

**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 19, 2015 at 9:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were Chairman Andrew L. Cortés (arrived at 9:44); Michael DiBiase, Director of Business Administration (arrived at 9:36); Macky McCleary, Director of Business Regulations; Seth Magaziner, General Treasurer; James DeRentis; and Stephen P. McAllister. Joe Monteiro was absent.

Also in attendance were: Barbara Fields, Acting Executive Director; Carol Ventura, Deputy Director; Gayle Corrigan, Deputy Director; Kara Lachapelle, Director of Finance; Leslie McKnight, Director of Servicing; Carlos Hernandez, Director of Resident Services; Peter Walsh, Director of Homeownership and Customer Service; Paige Bronk, Director of Development; 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.

Commissioner DeRentis announced that at the Governor's request, Chairman Cortés was presenting at a Workforce seminar and was running late; therefore, the Chair has requested Mr. DeRentis chair the meeting until Mr. Cortés arrives.

Acting Chair DeRentis called the meeting to order at approximately 8:30 a.m. and noted that a quorum was present.

**Approval of Minutes of Board Meeting Held on January 29, 2015**

Upon a motion made by Commissioner McAllister and seconded by Commissioner Magaziner, the following was unanimously approved:

VOTED: That the Minutes of the Board Meeting held on January 29, 2015 hereby are approved.

**Chairman's Report**

Acting Chair DeRentis introduced and congratulated Macky McCleary on his appointment to Director of Business Regulations and welcomed him to Rhode Island Housing's Board of Commissioners.

## Committee Reports

Commissioner DeRentis stated that Chairman Cortés would report on the Management, Budget and Human Resources Committee held on February 9, 2015 upon his arrival.

## Executive Director's Review of Recent Activities and Trends

Ms. Fields referred the Commissioners to her written report and commented on a few topics of importance.

Ms. Fields noted that in just over a month as acting Executive Director, she has met with each of the members of Rhode Island Housing's Executive team, as well as with several members of the Board of Commissioners. Ms. Fields has also held one full staff meeting and attended several division meetings. In reviewing Rhode Island Housing's programs and financial reports, she found that one factor stands out: Rhode Island Housing plays a critical and significant role in providing housing solutions for Rhode Islanders, and its investments contribute significantly to the economic health of State.

Ms. Fields noted that Rhode Island Housing's Homeownership Division continues to grow and outperform expectations. Participating Lenders were responsible for 55% of the business, compared to 18% the previous year. Overall lender volume went from \$13m in 2013 to \$72m in 2014, **an 82% increase in volume**. This increase is due to many factors, including staff realignment, better pricing for lenders, streamlining underwriting requirements, and a demonstrated ability to close loans within industry standard time periods. In addition, new products were introduced during the year, such as the 203k streamline mortgage. Finally, the launching of the *FirstHomes Tax Credit* program helped bring additional business to Rhode Island Housing.

Continuing the upward trend, the volume through the Loan Center also increased. Closings went from \$58 million in 2013 to \$60 million during 2014. This trend continues, with production through the end of January 2015 running ahead of the same period a year ago by 178%. January 2015 closings totaled \$13 million (88 loans) compared to January 2014 \$4.9 million (34 loans).

Ms. Fields noted that the First Homes Tax Credit Program continues to be extremely successful. At year-end, 827 homebuyers were registered to receive a tax credit along with their new first mortgage. During 2014, 522 tax credit certificates were issued to new homeowners, entitling these families to receive a credit of 20% of interest paid on an annual basis up to \$2,000.

Commissioner DiBiase arrived at this point at 9:36 a.m.

Rhode Island Housing also saw a reduction of 90+ day delinquencies in its portfolio by 20% as of year-end 2014 compared to year-end 2013. These reductions mean that Rhode Island Housing is keeping more in their homes while significantly increasing cash flow.

Ms. Fields noted that foreclosure numbers continue to run well below that of the RIMBA statistics primarily because of the commitment to loss mitigation strategies, making every effort to keep homeowners in their homes if possible or assisting in disposition options such as short sale or deed-in-lieu.

The Housing Choice Voucher (HCVP) waitlist opened earlier this month for the first time in more than 10 years. The weeklong opening focused exclusively on homeless families and individuals and resulted in 4,893 applications. Vouchers distributed through the program will provide homes for many individuals and families currently residing in shelters and will free up space within the housing assistance system for those in need of more intensive support and services. Providers across the state worked with the homeless families and individuals to ensure that those who were eligible applied for assistance. Ms. Fields congratulated Mr. Hernandez and his staff on the efficient process. She appreciated that preparation was the key to its success. Rhode Island Housing is also collaborating with the Providence Housing Authority to coordinate a joint opening of our HCVP waiting lists to a broader population by the end of this year.

Staff has been working with the Rhode Island Office of Management & Budget to review FY 2012 drawdown requests for the Continuum of Care program. HUD approved the final drawdowns this week and we are proposing Board action today for grants to FY12 grantees. FY2013 reviews will start immediately and Ms. Fields anticipate completion of these reviews by the April Board meeting. In late January, HUD announced the FY2014 grant. Rhode Island received \$5.2 million to support 41 programs that provide permanent supportive housing for the homeless.

Ms. Fields noted that Rhode Island Housing issued an RFP soliciting proposals to purchase, renovate and operate the property located at 85 Slater Street, Pawtucket. Previously used by the Urban League of Rhode Island for its Safe Haven program (supportive housing for homeless and disabled individuals), the building has been vacant since residents were relocated last summer. Three proposals were received by the deadline. A review committee is evaluating the submittals based upon the criteria identified in the RFP. A recommendation will be made to the Board during the spring of 2015.

Ms. Fields informed the Board that in the first 9% Low Income Housing Tax Credit (LIHTC) round using the revised scoring system, the Agency received nine proposals for 2015 tax credits. Total credits available for this round is approximately \$2,802,310, which includes 2014 carryover. Applications will be evaluated under the Housing Tax Credit Priorities set forth in the QAP. Board action is anticipated during the spring of 2015. Ms. Fields thanked Commissioner McAllister for his participation in reviewing the proposals.

