

**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, August 20, 2015 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Commissioners in attendance were Chairman Nicolas P. Retsinas; Ellen Balasco, designee for Vice Chair Macky McCleary, Director of Business Regulations; Michael DiBiase, Director of Administration; Seth Magaziner, General Treasurer and Stephen P. McAllister.

Also in attendance were: Barbara Fields, Executive Director; Carol Ventura, Deputy Director; Peter Walsh, Deputy Director; Kara Lachapelle, Director of Finance; Leslie McKnight, Director of Servicing; Carlos Hernandez, Director of Resident Services; Eric Shorter, Director of Development; Peter Pagonis Director of Homeownership; 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 Retsinas called the meeting to order at approximately 8:33 a.m. and appropriately noted that a quorum was present.

Approval of Minutes of Board Meeting Held on June 18, 2015

Upon a motion made by Commissioner Magaziner and seconded by Commissioner DiBiase, the following was unanimously adopted:

VOTED: That the Minutes of the Board Meeting held on June 18, 2015 be and hereby are approved.

Chair's Report

Chairman Retsinas greeted everyone and expressed his appreciation to Governor Raimondo for appointing him as Chair of Rhode Island Housing. Mr. Retsinas pronounced that he is excited about the opportunity to chair the board and expressed his optimism that his previous experience as Executive Director of Rhode Island Housing and diverse housing background would be useful to Rhode Island Housing.

Chairman Retsinas then congratulated and welcomed Kevin Orth to the Rhode Island Board of Commissioners.

Commissioner Orth thanked Mr. Retsinas for the kind welcome and stated that he is pleased to be a part of the Rhode Island Housing Board. In his conversations with the Commissioners he is impressed with the direction the Agency is headed.

Mr. Retsinas then commented on the memo he had circulated with the Commissioners setting forth his thoughts on the organization of Board meetings and committee structure. He noted that the organization plays so many varied roles that often it is difficult to step back and see Rhode Island Housing as a whole and strategize for the future. Therefore, he proposed a new structure for board meetings moving forward. The Chair proposed that the Board establish the following standing committees:

1. Management Committee
2. Credit Committee
3. Intergovernmental Relations Committee
4. Audit Committee

The Management Committee and Credit Committee would meet regularly in between regular Board meetings and be responsible for reviewing and evaluating in detail the requests for action generally presented, such as approval of vendor engagements and approval of financings, and make a recommendation to the full Board. The Intergovernmental Relations Committee and Audit Committee would meet on an as-needed basis. With this structure, there would be less need for discussion of action items at the full Board meeting and more time for consideration of bigger-picture, strategic matters at Board meetings.

Several Commissioners and the Executive Director expressed their support for this structure.

Upon a motion from Commissioner Orth and seconded by Commissioner McAllister the revised committee structure as set forth in the Chair's memo of August 20, 2015 was unanimously approved.

Executive Director's Review of Recent Activities and Trends

Ms. Fields welcomed Chairman Retsinas to the position and expressed her appreciation for the opportunity to work with someone of his stature and experience. Ms. Fields next welcomed Commissioner Orth to the Board on behalf of the entire staff.

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

Ms. Fields noted the following recent appointments: Peter Walsh, Deputy Director; Eric Shorter, Director of Development; Peter Pagonis, Director of Homeownership; Tony A'Vant Assistant Director of Design and Construction; and Claribel Shavers; Assistant Director of Resident Services.

She also informed the Commissioners that Rhode Island Housing continued to experience an increase in mortgage volume. Mortgage volume in 2015 continues to be ahead of 2014 on a YTD basis with the following results:

- Through July 30, the loan center has closed 662 loans compared to 367 during same timeframe in 2014. On a dollar basis, we are 88% higher than a year ago.
- FirstHomes Tax Credit volume continues to be very strong. More than 800 registrations as of July 30.

Ms. Fields recognized and acknowledged Sandra Mazo and Rob Rocchio of the Loan Center for their efforts in originating new loans. Their dedication is commendable and on behalf of staff and Board, Ms. Fields publicly thanked them for their efforts.

On the loan servicing front, Ms. Fields noted that were significant reductions in the percentage of delinquent loans in Rhode Island Housing's portfolio year over year. Delinquency rates are down by 2 percentages points, and our "seriously delinquent" rate is below the comparable statewide rate for all lenders.

Ms. Fields announced that the National Leased Housing Association elected Carlos Hernandez, Director of Resident Services, to serve as President. NLHA is a national organization that serves as an advocate for 500 public and private sector organizations. Director Fields congratulated Mr. Hernandez and noted that his term is effective July 1.

