

**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, February 20, 2014, 2013 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were: Chairman Jim DeRentis; Vice Chair Paul Dimeo; Paul McGreevy, Director of Department of Business Regulation; Chris Feisthamel designee for General Treasurer Gina Raimondo; Steven Costantino, designee for Richard Licht, Director of Administration; Jose Monteiro and Andrew L. Cortés.

Also in attendance were: Richard H. Godfrey, Jr., Executive Director; Kara Lachapelle, Director of Finance; Carol Ventura, Director of Development; Leslie McKnight, Director of Servicing; Carlos Hernandez, Director of Resident Services, Peter Walsh, Director of Homeownership and Customer Service and Michael Milito, Deputy Assistant Director.

Steven Richard, 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 DeRentis called the meeting to order at approximately 8:32 a.m.

Approval of Minutes of Board Meeting Held on December 19, 2013

Commissioner Cortés noted that Commissioner Monteiro's name was inadvertently listed twice in the December 19, 2013 minutes.

Upon a motion made by Commissioner and seconded by Commissioner Cortés the following was adopted with 5 votes in favor, none opposed, and one abstention by Commissioner Dimeo. Commissioner Monteiro was not present for this vote.

VOTED: That the Minutes of the Board Meeting held on December 19, 2013 be and hereby are approved, with the correction noted above.

Chairman's Report

Chairman DeRentis welcomed everyone to the meeting and had nothing further to report.

Committee Reports

Chairman DeRentis noted that an informational only meeting of the Intergovernmental Relations Committee was held on December 19, 2013 and referred the Commissioners to the update of that meeting included with the board package.

Executive Director's Review of Recent Activities and Trends

Mr. Godfrey referred the Commissioners to his written report which included several attachments and commented on a couple major topics of interest.

Mr. Godfrey presented Rhode Island Housing's 2013 Annual Accomplishments. Items of interest included an increase in loan originations with 2013 generating the highest closing volume (nearly \$72 million) since 2009. This exceeded 2012 closing volume by 15%. The Rhode Island Housing loan center generated 80% of the volume, and lender and broker partners generated 20% of the volume.

Numerous changes were initiated to improve the efficiency and effectiveness of the Homeownership division by offering new programs and services and moving fully to the TBA funding platform. Homeownership provided 489 mortgages totaling \$71.9 million. Rhode Island Housing continues to help all regions of the state achieve homeownership, with 65% of new home purchases occurring in the Providence Metro region, 18% in North & West Rhode Island, and 17% in South County & the East Bay.

Some of the enhancements made in Rhode Island Housing's programs during the year include:

- 203K streamline loan
- Fannie Mae loan with mortgage insurance through a private mortgage insurance company
- Closing Cost Assistance available on loans with 80% LTV
- New pricing introduced for our Lender and Broker partners
- Offer rate lock periods of 30, 60 and 75 days along with the ability to float rate
- Lender Services Manager and Loan Center Manager positions added

As part of the RESPECT program, Rhode Island Housing created a training plan for all employees called "Creating Great Service." Training sessions on nine different topics related to the RESPECT standards, including managing multiple priorities, inbound and outbound call models and the impact of different behavioral styles on effective communications (DiSC) were offered throughout the year. Additionally, the RESPECT program was recognized by the National Council of State Housing Agencies (NCSHA) at their annual awards in October.

Commissioner Monteiro arrived at this point of the meeting at approximately 8:38 a.m.

Staff continues to move forward with efforts to improve transparency with partners and through the Housing Credit program. When it met last fall, the Transparency Committee charged the internal members of the committee with developing specific communication priorities for its largest constituent groups. Over the course of subsequent meetings, staff has identified over 50 discrete audiences, ranging from federal and state government regulators,

municipal bond investors, prospective homebuyers and local real estate management companies. That list has been refined to approximately 25 key constituencies and staff has identified the information and resources that would be most useful to each of those groups. The next step will be a meeting of the Transparency Committee to review and revise the matrix. Based on feedback from the Transparency Committee, we will reconvene the internal group, make necessary adjustments and propose additional or alternative means to provide the information identified in the matrix. The goal is to have this process completed by the second quarter of 2014.