Chairman Cortés arrived his point of the meeting at 9:44 am.

The Director noted that the Rhode Island Coalition for the Homeless (RICH) would release their annual homeless report and their second annual report card on progress in implementing Opening Doors RI, later that morning. The report displays that the State is heading in the right

direction in eliminating homelessness. The number of homeless in the state declined by almost 9% from 2013 to 2014 -with drops in all categories. This is the second year that the number of homeless Rhode Islanders has declined. RICH's report card reflects that giving the State an overall grade of B an improvement from C+ last year.

Finally, Ms. Fields mentioned that she is actively working with the Governor's Commerce Director, Stefan Pryor, and his team and looks forward to a successful partnership between the agencies.

Chairman Cortés thanked Ms. Fields for the detailed report. The Chairman apologized for his lateness and delay but it was unavoidable. Therefore, he skipped the Chair's report and moved directly to the Committee Reports.

### **Committee Reports**

Chairman Cortés reported that the Management, Budget and HR Committee of Rhode Island Housing (the "Committee") convened at the offices of the Corporation on February 9, 2015 at 3:00 pm. The Chairman presented the minutes of the meeting and provided an overview of the process for the engagement of an executive director.

Upon a motion made by Commissioner DeRentis and seconded by Commissioner Magaziner, the Management, Budget and Human Resources Committee report was unanimously adopted as presented.

### **Approval of Charitable Donations and Contributions**

Ms. Fields made this presentation.

This Request for Action is for approval and ratification of Charitable Donations and Contribution of Rhode Island Housing pursuant to the Quasi-Public Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws (the "Act").

Rhode Island Housing is a public corporation of the State of Rhode Island. In carrying out its statutorily defined public purposes, Rhode Island Housing collaborates with a number of organizations that share and advance its mission.

In some instances, Rhode Island Housing is asked to financially support programs and activities of organizations engaged in activities that are consistent with and further our public purposes. We are often invited by our community partners to attend or gain recognition at community events, such as annual meetings or fundraisers, where our organizational presence is necessary or desirable.

At its meeting of December 11, 2014, the Board adopted the Handbook of Policies and Procedures to Ensure Accountability (the "Handbook") pursuant to the Act. Section C of the Handbook sets forth Rhode Island Housing's policy on charitable and civic donation. This

Section provides that, consistent with the Act, all Charitable Donations and Contributions must be approved or ratified by the full Board at an open meeting.

Attachment A sets forth the events for the months of January and February for which Rhode Island Housing has or will make a Charitable Donation or Contribution. This Attachment identifies the recipient of the expenditure, the amount of the expenditure, the nature of the event, each Board member or employee who will receive any benefit from the expenditure and the general ledger account number where the expenditure will be recorded in Rhode Island Housing's accounting system. None of these expenditures requires any disclosure under the Rhode Island Code of Ethics.

Rhode Island Housing's support of the work of The Housing Network and the Providence Chamber of Commerce further our corporate purposes encouraging and stimulate development of housing to alleviate the shortage of safe and sanitary residential housing for low- and moderate-income persons as set forth in R.I.G.L. §42-55-2(a). The members of The Housing Network are non-profit organizations directly engaged in the development of such housing and members of the Providence Chamber of Commerce are involved in various aspects of housing development and are influential in influencing state policy affecting Rhode Island Housing's mission.

Upon a motion made by Commissioner McCleary and seconded by Commissioner DiBiase, the following resolution was unanimously adopted.

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

**Whereas,** the legislative findings set forth in Rhode Island Housing's enabling act (R.I.G.L. §42-55-2(a)) provide that the serious shortage of safe and sanitary residential housing leads to environmental decline, depreciated value, reduced tax-paying capacity and impaired investment in the communities of the state; and

**Whereas,** Rhode Island Housing is authorized by statute to take action to encourage new housing in an orderly and sustained manner and to encourage and stimulate the construction of such housing through public financial support; and

**Whereas,** the organizations set forth in Attachment A presented at this meeting have asked Rhode Island Housing to provide financial support of their activities as described in Attachment A; and

**Whereas,** these organizations play an important role in the development of affordable homes for low and moderate income families and individuals and in influencing state policy that impact Rhode Island Housing's mission; and

**Whereas,** Rhode Island Housing staff has reviewed the requests for financial support and determined that it is consistent with Rhode Island Housing's legislative purposes; and

**Whereas,** Attachment A sets forth the information required by the Quasi-Public Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** that the expenditures set forth in Attachment A are consistent with and in furtherance of the mission of Rhode Island Housing.

**Resolved,** the expenditures set forth in Attachment A are hereby approved and ratified.

**Resolved,** That the Executive Director and any Deputy Director, each acting singly, are hereby authorized and directed to take any and all actions they deem necessary and appropriate to carry out the forgoing Resolutions.

**Authorization to Repeal Regulations Governing the Capital Fund Grants for Emergency Shelters**

Ms. Fields invited Mr. Milito, Deputy Assistant Director to give this presentation.

The Rules and Regulations of the Corporation Governing Capital Fund Grants for Emergency Shelters (hereinafter, the “Rule”) were adopted by Rhode Island Housing in 2001. The Rule was originally intended to describe a grant program, through which Rhode Island Housing would provide direct grants to eligible homeless shelters for capital improvements, the purchase of capital equipment, and other related uses. In recent years, due to funding and other practical concerns, the program ceased to operate. In 2014, however, Rhode Island Housing revived and reorganized the grant program in the form of the Homeless Facility Improvement and Operating Deficit Fund Program, and adopted new regulations for the new program’s administration. Those new regulations took effect in June 2014, following Board approval. As a result, the original Rule was rendered obsolete.

Through this Request for Action, Staff seeks Board approval to initiate the repeal of the Rule to eliminate any actual or perceived overlap or duplication among Rhode Island Housing has published regulations.

