

**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, November 18, 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; Michael Marques, Director of Department of Business Regulation; Kevin Flynn, designee for Rosemary Booth Gallogly, Director of Department of Administration; Jose Monteiro and Perry Clough.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Susan Bodington, Deputy Director; Tom Hogg, Deputy Director; John Gordon, Director of Asset Management; 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.

Edward 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 October 21, 2010**

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

VOTED: That the Minutes of the Board Meeting held on October 21, 2010 by are approved.

**Chairman's Report**

Chairman Noble welcomed everyone and announced that he was honored to have had the opportunity in joining Senators Reed, Whitehouse and Congressman Langevin at the John Hope Settlement House on November 9, 2010 for the Hardest Hit Rhode Island official rollout. Chairman Noble also noted that he received a letter of appreciation from Smith Hill CDC acknowledging the efforts of Rhode Island Housing's staff and in particular Carol Ventura and the development team.

## **Committee Reports**

There were no committee meetings held during October.

## **Executive Director's Report**

Mr. Godfrey deferred his report until after the action items.

## **Approval of Thresholds Awards Program Funding**

Mr. Godfrey presented these awards, with additional comments provided by Ms. Ventura, Director of Development.

Since September 1994, Rhode Island Housing has managed the Thresholds Program under agreement with the Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH, formerly known as MHRH). The goal of the Thresholds Program is to increase the supply of affordable housing for people with serious and persistent mental illness and/or developmental disabilities. The provision of supportive services, which can enable consumers to live independently in integrated settings, is a requirement of the program. To date, Thresholds has provided financing for 340 apartments and has committed over \$12.4 million in program funds.

In response to a Request for Proposals for Thresholds funding nine (9) applications requesting \$1,369,516 were received on October 1, 2010. The Thresholds funding available for allocation is \$562,074.

The Thresholds Advisory Committee met on October 29, 2010 to review the applications and recommended funding five (5) applications. The Thresholds Advisory Committee determined (1) that the recommended awards would enable Thresholds to meet its goal of supplying housing linked to supportive services from a mental health or developmental disability agency and (2) that the size of the awards were justified and sufficient. A summary of the recommendations of the Advisory Committee is included as Attachment A. BHDDH concurred with and approved the recommendation of the Advisory Committee.

Representatives from each of the proposed recipients were present and available to respond to questions from the Commissioners.

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

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

WHEREAS, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) has entered into an agreement with Rhode Island Housing pursuant to which BHDDH has delegated to Rhode Island Housing the administration of Thresholds funds; and

WHEREAS, the proposals of Newport County Community Mental Health Center, OPENDOORS Housing LLC, Operation Stand Down Rhode Island, The ARC of Blackstone Valley, and The Homestead Group meet the criteria for Thresholds funding, and

WHEREAS, the Thresholds Advisory Committee and BHDDH have both reviewed the proposals and recommend approval of the allocation of Thresholds funds.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and it hereby is authorized, to commit \$562,074 in Thresholds funds, as set forth in Attachment A, and approved by BHDDH.

RESOLVED: That any Deputy Director and the Director of Development, each acting singly be, and hereby is, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolution.

#### **Approval of Bridge Loan Financing for Babcock Apartments**

Mr. Godfrey made this presentation.

This Request for Action is for Firm Approval of Bridge Loan financing for Babcock Village Apartments (Babcock Village), an existing 151-unit elderly housing development located in Westerly, RI and originally financed by Rhode Island Housing. Section 8 rental assistance has been provided through a Housing Assistance Payment (HAP) contract. The current HAP contract was renewed in 2006 and runs through April of 2011.

In 1998, the development was refinanced under Rhode Island Housing's Preservation Program by New Babson Associates Limited Partnership, a Rhode Island Limited Partnership formed to acquire and refinance the property with 4% low income housing tax credits. Affordable Housing Strategies, Inc., a Rhode Island Corporation serves as the general partner. The tax credit compliance period will expire at the end of 2013.