Work has also progressed with the Tax Credit Committee which is reviewing the selection process and criteria that Rhode Island Housing uses to award federal housing tax credits. Following a November meeting of the Committee where members offered various ideas to improve the process for the future, staff researched allocation processes used by other state and federal agencies and began drafting a new allocation process for the award of housing tax credits in 2015 and beyond. A draft of a revised process will be presented to the Tax Credit Committee at a meeting on February 20.

Additionally, Mr. Godfrey stated that Rhode Island Housing was awarded \$4.6 million in HUD Continuum of Care funding to help 42 Rhode Island homeless assistance programs. These grants are a vital ingredient in preventing homelessness and funding critical services for R.I.'s most vulnerable populations. Continuum of Care funding was used to support the Shelter Plus Care and Supportive Housing programs. In 2013, the Supportive Housing Program offered homes and services to 573 households at an annual cost of about \$3.4 million. \$1.2 million in Shelter Plus Care housing vouchers and services were provided for 238 chronically homeless households in need of mental health and substance abuse services.

Mr. Godfrey reported that the Continuum of Care committee met in January to review and rank applications for funding. The committee deemed The Urban League, an applicant for Threshold funds, did not meet the ranking criteria but has the right to appeal the decision with HUD.

A discussion followed regarding Rhode Island Housing's oversight procedures for the recipients of those funds. Mr. Godfrey assured the Commissioners that staff is diligent in its review of the process and it was due to the conscientiousness of staff that the Urban League's issue was addressed.

Commissioners McGreevy, Costantino, Cortes and Feisthamel discussed the importance of undertaking an independent audit of Rhode Island Housing's review process. Mr. McGreevy suggested Mr. Godfrey contact the Bureau of Audits and request their office commence an audit. Commissioner Feisthamel also requested that the board be provided with a copy of the letter outlining the scope of work for deliberation.

Mr. Godfrey thanked the commissioners for their counsel and assured them that he would personally ask the Bureau of Audits to commence an audit and come back to the Board with recommendations.

Approval of Reservation of 2014 Tax Credits for Sankofa Apartments

Mr. Godfrey recused from this discussion and the discussion for financing for Phoenix Renaissance and invited Ms. Ventura to make this presentation. Mr. Godfrey affirmed that in accordance with an Advisory Opinion from the Ethics Commission, he did not participate in the review and recommendation of the 2014 Tax Credit proposals since Mr. Godfrey's wife is the Executive Director of SWAP, one of the applicants for funding. Commissioner DeQuattro represented the Board during the review of the proposals.

Carol Ventura, Director of Development, gave this presentation.

This Request for Action ("RFA") is for reservation of \$1,156,400 of 2014 Housing Tax Credits ("HTCs"), and preliminary approval of a Construction Loan of \$9,600,000 for Sankofa Apartments ("the Development"), a fifty unit family rental development in Providence, RI. The developer is a joint venture between West Elmwood Housing Development Corporation and Peregrine Group LLC ("WEHDC/PG", or the "Developer").

Sankofa Apartments consists of 50 newly constructed family apartments in 11 buildings and a community building on 9 existing vacant infill lots in the West Elmwood section of Providence. The proposal envisions 3 one bedroom, 22 two bedroom, 22 three bedroom and 3 four bedroom affordable apartments, in a mix of townhouses and flats. The rents will be set such that 30 of the apartments will be affordable to households at or below 50% of AMI, with the remaining apartments affordable to households at 60% of AMI.

The West Elmwood neighborhood is one of the areas of the city hardest hit by the foreclosure crisis. Sankofa Apartments is intended to geographically expand outward from West Elmwood Housing Development Corporation's ("WEHDC") earlier developments, building on the previously-completed Westfield Lofts and Westfield Commons. Highlights will include energy-efficient buildings, environmental remediation, increased vegetation and green space. Together with the affordable housing that will be constructed, WEHDC is also integrating an urban agricultural component to include a community facility used in part for urban agricultural education and jobs training, and an urban farm. Partners include the African Alliance, the RI Food Policy Council, GroundWorks Providence and the USDA. One of the 60% apartments is intended for an income-qualified resident farm manager/tenant council representative.