Upon a motion made by Commissioner DeRentis and seconded by Commissioner McAllister, the following resolution was unanimously adopted.

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

**WHEREAS:** Rhode Island Housing adopted the Rules and Regulations of the Corporation Governing Capital Fund Grants for Emergency Shelters (hereinafter, the “Rule”) in 2001; and

WHEREAS: The Rule is now obsolete by virtue of the reorganization of the subject grant program and the adoption of replacement regulations, which became effective June 2014; and

WHEREAS: Staff recommends the repeal of the Rule so as to avoid overlap or duplication, or any appearance thereof, among agency regulations;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing is authorized to publish for public comment the attached Public Notice of Proposed Rulemaking together with the Concise Summary of Proposed Non-Technical Amendments, each substantially in the form presented, in accordance with the State of Rhode Island Administrative Procedures Act; and

RESOLVED: That the Acting Executive Director and each Deputy Director, each acting singly, be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.

**Authorization to Repeal Regulations Governing the Cooperative Housing Demonstration Program**

Mr. Milito, Deputy Assistant Director made this presentation.

The Rules and Regulations of the Corporation Applicable to the Cooperative Housing Demonstration Program (hereinafter, the “Rule”) were adopted by Rhode Island Housing in the 1990s. The Rule was originally intended to describe a pilot program for providing financial assistance to limited equity cooperative housing sponsors and their members. Since then, Rhode Island Housing has chosen to pursue its objectives through other financing initiatives, and has not operated the subject program in more than ten years. Furthermore, there are no plans to reinstate the program in the future. As a result, the Rule has become functionally obsolete.

Through this Request for Action, Staff seeks Board approval to initiate the repeal of the Rule to eliminate any actual or perceived obsolescence among Rhode Island Housing’s published regulations.

Upon a motion made by Commissioner McCleary and seconded by Commissioner McAllister, the following resolution was unanimously adopted.

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

WHEREAS: Rhode Island Housing adopted the Rules and Regulations of the Corporation Applicable to the Cooperative Housing Demonstration Program (hereinafter, the “Rule”) in the 1990s; and

WHEREAS: The Rule is now obsolete by virtue of the cessation of the subject financing program more than ten years ago; and

WHEREAS: Staff recommends the repeal of the Rule so as to avoid obsolescence, or any appearance thereof, among agency regulations;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing is authorized to publish for public comment the attached Public Notice of Proposed Rulemaking together with the Concise Summary of Proposed Non-Technical Amendments, each substantially in the form presented, in accordance with the State of Rhode Island Administrative Procedures Act; and

RESOLVED: That the Acting Executive Director and each Deputy Director, each acting singly, be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.

#### **Approval of Transfer of Physical Assets (TPA) for Providence Tanner Apartments**

Ms. Fields asked Carol Ventura, Deputy Director to present this request.

Providence Tanner (the “Development”) is an affordable family housing development located on Providence, Pearl, Tanner and Somerset Streets in the Southside of Providence. The Development was originally constructed in 1997 under the housing tax credit program (“HTC”) and utilized financing from Rhode Island Housing. The Development contains 27 apartments in eleven (11) buildings. All 27 apartments are affordable under the tax credit program.

The owner of the Development is Providence Tanner Associates Limited Partnership. The current general partner is Providence Tanner, Inc., a Rhode Island Corporation that holds a .01% interest in the partnership. Stop Wasting Abandoned Property, Inc. (“SWAP”) is the sole shareholder of Providence Tanner, Inc. The current investor limited partner in the Development is National Equity Fund 1995 LP (“NEF”), which holds a 99.99% limited partner interest.

The initial compliance period for the Development expired in 2012/2013. Accordingly, the financial benefits of the tax credits and depreciation losses have been substantially realized by the original tax credit investor. The general partner of the development is an affiliate of SWAP. SWAP has requested Rhode Island Housing’s approval of the transfer of the limited partner interest to a to-be-formed SWAP affiliate entity.

This request for approval of transfer involves the withdrawal of NEF as the original investor limited partner and transfer of NEF’s LP interest to a new entity that will be wholly owned by an affiliate of SWAP.

SWAP and staff from Rhode Island Housing's Development and Loan Servicing Divisions began meeting in 2012 to discuss potential post year 15 operations for the Development. Operating expenses have outpaced growth and the physical condition of the development is beginning to deteriorate. The original plan was to re-syndicate the development as a stand-alone deal using tax-exempt bonds and 4% housing tax credits. However, the lack of gap funding has rendered that option infeasible, at least in the near term. SWAP's goal for the TPA is to obtain control of the Development and subsequently refinance and/or rehabilitate the Development in order to stabilize operations, address current capital needs and ensure that they are able to continue to provide safe, decent affordable housing.

In 2013, SWAP took steps to stabilize the financial operations of the site through management changes, working with the management company to develop a more efficient plan for unit turnovers. In 2014, SWAP received a Capital Improvement Program ("CIP") loan to address immediate health and safety issues. The CIP loan will be used to return four apartments, which have been off-line, back into rentable condition. In addition, SWAP has included the Development as part of its most recent application for 2015 Housing Tax Credits.

The Loan Servicing and Development Divisions have jointly reviewed this request under the Rules and Regulations Governing Proposed Prepayments or Transfers and have determined that the proposed transaction complies with these requirements. The Development does have some outstanding capital improvement needs and as mentioned is struggling financially. However, SWAP has been managing the property prudently given the constraints and has been able to address the most significant issues. It is in the best interest of the Development for SWAP to control 100% of the Development as it determines how best to refinance and rehabilitate the property for the long term. The management team for the property will remain unchanged.

Ms. Fields introduced Marilyn Carlson of SWAP who was present and available to answer questions from the Commissioners.

Ms. Fields recognized Jeanne Cola, Executive Director of LISC who is a subsidiary of NEF and instrumental in the original development of this project.

Upon a motion made by Commissioner DeRentis and seconded by Commissioner McCleary, the following resolution was unanimously adopted.