Staff is completing the sale this week of \$60 million in refunding bonds and \$15 million in new bonds for single-family mortgages in the Homeownership Opportunities Bond Program. The refunding bonds will generate approximately \$5 million in savings over the next 10 years, which will be invested in the state's economy through low interest mortgages, rental subsidies, and community development programs. Ms. Fields noted that as part of the bond issuance both Standard & Poor's and Moody's reaffirmed the bond rating at AA+/Aa2 respectively.

Ms. Fields stated that the comment period on the state's Consolidated Plan and Analysis of Impediments to Fair Housing (AI) closed on August 8 with minimal comments received. Both plans were submitted to HUD on August 14.

Finally, Ms. Fields noted that the annual meeting of NCSH, the trade association of housing finance agencies, would be held in Nashville in late September, bringing together about 1,000 practitioners from around the country. A number of Rhode Island Housing staff will be presenting at workshops at the event. Ms. Fields invited Commissioners and/or their designee to attend the conference.

Approval of External Charitable Donations and Contributions

Ms. Fields made this presentation.

Commissioner Magaziner recused from the discussion or vote of this matter based on his involvement as a board member of Crossroads Rhode Island, one of the organizations sponsoring an event that was covered by the action.

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 events for the month of September 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 of 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 require any disclosure under the Rhode Island Code of Ethics.

Rhode Island Housing’s support of the work of the organizations listed on Attachment A furthers our corporate purposes of encouraging and stimulating 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 Pawtucket Central Falls Development Corporation is a non-profit that was recently formed through the merger of the Pawtucket Community Development Corporation (PCDC) and REACH. PCFDC is the leading organization providing housing and other community development services to low- and moderate-income families and individuals in Pawtucket and Central Falls. Similarly, Crossroad RI is a leading organization providing housing and supportive services to homeless families and individuals throughout Rhode Island. The work of each of these organizations further and support Rhode Island Housing’s mission.

Upon a motion made by Commissioner DiBiase and seconded by Commissioner McAllister the following resolution was approved with five votes in favor, none opposed and one recusal by

Commissioner Magaziner. Commissioner Magaziner 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, 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 community revitalization and 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.

Approval of Changes for Staffing of the Homeownership, Resident Services and Development Divisions

Ms. Filed introduced this action and invited Peter Walsh, Deputy Director, Carlos Hernandez, Director of Resident Services and Eric Shorter, Director of Development to provide additional information.

This Request for Action (RFA) is for approval of an increase of 2.6 FTEs across the organization, and a reclassification of a current position to reflect changes in responsibilities of the position. These changes will permit Rhode Island Housing to adequately respond to increased single-family lending activity, increased rent subsidy activity, and additional construction activity and compliance responsibilities under the HOME program.

This RFA is brought to the Board in compliance with the provisions of the Quasi-Public Corporations Accountability and Transparency Act.

Homeownership Division

Mr. Walsh noted that there are two changes proposed for staffing in the Homeownership Division. First, staff recommends the addition of a grade 6 part-time mortgage processor, primarily to service the outside Broker channel. This channel is mainly used by outside lenders and mortgage brokers who do not have the infrastructure to support FHA loan processing. These outside partners take the loan application and forward it to Rhode Island Housing, which performs all subsequent processing and closing tasks. Volume in this channel has nearly doubled over the past year. Through July 2014, we had closed approximately \$6.5 million in mortgage loans through the Broker channel; through the same time in 2015, we have closed approximately \$12.5 million in mortgage loans, and we expect this volume to continue. Origination fees associated with this increased volume easily supports the cost associated with the part-time positions.

In addition, staff recommends that the current position of Loan Center Manager, which is currently a grade 12 position, be changed to an Assistant Director position. This change reflects additional responsibilities to be performed by the incumbent, including oversight of the HelpCenter, Hardest Hit Fund activities, Quality Control and grant reporting, as well as continuing responsibility for the Loan Center. The current Loan Center Manager position will be abolished and not be filled. The new level of responsibility warrants an increase to a grade 14 level, which is consistent with other Assistant Director positions across the organization.

Resident Services Division

Mr. Hernandez recommends that a new full-time administrative assistant position be established in the Resident Services Division, at a grade 4 level. The Resident Services Division recently received an award of approximately \$5.6 million from HUD to provide 150 vouchers targeted to disabled individuals living in institutional settings, and homeless persons living in shelters. This has increased the number of tenants receiving vouchers from Rhode Island Housing, resulting in additional walk-in traffic to the lobby, and increased telephone calls. The new administrative

assistant position will assist current staff in responding to the increased activity, taking some of the burden from the front-desk staff. Funding for these positions is substantially provided under the Section 811 program, which provides for an 8% administrative fee to Rhode Island Housing.