Several of the targeted sites have environmental concerns. WEHDC proactively engaged an environmental consultant who assessed the contamination, and developed a Remedial Action Work Plan for abatement that has been approved by RIDEM.

As noted above, the Developer is a joint venture partnership between West Elmwood Housing Development Corporation and Peregrine Group LLC. In addition to its role as co-developer, Peregrine Group will be acting as the construction manager ("CM") for Sankofa Apartments. Peregrine Group has experience as CM on a wide variety of construction types, both residential and commercial, and including adaptive reuse, new construction, and rehabilitation. Peregrine will likely be expected to provide several of the guarantees required by the eventual syndicator.

It is expected that first mortgage financing will be provided by Eastern Bank. The bank has agreed to accommodate the borrower with a discounted spread, resulting in a 15 year term/30 year amortizing loan with a relatively low interest rate that helps the project achieve a positive cashflow through the initial tax credit compliance period.

Enterprise Community Investment and Boston Capital have provided Letters of Interest to WEHDC/PG to purchase the Housing Tax Credits for Sankofa Apartments. It is anticipated that the Developer and its consultant will engage in discussions with other syndicators and investors to ensure the highest market value for the credits. The Developer is requesting a revolving construction loan in the amount of \$9,600,000 to bridge the syndication equity through construction.

The total development cost for the project is \$12,711,478. Proposed sources of funding include: (i) a first mortgage provided by Eastern Bank; (ii) syndication equity from the sale of Housing Tax Credits; (iii) a Building Homes Rhode Island (“BHRI”) grant from the Rhode Island Housing Resources Commission; (iv) HOME funds; and (v) General Partner capital.

Ms. Ventura introduced Sharon Conard Wells, Executive Director of West Elmwood Housing Corporation, who expressed her appreciation for the Board’s consideration of their proposal.

Commissioner Cortes requested that counsel determine whether the inclusion of HUD HOME funding requires that construction for this development be done at “prevailing wage” rates.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Dimeo 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 calendar year 2014 ("the Tax Credit") and for construction financing as follows:

Applicant	Development	9% HTC	Revolving Construction Loan
WEHDC/PG	Sankofa Apartments	\$1,156,400	\$9,600,000

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; and

Whereas, Rhode Island Housing finds that:

(1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;

(4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;

(5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$1,156,400 of allocated 2014 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 and the Director of Housing Development each acting singly be, and hereby are, 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 Rhode Island Housing hereby preliminarily approves up to \$9,600,000 of Construction 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.
- Acceptable final appraisal by an independent appraiser commissioned by Rhode Island Housing demonstrating that the Sankofa Apartments first mortgage does not exceed 90% of the as-stabilized value of the property.
- Provision by WEHDC/PG of updated financial information consistent with Rhode Island Housing requirements.
- Syndication equity from the sale of Housing Tax Credits in an amount sufficient to achieve project feasibility.
- Term Sheet acceptable to Rhode Island Housing for a permanent loan in an amount and with terms sufficient to achieve project feasibility
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation.
- Approval by Rhode Island Housing staff of a final construction budget, to be consistent with comparable projects and with the Rhode Island Housing Design & Construction Guidelines.
- Approval of the proposed operating budget for the development.
- Approval from the City of Providence verifying real estate tax assessment at no more than 8% of Gross Potential Income.
- Approval of BHRI 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 all management related issues including the Marketing and Tenant Selection Plans;
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff.

Resolved, That the Executive 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 2014/2015 Tax Credits and Preliminary Commitment of Financing for Phoenix Renaissance

Ms. Ventura made this presentation. Mr. Godfrey affirmed that in accordance with an Advisory Opinion from the Ethics Commission, he did not participate in the review and recommendation of the 2014 Tax Credit proposals since Mr. Godfrey's wife is the Executive Director of SWAP, one of the applicants for funding. Commissioner DeQuattro represented the Board during the review of the proposals.