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

RESOLVED: That the transfer of the limited partner interest in Providence Tanner Associates Limited Partnership held by National Equity Fund 1995 LP, to a to-be formed affiliate of Stop Wasting Abandoned Property, Inc. ("SWAP"), be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by the Corporation of all application materials required in Phases 2 and 3 of the Regulations Governing Proposed Prepayments and Transfers,

with the exception of such requirements as may be waived or modified by the Chairman of the Board of Commissioners, consistent with the nature of this transaction and the protection of the interests of the Corporation.

2. Forgiveness of the outstanding debt from NEF to Providence Tanner Associates Limited Partnership having a current principal balance of approximately \$46,500;
3. Satisfaction of any additional requirements that the Acting Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to the Development.

RESOLVED: That the Acting Executive Director, and any Deputy Director, each acting singly, be and hereby is authorized to execute and deliver on behalf of the Corporation all documents necessary or advisable to consummate such transfer and to take such further actions as he or she shall deem necessary of advisable in connection therewith.

### **Approval of Selection of Lender Legal Services for MAP Originated Loans**

Mr. Milito made this presentation.

This Request for Action (“RFA”) seeks approval to engage a qualified legal firms to provide legal services to Rhode Island Housing in our role as an approved HUD Multifamily Accelerated Processing (“MAP”) lender to support the agency’s lending activities under various HUD/FHA loan programs.

Rhode Island Housing has been approved by HUD to perform as a MAP Lender. This approval allows Rhode Island Housing to originate loans under a variety of HUD multi-family financing programs on an expedited basis. However, HUD’s documentation and closing process associated with these loans is very prescriptive. Since Rhode Island Housing does not have experience under the MAP process, staff determined that we should initially work with a firm that is very well versed in HUD’s methods and documentation requirements. In providing these legal services, the firms must conform to the requirements (and use the required forms) set forth in the HUD MAP Guide and all applicable HUD Notices.

A Request for Proposals (“RFP”) was posted on both the Rhode Island Housing and State’s Division of Purchasing websites. Notice of the RFP was also provided to several law firms known to be active in the HUD MAP program as lender and borrower counsel, as well as our current corporate and real estate legal firms.

Three firms responded to the RFP.

Pepper Hamilton LLP  
Reno & Cavanaugh, PLLC  
John A. Pagliarini

Philadelphia, PA  
Washington, DC  
Tiverton, RI

Pepper Hamilton is a large, multi-practice law firm with more than 500 attorneys and with an affordable housing practice group. Reno is a mid-sized firm with about 30 attorneys focusing on affordable housing and community economic development. The Pagliarini firm primarily focuses on tax appeals and real estate development.

An RFP Review Committee, comprised of Rhode Island Housing staff from the Development and Legal Division, reviewed the proposals in accordance with the following evaluation and selection criteria:

- Qualifications
- Professional experience including experience with HUD and other MAP lenders
- Review of client list
- Fee structure
- Loan production procedures and ability to meet timelines
- The adequacy and effectiveness of the firm's affirmative action program
- Other pertinent information submitted

Because Rhode Island Housing is new to the MAP process and HUD/MAP requirements are demanding, previous experience in closing MAP loans was weighted most heavily. Each of the two national firms has a business unit dedicated to commercial real estate as well as affordable housing and community development financing. Both firms have considerable experience working with FHA, Fannie Mae and Freddie Mac multifamily lenders. Pepper has closed 500 MAP transactions in the past 3 years and Reno has handled more than 250 transactions during that time. The Pagliarini firm has handled one MAP transaction, representing the borrower and not the lender.

The Committee determined that the Pagliarini firm does not have sufficient experience in representing MAP lenders to support our lending activities at this time. While both the two national firms have completed significant numbers of MAP transaction over the past 3 years, Reno was the only respondent that proposed a fixed fee for legal services. Pepper in contrast proposed a discounted fee schedule of \$446 and \$509 per hour for attorneys expected to work on the engagement, and \$144 - \$189 per hour for project managers and legal assistants.

The Committee felt that the fixed fee arrangement proposed by Reno would result in a lower transaction cost than the Pepper proposal, and was in Rhode Island Housing's best interest, notwithstanding that our legal expenses would be paid for by the borrowers. In addition, the firm qualifies as a women owned business enterprise ("WBE"). Therefore, the Committee recommends that the firm of Reno Cavanaugh ("Reno") be engaged to provide lender legal services under the FHA/MAP loan programs to Rhode Island Housing.

A brief discussion followed the presentation. Commissioner McCleary asked about the scoring process and suggested that a standardized system would be beneficial to the process.

Commissioner McAllister inquired when the next RFP is scheduled to be distributed. Mr. Milito informed him that we expect to next issue an RFP for these services in two years.

Upon a motion made by Commissioner McAllister and seconded by Commissioner McCleary, the following resolution was approved:

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

**Whereas:** Rhode Island Housing has a need for the services of experienced attorneys to provide lender legal services associated with the HUD Multifamily Accelerated Processing (“MAP”) lending programs offered by Rhode Island Housing; and

**Whereas:** Rhode Island Housing has solicited proposals from firms to provide these legal services; and

**Whereas:** The attorneys associated with the firm of Reno Cavanaugh PLLC proposed to be engaged to provide these services have the appropriate professional licenses and competence, as evidenced by their formal training, education and experience, and ability, as evidenced by the availability of adequate personnel, equipment and facilities, to perform the services competently and expeditiously.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved:** That the law firm of Reno Cavanaugh PLLC be engaged to provide MAP lender legal services for a term of two years renewable for a third year, subject to availability of funding, pursuant to the terms of the proposal submitted by the firm, with such changes as the Acting Executive Director may determine to be in the best interest of Rhode Island Housing.

**Resolved:** That the Acting Executive Director, or her designee, be and hereby is authorized to take any and all actions, including specifically the authority to negotiate the fees for this engagement, as she may determine are in the best interests of Rhode Island Housing, and to execute any and all agreements and to take such further actions as he deems necessary to carry out the above resolution.