Development Division

Mr. Shorter requested the addition of a full-time construction specialist in the Development Division, primarily to support increased activity under the federal HOME program, and to assist in the construction oversight of the newly- established Providence Receivership Loan Program. The anticipated grade level for this position would be a seven, with a salary range of \$42,500 to \$63,000. A portion of the costs associated with this position can be charged to the administrative fee component of Rhode Island Housing's annual HOME award, and Rhode Island Housing will earn an origination fee and interest income on loans made under the Providence Receivership Loan Program.

Upon a motion made by Commissioner Magaziner 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

- Resolved,** that the position of part-time Mortgage Processor in the Homeownership Division be established.
- Resolved,** that the positions of Administrative Assistant for the Resident Services Division be established.
- Resolved,** that the position of Construction Specialist in Development Division be established.
- Resolved,** the position of Assistant Director in the Homeownership Division be established and the position of Loan Center Manager be abolished.
- Resolved,** that as a result of the foregoing resolutions, the number of approved Full Time Employees (FTE) be increased by 2.6.
- 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.

Approval of Engagement of McGladrey, LLP to Provide Information Technology Assessment Services

Ms. Fields made this presentation with additional comments provided by Peter Walsh, Deputy Director and Cathy Matarese, Director of Information Technology.

Rhode Island Housing has six Divisions, all with unique technology needs. Over the years, systems and programs have been added to meet perceived business needs, and the infrastructure supporting the entire corporation was built over time.

As a result of an organizational assessment conducted by an outside entity, with input from senior staff, Rhode Island Housing's IT infrastructure and business applications were identified as a critical area to review to insure Rhode Island Housing can meet current and future business needs, increase efficiency, and have a roadmap for a 3-5 five year effort to achieve those goals.

To further these goals, Rhode Island Housing issued a Request for Proposals ("RFP") to provide services to the agency, which will inform potential changes to IT infrastructure, business applications while improving efficiency. Specifically, the RFP sought proposals to address the following topics:

- Increase efficiency of the system in order to improve employee productivity
- Streamline integration between business systems
- Identify opportunities to expand functionality not being used within the current system
- Improve ease and accuracy of reporting
- Identify paperless environment solutions
- Ensure IT system reliability
- Ensure ease and accuracy of compliance with Federal and State regulations
- Ensure internal and external system security and business continuity
- Improve customer service in a complex environment

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 11 proposals from the following organizations:

- Berry Dunn
- Mindboard, Inc.
- Innovex
- McGladrey LLP
- Coeur Business Group
- Envision Technology Advisors, LLC
- Moran Technical Consulting

- Stellar Services, Inc.
- HCH Enterprises, LLC
- Brave River Solutions
- Rolta AdvizeX

Quotes from the proposed vendors ranged from \$27,250 to \$595,000.

A committee composed of senior staff and representatives of all Divisions of Rhode Island Housing reviewed the proposals and selected McGladrey LLP and Berry Dunn for interviews. Upon completion of the interviews and reference checks, McGladrey was the unanimous choice of the committee for engagement to provide the IT assessment.

McGladrey was founded in 1926 and is the fifth largest U.S. provider of assurance, tax and consulting services, with 7,000 employees in 75 cities nationwide. This engagement will be handled out of the Boston Office, which has 550 employees. Ernie Almonte, the former Rhode Island Auditor General, is a partner in the firm’s Boston office. McGladrey has worked with other housing finance agencies, including Missouri, Iowa, Ohio, Wyoming, Illinois, Minnesota, Nevada and Tennessee, and is familiar with our industry and needs.

McGladrey has the depth, expertise and experience to take on the review of Rhode Island Housing’s information technology assessment and complete the project within the time required, and their fee proposal was reasonable. The proposed cost of the engagement is \$81,000 (fixed cost).

Mr. Walsh recognized Ernie Almonte, of McGladrey LLP who thanked the Commissioners and Rhode Island Housing staff for their consideration and looks forward to working with the Agency.

Upon a motion made by Commissioner Magaziner 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 intends to carry out a comprehensive review of its information technology infrastructure and business applications; 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 organizational assessment; and

WHEREAS: Staff recommends engagement of the firm of McGladrey LLP to provide IT consulting services to Rhode Island Housing;

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and hereby is authorized, to engage McGladrey LLP to provide IT consulting services as set forth in the Request for Proposals and the proposal submitted in response thereto, in an amount not to exceed \$81,000.

RESOLVED: That the 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 Engagement of Seasoned Partners to Provide Organizational Development Services for Implementation of Recommendations Contained in the June 2015 Organizational Assessment

Ms. Fields presented this request.