This Request for Action ("RFA") is for reservation of \$787,196 of 2014/2015 Housing Tax Credits (HTCs), preliminary commitment of a Tax Credit Assistance Program ("TCAP") loan of \$931,000 and a revolving Construction Loan of up to \$5,000,000 for Phoenix Renaissance ("the Development"), a fifty-seven unit supportive housing development in Providence, Rhode Island. The development is located in the West End of Providence and is a combination of the Linwood Court I and Linwood Court II multifamily developments, plus a number of smaller scattered site properties that had previously been owned and managed by Advent House, a Providence-based nonprofit. Omni Development Corporation (the "Developer") was the sole respondent to a Request for Proposals to redevelop the Advent House portfolio issued by Rhode Island Housing in January 2011. Since that date, the Developer and his team has worked to develop a feasible proposal to preserve the properties.

Linwood Court I, located at 102 Linwood Avenue is an existing 44 unit single room occupancy (SRO) development financed under the McKinney Vento Section 8 Moderate Rehabilitation Single Room Occupancy Program and with Housing Tax Credits. Rhode Island Housing assumed control of the development in 2010 with consent of the original owner through a deed-in-lieu of foreclosure. The development is currently being managed by Crossroads Rhode Island. Operations are stable but ongoing expenses for the development are significant with expenses annually exceeding income. Omni proposes to reduce density at the site to create 26 efficiency apartments and to provide on-site services for residents. Rehabilitation will include the reconfiguration of the building to provide private efficiency apartments with kitchenettes and baths. Linwood Court I has a Section 8 contract for the assisted SROs. The contract is administered by the Providence Housing Authority. An abutting multifamily structure which provides 2 family housing units will be rehabilitated.

Linwood Court II, located at 126 Linwood Avenue was an existing 30 unit SRO development financed under the McKinney Vento Section 8 Moderate Rehabilitation Single Room Occupancy Program and with Housing Tax Credits. In 2010, due to the then owner's inability to fulfill its responsibilities under the loan documents, Rhode Island Housing assumed day-to-day control of Linwood II as mortgagee in possession under authority of the loan documents and with the consent of the owner. Rhode Island Housing contracted with Crossroads to manage and provide services at the site. In 2011, Rhode Island Housing staff conducted an extensive inspection of the property. Staff discovered that the roof had failed in several areas and the structural soundness of the building was in question. As a result of these conditions, Rhode Island Housing determined that the site was no longer fit for occupancy and relocated residents to Linwood Court I. Following the relocation, the building was demolished. Omni proposes to construct 6 townhouses for families on the site.

Linwood Court II had an underlying Section 8 contract for the SROs. The contract was administered by Rhode Island Housing. In September 2012, Rhode Island Housing requested that HUD approve tenant voucher budget authority equal to the 30 unit SRO contract. HUD did not approve the tenant voucher budget authority request. Therefore, Omni will pursue other subsidy to provide rental assistance for the residents of the newly constructed apartments. The current model assumes the residents will pay the 50% Tax Credit rent.

The Advent scattered sites provide 19 service enriched family apartments in and around the Linwood I and II developments on Waverly Street, Linwood Avenue, Cranston Street and Updike Street. The properties, which include 7 buildings on 6 sites, provide 2, 3 and 4 bedroom apartments developed under the McKinney Vento Supportive Housing Program (SHP) with capital subsidies also provided through the HOME and Neighborhood Opportunities Programs. The scattered sites are in average condition. All buildings require interior upgrades and exterior improvements – major systems will be evaluated. All of the apartments are assisted with SHP operating and service funding. In August 2012, the present owner agreed to transfer the scattered sites and underlying SHP contracts and restrictions to Omni Development Corporation. In the interim, Crossroads is acting as property manager and is providing services to the residents.

A foreclosed property originally acquired by the Neighborhood Stabilization Program (NSP) land bank and purchased by Omni Development Corporation will also be included in the Development. The property located at Burnett Street is a prominent site which had a large structure that has been vacant for several years. Omni has demolished the building and will reconstruct 2 large family apartments with green space and parking on site. An additional 4 townhouses will be constructed on a vacant lot located on Althea Street.