**Authorization to Amend the Rules and Regulations of the Corporation Applicable to the Mortgage Credit Certificate Program**

Mr. Milito gave this presentation.

The Rules and Regulations of the Corporation Applicable to the Mortgage Credit Certificate Program were adopted by Rhode Island Housing to describe the agency’s policies and procedures for carrying out a particular federal homeownership incentive program authorized under the Internal Revenue Code. Rhode Island Housing’s mortgage credit certificate program, commonly known as the FirstHomes Tax Credit Program (the “Program”), entitles qualified

borrowers to a tax credit against their federal income tax liability in proportion to interest paid on a mortgage loan. After a period of inactivity, the Program was successfully reestablished in 2014 and will operate again in 2015.

The Internal Revenue Code and implementing regulations provide the substantive criteria for borrower, mortgage loan, and property eligibility for the Program, among other requirements. Rhode Island Housing's regulations describe the manner in which Rhode Island Housing administers the Program, including descriptions of the borrower application process, credit reservation policies and procedures, method of designation of target geographic areas, and requirements for participation by mortgage lenders. The primary objective of the proposed amendment (hereinafter, the "Proposed Rule") is to simplify Program operations by providing for future fee, income, and purchase price schedules to be published by Program Bulletin. The Proposed Rule secondarily contains amendments, which enhance Program transparency, correct typographical errors and improve readability, incorporate existing contractual obligations of lenders, and address certain programmatic inefficiencies. A form of Public Notice is attached to this Request for Approval and provides additional detail as to the nature of the proposed amendments. For your reference, a blacklined version of the Proposed Rule appears as a separate attachment.

Through this Request for Action, Staff seeks Board approval to initiate the public notice and comment process with respect to the Proposed Rule. The final rule will take effect following approval by the Board, which action is anticipated to be placed on the April 2015 Board meeting agenda.

Upon a motion made by Commissioner DeRentis and seconded by Commissioner DiBiase, 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") has adopted the Rules and Regulations of the Corporation Applicable to the Mortgage Credit Certificate Program (hereinafter, the "Original Rule"); and

WHEREAS: The Original Rule describes Rhode Island Housing's policies and procedures with respect to the administration of its mortgage credit certificate program, also known as the FirstHomes Tax Credit Program (the "Program"); and

WHEREAS: Staff now wishes to amend the Original Rule to reflect improvements to the operation of the Program, as well as to increase transparency, correct typographical errors, and improve readability, among other objectives; and have set forth such changes in the attached First Amendment to the Rules and Regulations of the Corporation Applicable to the Mortgage Credit Certificate Program (the "Proposed Rule"); and

WHEREAS: Staff recommends the approval of the Proposed Rule in substantially the form appearing as Attachment B;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing is authorized to publish for public comment the attached Public Notice of Proposed Rulemaking together with the Concise Summary of Proposed Non-Technical Amendments and the text of the Proposed Rule, each substantially in the form presented, in accordance with the State of Rhode Island Administrative Procedures Act; and

RESOLVED: That the Acting Executive Director and each Deputy Director, each acting singly, be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.

### **Firm Approval of Tax Credits and Financing for Sankofa Apartments**

Ms. Ventura delivered this presentation.

This Request for Action (“RFA”) is for firm commitment of \$1,172,810 of 2014 and 2015 Housing Tax Credits (“HTC”), a permanent first mortgage of \$378,000, and a Construction Loan of \$9,600,000 for Sankofa Apartments (“the Development”), a fifty unit family rental development in Providence. Sankofa Apartments received Preliminary Approval at the February 20, 2014 board meeting. This RFA reflects an increase of \$16,410 in HTC from the preliminary commitment. These additional credits were unobligated 2014 HTC that were automatically rolled into 2015 credits

The developer is a joint venture between West Elmwood Housing Development Corporation (“WEHDC”) and Peregrine Group LLC (“Peregrine”), (jointly, the “Developer”). Peregrine will manage the construction and provide the construction completion guarantees. Once construction is complete, Peregrine will no longer be affiliated with the Development and will have no ownership interest in Sankofa.

The Development consists of 50 newly constructed family apartments in 11 buildings and a community building on nine existing vacant infill lots in the West Elmwood section of Providence. The development will provide 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 affordable to households with incomes up to 60% of Area Median Income.

The West Elmwood neighborhood is one of the areas of the city hardest hit by the foreclosure crisis. Sankofa Apartments is intended to expand outward from WEHDC’s earlier developments, WestFields Lofts and WestFields Commons. The plans feature energy-efficient design, environmental remediation, increased vegetation and green space. In addition to 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 job training, as well as an urban farm. Partners include the African Alliance, the RI Food Policy Council, GroundWorks Providence and the USDA. One of the Sankofa apartments is intended for an income-qualified resident farm manager/tenant council representative.

Several of the targeted sites contain contaminated soils. WEHDC proactively engaged an environmental consultant who assessed the contamination and developed a Remedial Action Work Plan for abatement that has been approved by the RI Department of Environmental Management (“RIDEM”). The remediation has been built into the plans and specifications. Upon completion, RIDEM will record an Environmental Land Use Restriction (“ELUR”) on those sites that have been remediated.

The Developer has been working diligently over the last several months on a negotiated contract with H.V. Collins (the “Contractor”). The Contractor’s initial pricing bids from subcontractors were higher than originally estimated and higher than the initial budget. The development team, in conjunction with Rhode Island Housing, has undertaken an extensive value engineering (“VE”) process in order to reach the current contract amount. The majority of the VE items were focused on the level of finishes within the dwelling units and the build out of a commercial kitchen in the Community Building. The development team is satisfied with the final plans and specifications, and the final pricing is consistent with other recent Rhode Island Housing-financed projects. The Developer intends to fundraise for the funds necessary for the commercial kitchen that is part of the urban farming program.