The owner has requested a \$2,500,000 bridge loan in order to redeem the interest of the current limited partner, SunAmerica Housing Fund 538, a Nevada Limited Partnership which seeks to exit the partnership in advance of the expiration of the tax credit compliance period. Sun America is a subsidiary of AIG which is currently attempting to liquidate its holdings in order to increase its cash position. The current redemption price is less than what the redemption price would likely be if this transaction were to occur at the end of the tax credit compliance period. The transaction must be completed by December 31, 2010 or the redemption offer will be withdrawn.

The bridge loan will have a three year term. As a result of the 1998 preservation transaction, there is an existing Rhode Island Housing first mortgage with a principal balance of approximately \$3 million. That loan will remain in place as well as all existing terms and condition associated with the 1998 closing including that the development must remain

affordable in perpetuity. At the end of the tax credit compliance period, we anticipate that the owner will enter into a refinancing transaction.

Upon a motion made by Commissioner Marques 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,** The applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting Bridge Loan financing to secure limited partnership interests in the development as set forth below:

<b>Development</b>	<b>Applicant</b>	<b>Bridge Loan</b>
<b>Babcock Village Apartments</b>	<b>Affordable Housing Strategies, Inc.</b>	<b>\$2,500,000.00</b>

**Whereas,** Rhode Island Housing’s 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 grants taxable Bridge Loan financing to New Babson Associates Limited Partnership (the “Borrower”) in an amount not to exceed \$2,500,000.00 for Babcock Village Apartments located at 122 Cross Street, Westerly, Rhode Island.

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

- Acceptable appraisal by an independent appraiser demonstrating that the existing first mortgage and proposed bridge loan together do not exceed 90% of the as-is value of the property.
- Legal fees and any other costs incurred by the Lender in connection with the transaction to be paid by the Borrower.
- 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 actions they deem necessary to carry out the foregoing Resolutions.

### **Approval of Bridge Loan Financing for Greenwood Apartments**

Richard Godfrey presented this request.

This Request for Action is for Firm Approval of Bridge Loan financing for Greenwood Terrace Apartments (Greenwood Terrace), an existing elderly housing development originally financed by Rhode Island Housing and located in Warwick, RI. Section 8 rental assistance has been provided through a Housing Assistance Payment (HAP) contract. The current HAP contract was renewed in 2003 and runs through October of 2018.

In 1998, the development was refinanced under Rhode Island Housing's Preservation Program by New Redwood Associates Limited Partnership, a Rhode Island Limited Partnership formed to acquire and refinance the property with 4% low income housing tax credits. Affordable Housing Strategies, Inc., a Rhode Island Corporation serves as the general partner. The tax credit compliance period will expire at the end of 2012.

The owner has requested a \$450,000 bridge loan in order to redeem the interests of the current limited partner, SunAmerica Housing Fund 539, a Nevada Limited Partnership which seeks to exit the partnership in advance of the expiration of the tax credit compliance period. Sun America is a subsidiary of AIG which is currently attempting to liquidate its holdings in order to increase its cash position. The current redemption price is less than what the redemption price would likely be if this transaction were to occur at the end of the tax credit compliance period. The proposed transaction must be completed by December 31, 2010 or the redemption offer will be withdrawn.

The bridge loan will have a three year term. As a result of the 1998 preservation transaction, there is an existing Rhode Island Housing first mortgage with a principal balance of approximately \$980,000. That loan will remain in place as well as all existing terms and condition associated with the 1998 closing including that the development must remain affordable in perpetuity. At the end of the tax credit compliance period, we anticipate that the owner will enter into a refinancing transaction.