The Development will serve individuals and families at risk of homelessness. Omni has engaged Peabody Resident Services, Inc. to manage the Development. Peabody will employ an on-site resident services coordinator to oversight case management and coordinate services and programs in partnership with the Providence Center and other community based organizations. A management office and community space will be located at the Linwood I site.

The primary sources of financing for the transaction will be (i) Rhode Island Housing HOME funds, (ii) equity from the sale of 9% tax credits, (iii) an Affordable Housing Program grant through the Federal Home Loan Bank of Boston, (iv) Neighborhood Stabilization Program funding, (iv) Building Homes Rhode Island funding, (v) a Tax Credit Assistance Program loan and (vi) a revolving construction loan from Rhode Island Housing, which will be repaid from the previously identified permanent funding. The Development will carry no amortizing debt.

Ms. Ventura recognized Joseph Caffey, Executive Director of Omni Development who was present to answer questions from the board.

Upon a motion made by Commissioner Monteiro and seconded by Commissioner Dimeo 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”) issued a Request for Proposals (“RFP”) seeking a developer to undertake the redevelopment of Linwood Court I and Linwood Court II; and

Whereas, Omni Development Corporation was the sole respondent to the RFP to redevelop Linwood Court I and Linwood Court II; and

Whereas, staff has completed an evaluation of the proposal submitted for the redevelopment of Linwood Court I and Linwood Court II; and

Whereas, staff has determined that Omni Development Corporation has the experience and capacity to redevelop Linwood Court I and Linwood Court II; and

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 2014 and 2015 and for financing as follows:

Applicant	Development	9% HTC	TCAP Loan	Revolving Construction Loan
Omni Development Corporation	Phoenix Renaissance	\$787,196	\$931,000	\$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; and

Whereas, Rhode Island Housing finds that:

(1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;

(4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;

(5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That Rhode Island Housing does hereby approve Omni Development Corporation, or its assignee as the designated development entity for the redevelopment of Linwood Court I and Linwood Court II.

Resolved, That Rhode Island Housing retains the authority to select another developer if it determines, in its sole and absolute discretion, that Omni Development Corporation, is unable to meet the conditions set forth herein.

Resolved, That \$787,196 of allocated 2014/2015 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 Director of Housing Development 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 Rhode Island Housing hereby preliminarily approves up to \$931,000 in a Tax Credit Assistance Program loan to Omni Development Corporation or an affiliated partnership (the “Borrower”).

Resolved, That Rhode Island Housing hereby preliminarily approves up to \$5,000,000 of Construction 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.
- Syndication equity from the sale of Housing Tax Credits in amounts sufficient to achieve project feasibility.
- Approval by Rhode Island Housing of the final Limited Partnership Agreement.
- Availability of HOME, Neighborhood Stabilization Program, AHP and Building Homes Rhode Island 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 all management related issues.
- Approval of the proposed operating budget for the development.
- Approval from the City of Providence verifying real estate tax assessment at no more than 8% of Gross Potential Income in a form satisfactory to Rhode Island Housing in its sole discretion.
- Final approval by Rhode Island Housing of construction plans and specifications and construction documentation.
- Approval of a relocation plan for any existing residents at the development.
- Approval of a resident services plan for all households at the development.
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff and sponsor.
- 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 and Director of Development, each acting singly, shall take any and all actions they deem necessary to carry out the forgoing Resolutions.

Approval of Preliminary Commitment of Financing for Chatham Village Apartments

Mr. Godfrey presented this request.

This Request for Action (“RFA”) is for preliminary approval of preservation financing for Chatham Village (the “Development”), an existing family housing development previously financed with housing tax credits from Rhode Island Housing and a HUD mortgage. Providence Realty Investors will serve as developer (the “Developer”).