Overall, development costs are approximately \$890,000 higher than estimated at preliminary commitment due to increases in the construction, acquisition and soft costs. The increased costs have been addressed with the following sources: (i) a developer note for a portion of the acquisition related to additional holding costs, (ii) an increase in the syndicator’s pricing from \$.92 per credit to \$.93 per credit, and (iii) additional HTC of \$16,410. The overall development costs are \$272,124 per unit. WEHDC will repay the Rhode Island Housing Land Bank and predevelopment loans at closing, as well as its predevelopment loan with NeighborWorks America.

Boston Financial Investment Management (“BFIM”) will be the syndicator. Subsequent to the preliminary commitment, Sankofa Apartments project received awards of Building Homes Rhode Island (“BHRI”) and HOME funds sufficient to make the project feasible.

The total development cost for the project is \$13,606,000. Proposed sources of funding include: (i) a Rhode Island Housing first mortgage; (ii) syndication equity from the sale of Housing Tax Credits; (iii) a BHRI grant from the Rhode Island Housing Resources Commission; (iv) HOME funds; (v) General Partner capital, and (vi) a Sponsor Note from West Elmwood Housing Development Corporation.

The Request for Action is for a reservation of \$1,172,810 of 2014 and 2015 Housing Tax Credits, a permanent first mortgage of \$378,000 and a 24-month revolving construction loan of

\$9,600,000, which will be repaid at construction completion from HTC equity and other sources.

Upon a motion made by Commissioner McCleary and seconded by Commissioner McAllister, 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 and 2015 ("the Tax Credit") and for construction financing as follows:

<b>Applicant</b>	<b>Development</b>	<b>First Mortgage</b>	<b>9% HTC</b>	<b>Construction Loan</b>
WEHDC/ Peregrine	Sankofa Apartments	\$378,000	\$1,172,810	\$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 \$1,172,810 of allocated 2014 and 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 Acting Executive Director, Deputy 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, subject to the special conditions listed below, the Corporation hereby approves financing for a taxable First Mortgage loan to the Applicant or an affiliated partnership (the “Borrower”) in an amount not to exceed \$378,000 (the “Loan”) for family housing located in Providence, Rhode Island.

**Resolved,** That Rhode Island Housing hereby approves a Construction Loan of up to \$9,600,000 for the Borrower.

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

- Syndication equity from the sale of Housing Tax Credits in amounts sufficient to achieve project feasibility.

- Availability of BHRI and HOME funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing.
- Approval from the City of Providence verifying real estate tax assessment at no more than 8% of Gross Potential Income.
- Approval by Rhode Island Housing of all management related issues including the Marketing and Tenant Selection Plans.
- Approval of the proposed operating budget for the development.
- Final approval by Rhode Island Housing of construction plans and specifications and construction documentation including a construction contract utilizing the AIA102 form.
- Construction Completion Guaranty from both West Elmwood Housing Development Corporation and Peregrine Group LLC.
- 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 Acting 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 forgoing Resolutions.

Commissioner Magaziner excused himself at 10:25 am as he had another meeting to attend and announced that Andrew Roos, his designee, was present and authorized to serve as his designee for the rest of the board meeting.

### **Approval of Engagement of Communications and Public Information Consultant**

Ms. Fields presented this request.

This Request for Action (“RFA”) is for authorization to engage New Harbor Group to provide communications services to Rhode Island Housing to complement our existing communication effort.

Rhode Island Housing’s mission is multifaceted and we hold many roles within the state. During the past 40 years, Rhode Island Housing has enjoyed notable success, including assisting over 60,000 Rhode Islanders with the purchase of their first home, financing the construction of safe, affordable homes in every municipality in the state, serving homeowners in need through our HelpCenter and foreclosure mediation efforts, providing annual rental assistance to more than 17,000 Rhode Island households and oversight of more than 23,000 affordable apartments.

Despite the myriad of successes we have enjoyed, many members of the general public, elected officials and the media still do not fully understand the role Rhode Island Housing plays in our state. This lack of understanding of our role in various affordable housing efforts has led in part to a number of negative stories in the press within the past year. In order to effectively and proactively communicate the role we play in growing our state’s economy, providing stable

homes for its residents and jobs for individuals and businesses, we need a strong communications team to help us tell our story and tell it well. With new leadership at the state and local levels, there has never been a more opportune time for us to tell our story and align our efforts with the new administration's economic development agenda.

Rhode Island Housing currently utilizes a communications firm to meet some of our marketing/advertising and public information needs. With this RFA, we seek to engage New Harbor Group to assist us in crafting and implementing a strategic communications plan with a focus on public and media relations.

New Harbor Group is a full-service marketing communications agency located in Providence. The agency has extensive experience in all aspects of public relations, including crisis management, community relations and integrated communications. New Harbor has assisted numerous organizations in expanding the depth and breadth of their communications efforts and growing brand awareness. New Harbor Group's intended role is critical to our efforts in advancing our mission as the state's principal housing agency and strategically positioning ourselves to continue our leadership role in affordable housing efforts throughout Rhode Island.

New Harbor will work alongside our existing communications consultant, DK Communications. DK Communications is primarily responsible for specific projects such as our annual report, video profiles and advertising and collateral materials. New Harbor will be responsible for our media relations and strategic communications efforts.

New Harbor Group has entered into a Master Price Agreement (MPA) with the state's Division of Purchases to provide services to the state and other public agencies. As a public corporation of the state, Rhode Island Housing is permitted to engage New Harbor Group under terms consistent with the MPA. The goal of the Division of Purchases is to obtain the best value for the taxpayer. This goal can be accomplished by providing an "equal playing field" for all potential vendors, enhancing opportunities for small businesses, minority/women owned businesses, and disability business enterprises, and by leveraging State purchasing power on all procurements.

Commissioner DiBiase expressed his support and praise for New Harbor Group and looks forward to working with them.

Upon a motion made by Commissioner McAllister and seconded by Commissioner Roos, the following resolution was approved:

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

Resolved: That Rhode Island Housing be and hereby is authorized to engage New Harbor Group to provide primary communications and public information services to Rhode Island Housing on such matters as the Acting Executive Director or her designee deems advisable or necessary.

