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

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

WHEREAS, Rhode Island Housing issued a Request for Proposals (RFP) seeking a developer to participate in the West End community engagement process and undertake the re-development of Medina Village Apartments; and

WHEREAS, Rhode Island Housing received four proposals to redevelop Medina Village; and

WHEREAS, the staff has completed a thorough evaluation of the four proposals submitted for the re-development; and

WHEREAS, senior staff, in deliberation with a Medina Village tenant and West End homeowner, has determined that the partnership of Omni Development Corporation and Winn Development (Omni/Winn) submitted the highest ranking proposal that best meets the criteria established in the Request for Proposals for the selection of a developer; and

WHEREAS, the Omni/Winn partnership will be required to meet the terms of Rhode Island Housing's contract of sale with HUD including the completion deadlines and HUD-approval of the development team members; and

WHEREAS, Omni/Winn will seek the approval of the Rhode Island Housing Development Corporation to purchase Medina Village Apartments and assume the obligations under a HOME grant and outstanding pre-development loan for Medina Village.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED, That Rhode Island Housing does hereby approve the Omni /Winn partnership as the designated development entity for the re-development of Medina Village Apartments.

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

- The developer's satisfaction, in the sole judgment of Rhode Island Housing, of all terms and conditions set forth in the RFP;
- Approval by HUD of the transfer to Omni/Winn in accordance with the

contract of sale between HUD and Rhode Island Housing;

- All funding applications for resources necessary to the redevelopment of Medina Village must be submitted to the applicable funding entity, with preliminary approval of funding received by February 1, 2011;
- The developer must close on all financing and take title to the properties by April 1, 2011;
- Rhode Island Housing approval of all development team members;
- Rhode Island Housing approval of the construction budget, scope of work, and construction contractor;
- Rhode Island Housing approval of the operating budget for the development;
- The developer assumes full responsibility for coordinating and moving temporarily relocated residents back to the rehabilitated properties upon completion;
- The developer and selected development team members will participate in the community engagement process;
- The developer agrees to assume all financial and programmatic obligations from prior loans and grants made to the development;
- The developer must include a resident services coordinator/community outreach specialist; Tenant Management Committee; and Neighborhood Improvement Association in the planning, implementation and operational phases of the re-development;
- The developer and the approved development team must meet all HUD requirements as may be prescribed.

RESOLVED, That Rhode Island Housing retains the authority to seek obtain another developer if it determines, in its sole and absolute discretion, that Omni/Winn is unable to meet the terms of Rhode Island housing's contract of sale with HUD or the conditions set forth herein.

RESOLVED, That the Executive Director, each Deputy Director and the Director of Development be, and each hereby is, authorized to take any and all actions, including specifically the authority to execute a development agreement, as well as any and all documents, instruments and other agreements and to take such further actions as he or she deems necessary to carry out the above resolution.

RESOLVED, That all actions and deeds heretofore done by the Executive Director or each Deputy Director on behalf of Rhode Island Housing in carrying out the terms and intentions of these resolutions, are hereby ratified, approved and confirmed in all respects.

There being no further business to discuss, a motion was duly made by Commissioner Solomon and seconded by Commissioner Clough to adjourn the open meeting at approximately at 9:31 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.
Secretary and Executive Director