Chatham Village is a Project Based Section 8 development with 40 apartments located on Chatham Street in Providence. The apartments are comprised of 10 one-bedroom, 18 two-bedroom and 24 three-bedroom flats. The apartments are located in two, two-story buildings on opposite sides of Chatham Street. The properties were originally built in 1972. In 1998, the property was re-financed and moderately rehabilitated with low income housing tax credits. Rhode Island Housing provided tax credits but was not the lender on the transaction. Section 8 rental assistance is provided through a Housing Assistance Payment (“HAP”) contract. The existing HAP contract for this site expires in February 2030.

The property is at the end of its initial compliance period and the current owner has put the project up for sale through the broker Marcus & Millcap. The Developer was the successful bidder and has negotiated a purchase and sales contract with the current owner. The purchase and sales contract has benchmarks for due diligence, financing commitment and closing. The Developer is working diligently to meet the agreed upon schedule.

Chatham Village RIH, LLC, (“Chatham Village RIH”) a to-be-formed Rhode Island limited liability corporation, will purchase the property from the existing owner. The new managing general partner will be formed as a wholly owned affiliate of the Developer. The proposed transaction will enable Chatham Village RIH to acquire the property, extend the property’s affordability restrictions, and complete approximately \$600,000 in improvements.

The Developer will undertake approximately \$15,000 per unit of rehabilitation. A Capital Needs Assessment was completed to evaluate the physical condition of the property and is under review with Design and Construction staff and the Developer to determine the final rehabilitation scope. The improvements currently under consideration include new roofs and siding and interior work to include high-efficiency furnaces, apartment improvements, bathroom upgrades, and potential fire code upgrades. The developer will develop a full set of plans and specifications and intends to bid the construction contract. In addition, the Developer has had National Grid conduct an energy audit on the property. National Grid will provide up to \$60,000 in incentives and rebates for efficiency upgrades in electricity, lighting, refrigerators, and attic and crawl space insulation that will be built into the scope of work. The Developer is currently waiting for the Phase I environmental report, asbestos and lead reports to be completed. Any required remediation will be included in the scope of work. The new owner will establish a reserve to cover the costs of necessary upgrades and improvements forecasted in future years.

The primary sources of financing for this transaction will be a tax-exempt bond funded mortgage and tax credit syndication. The permanent debt will be supported by the lower of HAP or market rents as determined by a Rhode Island Housing commissioned appraisal.

The developer is seeking syndication bids from third party syndicators but recognizes that this is a small transaction with limited appeal. The developer is considering self-syndicating this transaction through the direct acquisition of tax credits. If the developer elects to self-syndicate, Rhode Island Housing will require the terms and conditions of this equity investment to be outlined in a Letter of Intent (“LOI”) which will include capital contributions, general partner and guarantor obligations, distribution of cashflow and other terms typically included in an LOI from an arm’s length investor. The investment, yield and internal rate of return must be consistent with the current tax syndication market.

Upon a motion made by Commissioner Dimeo and seconded by Commissioner Feisthamel 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 thirty five (35) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve and provide the capitalized interest if determined to be necessary;

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

Development	Applicant	Permanent Loan
Chatham Village	Providence Realty Investment, LLC	\$2,785,000

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

Whereas, Rhode Island Housing finds that:

- (1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;
- (2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;
- (3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;
- (4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;
- (5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That Rhode Island Housing hereby declares preliminary approval for tax exempt mortgage financing in an amount of \$2,785,000 to Providence Realty Investment or an affiliated partnership (the “Borrower”) for the construction of Chatham Village (hereinafter the “Development”) to be located on Chatham Street in Providence, Rhode Island.

Resolved, That Rhode Island Housing hereby declares that this preliminary approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing and evidences Rhode Island Housing’s intention to issue tax-exempt bonds sufficient to provide \$2,785,000 of mortgage funds for construction of the Development, plus any required bond reserve funds and the related costs of issuing the bonds for the Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

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

- Acceptable appraisal by an independent appraiser demonstrating that the first mortgage does not exceed 90% of the as-stabilized value of the property.
- Completion of a Phase I environmental assessment and any such other environmental studies deemed necessary by Rhode Island Housing.
- Approval by Rhode Island Housing of development team members.
- Final approval of the new operating budget.
- 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.
- A Syndication Letter of Intent acceptable to Rhode Island Housing outlining all required equity investment conditions required by the by syndicator.
- Syndication equity from the sale of housing tax credits in an amounts sufficient to insure the development's feasibility.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved, That the Executive 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 Extension of Master Construction Loan for SWAP

In accordance with an Advisory Opinion from the Ethics Commission, Mr. Godfrey did not participate in the review and recommendation of this proposal since Mr. Godfrey's wife is the Executive Director of SWAP and requested that Ms. Ventura give this presentation.