Resolved: That the term of this engagement shall be for two years, renewable on staff's determination that it is in the best interest of Rhode Island Housing and subject to funding availability.

Resolved: That the Acting Executive Director or her designee, or any Deputy Director, each acting singly, be and hereby is authorized to take any and all actions, including specifically the authority to negotiate terms and fees of the engagement which are consistent with the Master Price Agreement between New Harbor Group and the Rhode Island Division of Purchases, as they may determine are in the best interests of Rhode Island Housing, and to execute any and all agreements and to take such further actions as they deem necessary to carry out the above resolutions.

### **Approval of Engagement of Organizational and Program Development Consultant**

Ms. Fields gave this presentation.

As a result of changing trends in the broader affordable housing market as well as new leadership within the agency, Rhode Island Housing has an opportunity to reexamine its organizational structure as well as current programs and services. In order to build upon Rhode Island Housing's mission and long history of serving Rhode Island, and ensure that agency funds are most effectively spent, staff is looking for expert guidance to examine how Rhode Island Housing does business and consider best practices in its Fields. This review effort will complement Rhode Island Housing's strategic planning work and will help staff implement the plan's recommendations going forward.

To further these goals, Rhode Island Housing issued a Request for Proposals ("RFP") from experienced organizational and program development consultants to provide services to the agency which will inform potential changes to program offerings, program focus, and staff structure. Specifically, the RFP sought proposals to address the following topics:

- Assessing the strength of Rhode Island Housing's business relationships
- Assessing Rhode Island Housing's program structure, organizational plan, and staffing resources
- Surveying best practices among state housing finance agencies for affordable housing production
- Reviewing and evaluating surveys by local housing research organizations on Rhode Island housing needs
- Assessing Rhode Island Housing's outreach efforts to government officials and partners

The RFP was posted on the Rhode Island Housing website and the site maintained by the Rhode Island Department of Administration's Division of Purchases.

In response to the RFP, Rhode Island Housing received a proposal from Seasoned Partners, an organization that provides advisory, management and assessment support to state and local governments and non-profit and for-profit housing and community development organizations. A committee composed of senior staff reviewed the proposal and recommends the engagement of Seasoned Partners.

Seasoned Partners is a woman-owned company based in Silver Spring, MD. The managing partner of Seasoned Partners is Barbara Burnham who has more than thirty years' experience in affordable housing and community development activities. Other team members on the engagement include Aaron Gornstein, who also has 30 plus years in affordable housing and community development experience, most recently as the Undersecretary of Housing and Community Development for the State of Massachusetts, and Vincent O'Donnell, with more than 40 years' experience in the development and preservation of affordable multi-family housing.

Seasoned Partners team members have the experience and expertise to undertake the assignment, and their fee proposal was reasonable. The proposed cost of the engagement is \$30,000, plus anticipated expenses, such as travel and lodging, of approximately \$2,500.

Upon a motion made by Commissioner DeRentis and seconded by Commissioner McCleary, the following resolution was approved:

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

WHEREAS: Rhode Island Housing intends to carry out a comprehensive review of its organizational structure and current programs and services; and

WHEREAS: Such activities are intended to ensure that Rhode Island Housing continues to effectively serve its mission and deploy its resources; and

WHEREAS: Such activities are also intended to complement Rhode Island Housing's recent strategic planning efforts; and

WHEREAS: Staff recommends engagement of the firm of Seasoned Partners to provide organizational and program development consulting services to Rhode Island Housing;

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and hereby is authorized, to engage Seasoned Partners to provide organizational and program development consulting services as set forth in the Request for Proposals and the proposal submitted in response thereto, in an amount not to exceed \$30,000, plus expenses of \$2,500.

RESOLVED: That the Acting Executive Director and any Deputy Director, each acting singly, be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions, including without limitation the authority to negotiate terms of the engagement as he or she may determine are in the best interests of Rhode Island Housing, and to execute any and all agreements or documents as he or she deems necessary to carry out the foregoing.

### **Approval of Additional Staffing Positions**

Ms. Fields invited Peter Walsh, Director of Homeownership and Carlos Hernandez, Director of Resident Services to make this presentation.

This Request for Action (RFA) is for approval to increase the number of FTEs through the conversions of three temporary positions to regular positions. Two of the positions are in the Homeownership Division and one is in the Resident Services Division. This RFA is brought to the Board in order to satisfy the provisions of the Quasi-Public Corporations Accountability and Transparency Act.

#### **a. Homeownership**

Mr. Walsh declared that over the past six months, as a result of changes implemented in the origination process and platforms, particularly the engagement of Titan Lending Corporation to perform pre-purchase file review activities, and the introduction of the FirstHomes Tax Credit program, Rhode Island Housing added two “temporary” employees to staff to perform needed functions.

The first temporary position became active in August 2014. This position is responsible for performing all operations necessary to deliver electronic loan files to Titan containing all items required for the pre-purchase quality control review. We deal with more than 30 different participating lenders, and this is a time sensitive step in our lending process. Our purchase does not occur until the file is deemed acceptable by Titan and this position. In most instances, there are post-closing items that must be obtained and reviewed. This position permits us to make timely purchase decisions, which in turn allows us to more quickly pool and sell loans to our outside investors. This faster execution reduces our interest rate risk and results in better pricing to us.

Our loan volume with participating lenders has been steadily increasing and is about 100% ahead of the comparable period last year, and we expect to continue this pace in the future. Through December 31, 2014, we are approximately \$300,000 ahead of revenue projections in this area of the Homeownership Division. This position is a grade 5 with a salary range of \$34,500 - \$51,500. The increase in income more than covers the anticipated annual salary expense and benefits associated with this position.

The second temporary position is responsible for handling all administrative aspects of the FirstHomes Tax Credit Program, such as verifying that all required forms and information required by the IRS to demonstrate the borrower's eligibility for the credit is in the file. This includes various affidavits, tax returns, income certifications, and the like.