Upon a motion made by Commissioner Barge 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 ("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,** The applicant (“Applicant”) listed below has presented an application to Rhode Island Housing requesting Bridge Loan financing to secure limited partnership interests in the development as set forth below:

<b>Development</b>	<b>Applicant</b>	<b>Bridge Loan</b>
<b>Greenwood Terrace Apartments</b>	<b>Affordable Housing Strategies, Inc.</b>	<b>\$450,000.00</b>

**Whereas,** Rhode Island Housing’s 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 grants taxable Bridge Loan financing to New Redwood Associates Limited Partnership (the “Borrower”) in an amount not to exceed \$450,000.00 for Greenwood Terrace Apartments located at 2426 Post Road, Warwick, Rhode Island.

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

- Acceptable appraisal by an independent appraiser demonstrating that the existing first mortgage and proposed bridge loan together do not exceed 90% of the as-is value of the property.
- Legal fees and any other costs incurred by the Lender in connection with the transaction to be paid by the Borrower.
- 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 actions they deem necessary to carry out the foregoing Resolutions.

**Executive Director’s Report**

Mr. Godfrey referred the Commissioners to his written report which had been previously distributed and provided additional information on a few of the items in the report.

Mr. Godfrey noted that on November 1, the Hardest Hit Fund - Rhode Island (HHFRI) was rolled out to Providence homeowners. By the end of November’s, assistance will be available to the entire state. Operationally this will be one of Rhode Island Housing’s largest and most complicated undertakings.

As of October 22, program training for counselors and local lenders was completed and in total, 59 HHFRI intake counselors have been certified. These counselors represent ten HUD approved counseling agencies in Rhode Island. Rhode Island Housing has also completed training for 24 representatives from 14 local banks and credit unions. As of November 14, staff has received 56 complete applications for HHFRI assistance and has held six closings. In addition, the internal intake service group continues to work to identify homeowners who appear to be eligible for assistance. Counselors and lenders report that they are building their application pipelines and expect a steady stream of applications.

Outreach efforts included letters to over 100 community groups and municipal officials, scheduled community information sessions in hardest-hit communities throughout the state, the launch of the website ([www.HHFRI.org](http://www.HHFRI.org)) and door-to-door grassroots efforts with AmeriCorps members in partnership with DARE and the State Housing Action Coalition.

Mr. Godfrey referred the Commissioners to the Dashboard Reports that was previously provided and noted that the first quarter activity for fiscal year 2011 continues to reflect the challenges in the overall real estate market. The number of closed single-family loans area at record low levels and reflects the scarcity of home sales across the state and country. However, the number of apartments financed has increased slightly as a result of support of the rental production market by state and federal subsidy programs. Given the budget challenges at both levels of government, this support may erode and production drop.

Mr. Godfrey pointed out that the number of leased voucher units has leveled off to reflect the reduced amounts of federal subsidy. However, these numbers may grow a little because some new vouchers have been allocated to Rhode Island. Rhode Island Housing's goal is to gradually reduce the number of RAP units leased and grow the RoadHome units that combine supportive services with rental subsidies.

Mr. Godfrey reported that data on foreclosure activity in Rhode Island shows that foreclosure initiations dropped by 6.7% in September, ending at 719 for the month. On a year-over-year basis, September's initiations were 15.7% less than September 2009. Overall, the monthly average for initiations in 2010 decreased 30% from 2009 — from 630 per month compared to last year's 900 per month.

Mr. Godfrey noted that Rhode Island Housing received a perfect score on its Housing Choice Voucher Program (HCVP) for a third year in a row and has also been rated as a high performer for three straight years. Within the next four months, another 50 vouchers will be issued. The Performance Based Contract Administration (PBCA) had their annual compliance review and received high marks on their performance. Regarding the new PBCA bidding, our current contract has been extended through September 30, 2011 and our new contract will be effective October 1, 2011.

There being no further business to discuss, a motion was duly made by Commissioner Solomon and seconded by Commissioner Flynn to adjourn the meeting at approximately at 9:20 a.m.

Respectfully submitted,

Richard H. Godfrey, Jr.  
Secretary and Executive Director