Ms. Ventura made this presentation.

This Request for Action is for authorization to extend the revolving construction loan for SWAP, Inc. ("SWAP") for a four-year term to support the development of new homes and the rehabilitation of existing structures in South Providence and surrounding neighborhoods of Providence.

On April 16, 2009 the Board of Commissioners approved a \$2,000,000 revolving construction loan for SWAP. This loan was the fourth such loan approved by Rhode Island Housing. Over the past 15 years, this loan program and its predecessor, the Demonstration Home Development and Homeownership Loan Program, has allowed SWAP to finance the construction and permanent financing of over 100 homes in South Providence that have been or will be sold to first time homebuyers. SWAP uses a combination of construction financing and City of Providence HOME funds or similar subsidy funds to make the homes affordable for first time homebuyers.

SWAP has identified properties sufficient to construct a planned 17 new homes containing 21 units over the next thirty-six months, and anticipates significant additional development in the successive two years as new opportunities present themselves. All of these homes will be sold to first time homebuyers and we expect that most of these buyers will obtain permanent financing through Rhode Island Housing's First Homes Programs.

Borrowing authority under SWAP's current two-year loan expires in April 2014, with the existing loans maturing in October 2014. Given SWAP's past success, the Development Division is recommending that the existing loan be extended to fund SWAP's homeownership development projects for four years at the current maximum outstanding loan amount of \$2,000,000 and under the same terms and conditions as in the current loan, except as set forth below. Under the new agreement, SWAP will be able to develop up to 14 homes and condominiums at any time; 7 homes must be pre-sold to qualified buyers. SWAP will have the option of paying interest monthly on the outstanding principal balance or allowing interest to accrue on each individual loan taken out under the facility, to be repaid at unit sale. The interest rate on each individual mortgage will depend on whether interest is paid currently or allowed to accrue.

SWAP's authority to borrow under the revised agreement will expire in 48 months. There will be no increase in the overall borrowing limit amount but SWAP will be permitted two additional units of borrowing authority under the proposed new loan, in recognition that the housing market has stabilized somewhat during the past year.

As with the previous loan facilities, the Homeownership Division will pre-qualify applicants who have entered into purchase and sales agreements to purchase these homes. The homes will be sold to first time low and moderate-income homebuyers with incomes at or below 80% of median income. A provision will be made to allow for the sale of homes to buyers with incomes at or below 115% of median if no HOME funds are used and an appraisal supports the higher loan and sales price.

The rate for each individual construction loan will be set at the time of loan closing. For loans in which interest is paid monthly, the interest rate for each mortgage under the Revolving Construction Loan will be set at the one-month LIBOR plus 3%, with an initial rate floor of 4.00% and cap of 7.00%. For loans where interest will accrue, the Rhode Island Housing spread will increase to one-month LIBOR plus 3.5%, with an initial rate floor of 4.50% and cap of 7.50%. New floors and caps for both types of loans will be established on January 1st annually hereafter.

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

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

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

Whereas, The Corporation is authorized to provide permanent financing with assistance, as applicable, to homebuyers;

Whereas, Stop Wasting Abandoned Properties, Inc. (“SWAP”) has presented an application to the Corporation requesting a revolving line of credit to construct residential housing as set forth in this Request for Action; and

Whereas, Rhode Island Housing staff has reviewed the submission, will inspect the sites and will determine that these developments may qualify for financing under the Corporation’s enabling legislation, regulations, guidelines and policies; and

Whereas, Rhode Island Housing finds that:

(1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;

(4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;

(5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That the Corporation be and hereby is authorized to extend the current Loan Agreement for 48 months structured generally in accordance with the description contained herein, with such changes as the Chairman of the Board of Commissioners or his/her designee or the Director of Development may, in their sole discretion determine to be necessary or advisable.