This program was introduced in July 2014 and has been extremely well received. From the inception of the program, we have received approximately 620 reservations for the credit, with more than 50% coming from our participating lender partners. Rhode Island Housing receives a \$100 nonrefundable reservation fee and a minimum \$500 fee for each certificate issued. This position is a grade 5 with a salary range of \$34,500 - \$51,500. The FirstHome Tax Credit fees more than cover the anticipated annual salary expense and benefits associated with this position.

**b. Resident Services**

Mr. Hernandez announced that Rhode Island Housing administers the Family Self Sufficiency (FSS) program for HUD. Under this program, participating Section 8 voucher participants are given the opportunity to learn the fundamentals of money management and achieve economic independence. The FSS participant works with a Program Coordinator, who connects them with available social services in the community. These services include childcare, transportation, education, job training, employment counseling, financial literacy and homeownership counseling.

HUD guidelines suggest that there be one Program Coordinator for every 50 FSS participants, and the cost of the Program Coordinator is a permitted administrative expense under the FSS program. In the past, Rhode Island Housing had about 100 FSS participants, but more recently, we have been serving approximately 150 FSS participants. We have two regular FSS Program Coordinator positions and one temporary Program Coordinator, which was added about one year ago. Since we anticipate continuing to serve 150 FSS participants, we propose to convert the temporary Program Coordinator position to a regular position. This position is a grade 7 with a salary range of \$42,500 - \$63,000. The costs for the position will continue to be an eligible program expense.

Upon a motion made by Commissioner Roos and seconded by Commissioner McCleary, the following resolution was unanimously adopted:

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

- Resolved,** that the temporary pre-purchase quality control administrative position in the Homeownership Division be converted from a temporary to a regular position.
- Resolve,** that the temporary FirstHomes Tax Credit administrative position in the Homeownership Division be converted from a temporary to a regular position.
- Resolve,** that the temporary FSS Program Coordinator position in the Resident Services Division be converted from a temporary to a regular position.

**Resolved,** that as a result of the foregoing resolutions, the number of approved Full Time Employees (FTE) be increased to 178.

**Resolved,** that the Acting Executive Director and any Deputy Director, each acting singly, are hereby authorized and directed to take any and all actions they deem necessary and appropriate to carry out the forgoing Resolutions.

### **Approval of Homeless Facility Improvement and Operating Deficit Fund Program Awards**

Ms. Fields along with Ms. Ventura provided background information on this submission.

Commissioner Roos recused from the discussion or vote of this matter due to fact the Treasurer is a board member of Crossroads.

Ms. Ventura said the as Homeless shelters and transitional shelter housing developments in Rhode Island are in need of significant upgrades to insure that residents are housed in a safe and healthy environment. These facilities need to be upgraded in order to meet current health and safety standards, provide accessibility, make capital improvements and address physical deterioration due to wear and tear. In addition, many agencies serving homeless and at-risk individuals and families are struggling with operating deficits and require emergency funding to ensure that services are available to individuals and families.

In response to this situation, in May 2014 the Board created the Homeless Facility Improvement and Operating Deficit Fund Program (the “Program”). The purpose of the Program is to provide capital and operating assistance to sponsors who operate housing developments serving homeless families and individuals in Rhode Island.

The Continuum of Care Program (“CoC”) governed by the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (“HEARTH Act”) funds these agencies to quickly re-house homeless individuals and families and to minimize dislocation caused to individuals, families, and communities by homelessness. The CoC is the primary program in Rhode Island that addresses the housing and service needs of homeless individuals and families.

In 2014, Rhode Island Housing staff commenced a review of agencies that are recipients of fiscal year 2012 CoC funding. Staff conducted site visits and reviewed operating and supportive service budgets and expenditures for compliance with federal regulations. As a result of this review, four agencies, which are set forth in Attachment A, will have programs impacted by the deobligation of program funding for six grants. The agencies have already incurred these costs and as a result of the deobligation of funding will have significant operating deficits in their program budgets. Without an award under the Program, these agencies may not be able to continue to provide services to the individuals and families they serve.

Staff recommends commitment of \$71,205.23 in Operating Deficit funding for four agencies under the Rhode Island Housing Homeless Facility Improvement and Operating Deficit Fund Program.

Chairman Cortés acknowledged Steve Ostiguy of the McKinney Shelter located at 50 Washington Square in Newport. Mr. Ostiguy spoke to the challenge non-profits like 50 Washington Square face in securing operating funds. Mr. Ostiguy noted all the beds at the shelter are filled and they have been without funds for 5 months. He respectfully requested that the board explore options to assist the organization.

Chairman Cortés thanked Mr. Ostiguy for his remarks and assured him that staff will expeditiously look into the situation.

Upon a motion made by Commissioner DeRentis and seconded by Commissioner McAllister the following resolution was approved with five votes in favor, none opposed and one recusal by Commissioner Roos. Commissioner Roos recused and did not participate in the discussion, consideration or vote on this resolution.

**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”) has established the Homeless Facility Improvement and Operating Deficit Fund Program (the “Program”);

WHEREAS: The agencies set forth in Attachment A to the Request for Action have requested funding assistance which meets the requirements of the Program and;

WHEREAS: Staff of Rhode Island Housing have reviewed the program budgets, expenses and deficits incurred under the fiscal year 2012 Continuum of Care Program and recommends that Program funds be committed to the agencies in set forth in Attachment A.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and is hereby authorized, to commit \$71,805.23 in Fiscal Year 2015 Homeless Facility Improvement and Operating Deficit Fund Program funds in accordance with the Program Regulations as approved by the Board of Commissioners of Rhode Island Housing.

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

There being no further business to discuss, a motion was duly made by Commissioner Roos and seconded by Commissioner McAllister to adjourn the open meeting at approximately at 10:46 a.m.

Respectfully submitted,

Barbara G. Fields  
Acting Secretary and Executive Director