Resolved, That the Chairman of the Board of Commissioners or his/her designee, or the Directors of Housing Development and Homeownership, each acting singly, be and hereby is authorized, empowered and directed to take any and all action to execute, file and deliver any contract, agreement or other instrument as each in his/her sole discretion shall deem necessary or advisable in connection with this loan.

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

1. Execution of an amendment to the current Master Loan Agreement by SWAP satisfactory to Rhode Island Housing.
2. Submission of all construction contracts, plans and specifications, marketing plans, construction budgets, schedule of payments, lien releases, gap HOME funds or equivalent financing, home buyers applications and other documentation necessary for loan funding and construction loan and end loan approval.
3. Rhode Island Housing Homeownership Division approval of end loans for homebuyers.

Approval of Thresholds Program Awards Funding

Mr. Godfrey gave this presentation.

Since September 1994, Rhode Island Housing has administered the Thresholds Program under agreement with the Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH). 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. The State of Rhode Island FY 2014 budget authorizes \$1,000,000 for distribution under the Thresholds Program. Governor Chafee has proposed a new appropriation of \$1.295 million in his 2015 budget request to the General Assembly.

In response to a Request for Proposals for Thresholds funding, six (6) applications were received on January 15, 2014. The Thresholds Advisory Committee met on January 31, 2014 to review the applications and recommended funding the six (6) applications. The Thresholds Advisory Committee determined that (1) the recommended awards totaling \$997,814 would

enable Thresholds to meet its goal of supplying housing linked to supportive services from a mental health or developmental disability agency and (2) the size of the awards were justified and sufficient. A summary of the recommendations of the Advisory Committee is included as Attachment A.

With the approval of these proposals, 99% of FY 2014 Thresholds Program funds will be committed. These recommendations increase the commitment of Thresholds since 1994 to over \$15.6 million, funding 417 Thresholds units.

The Board is requested to authorize Rhode Island Housing to make Thresholds awards totaling \$997,814.

Upon a motion made by Commissioner Costantino and seconded by Commissioner Cortés 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 Program funds and;

WHEREAS, The applicants listed in Attachment A have submitted applications which meet the requirements of the Thresholds Program and;

WHEREAS, The Thresholds Advisory Committee and BHDDH have reviewed each of the eligible applications submitted and the Advisory Committee has recommended that Thresholds Program funds be committed to the proposals listed in Attachment A.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and it hereby is authorized, to commit \$997,814 in Thresholds Program funds, as set forth in Attachment A, and approved by BHDDH.

RESOLVED: That the Executive 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.

Executive session pursuant to RI Gen Laws 42-46-5(a)(2)

for the purpose of discussing the litigation matter captioned Gayle Corrigan v. Rhode Island Housing and Mortgage Finance Corporation and Richard H. Godfrey, Jr., C.A. No. 14-54-S (U.S. Dist. Ct.) with outside legal counsel.

Chairman DeRentis called for a closed session at 9:16 a.m. pursuant to R.I.G.L. Section 42-46-5 (a) (2) to discuss litigation matters.

Upon a roll call vote each of the commissioners voted in favor of the motion for closed session.

The closed session ended at approximately 10:10 a.m. and Chairman DeRentis reconvened the Board in open session. Chairman DeRentis noted that deliberations were taken in closed session on an action to indemnify Mr. Godfrey. Chairman DeRentis announced in Open Session that the Commissioners voted unanimously to indemnify Mr. Godfrey in the Gayle Corrigan v. Rhode Island Housing and Mortgage Finance Corporation and Richard H. Godfrey, Jr., C.A. No. 14-54-S litigation matter. A motion to seal the minutes of the closed session was duly made by Commissioner Feisthamel and seconded by Commissioner Costantino, which was unanimously adopted by the Commissioners.

There being no further business to discuss, the open meeting was adjourned at approximately 10:20 a.m.

Respectfully submitted,

Richard Godfrey
Secretary and Executive Director