Because of changing trends in the broader affordable housing market as well as new leadership within the agency, Rhode Island Housing is experiencing a period of redefinition and transition. To continue to meet its mission as well as the challenges ahead, the agency engaged a consultant, Seasoned Partners, to help evaluate the strengths of its programs and resources and potentially refocus its operations.

During March-April 2015, 80 internal and external stakeholders were engaged to better understand how Rhode Island Housing might leverage both its existing and developing assets to pursue new strategic opportunities. A final report was compiled, outlining observations, and over 70 recommendations for the agency.

In July, Rhode Island Housing issued a Request for Proposals (“RFP”) from experienced organizational and program development consultants to lead and guide the implementation of recommendations identified within the final report. Specifically, the RFP sought proposals from respondents that would be responsible for the following:

- Technical assistance in the implementation of the final report
- Overseeing those responsible for the different tasks and recommendations
- Working with individuals and/or teams to diagnose situations and implement solutions for improvement.

Rhode Island Housing expects that the specific services to be provided will be discussed and designed from time to time during the term of the engagement between Rhode Island Housing and the consultant.

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, the organization that conducted the organizational and program development assessment. Seasoned Partners is 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 Jennifer Vasiloff, who has almost 30 years in public policy experience, most recently as the Executive Vice President, Public Policy for the Opportunity Finance Network, and Joseph Belden, the Deputy Executive Director of the Housing Assistance Council.

Seasoned Partners team members have the experience and expertise to undertake the assignment, and their fee proposal is reasonable. The proposed cost of the engagement is \$109,500, plus anticipated expenses, such as travel and lodging, of approximately \$16,400.

Staff recommends the approval of the attached Resolution authorizing the engagement of Seasoned Partners to provide organizational and program development services.

A brief discussion followed the presentation. Treasurer Magaziner stated that the board is deeply engaged in the process and would like to be included in development of the plan. Ms. Fields assured the Board that they would be included in all the assessments.

Upon a motion made by Commissioner McAllister 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 intends to implement recommendations identified through 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 implementation 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 implementation consulting services as set forth in the Request for Proposals and the proposal submitted in response thereto, in an amount not to exceed \$109,500, plus expenses of \$16,400.

RESOLVED: That the 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 Engagement of HousingWorks RI to Conduct Qualitative and Quantitative Analysis to Project Future Housing Needs of the State

Amy Rainone, Director of Government Relations and Policy made this presentation.

This Request for Action is for authority to engage HousingWorks Rhode Island at Roger Williams University (“HousingWorks RI”) to undertake an analysis to determine Rhode Island’s future housing needs.

Rhode Island’s demographics are changing. In 2010, about 14% of our population was 65 years old and older. By 2030, this group is anticipated to increase to more than 23% of the population. While migration may play a role in this demographic shift, the majority of the change is the result of the aging of the Baby Boom generation. In addition, the post-recession housing choices of younger generations have been limited due to relatively lower incomes compared to previous generations of starter-home buyers, changes in mortgage underwriting standards that make mortgage qualification more difficult, and the “negative equity” position of many existing homeowners due to recent declines in real estate values, which limits the supply of homes in the market.

Rhode Island must also attract a diverse workforce if it is to grow its economy. Rhode Island’s current housing stock may not meet the needs and preferences of this changing workforce. Governor Raimondo has made growing the State’s economy a top priority. If proposed strategies to stimulate job growth are successful, those new workers will need to be housed, which could further influence the State’s future housing needs.

Unlike some of our neighboring states, Rhode Island currently lacks a comprehensive analysis of the state’s housing stock and a projection of future housing needs. It is vital that the state plan

for the anticipated housing needs and demands of all Rhode Islanders in this rapidly changing landscape. To do so, a comprehensive assessment of Rhode Island's current and future housing needs is required. This analysis will help to quantify Rhode Island's housing needs now and for the next ten years including the quantity, type and location of housing that is needed across all income groups and household types.

In July, Rhode Island Housing issued a Request for Proposals ("RFP") to conduct a housing needs assessment. The availability of 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 proposals from the following organizations:

- Bowen National Research
- HousingWorks RI at Roger Williams University (HousingWorks RI)
- Western Economic Services, LLC

Quotes from the proposed vendors ranged from \$48,000-\$64,000.

A committee composed of Rhode Island Housing staff and representatives of the Commerce Corporation, the Office of Housing and Community Development and the Rhode Island Builders Association reviewed the proposals and checked the references for the applicants. Upon completion of the review and reference checks, HousingWorks RI was the unanimous choice of the committee for engagement to assess Rhode Island's future housing needs.

While all three respondents have experience in producing housing needs assessments, the Committee preferred the local experience of the HousingWorks RI partnership and felt that the quality of the products they have produced are much more engaging and accessible than the products produced by the other respondents. In addition, the HousingWorks RI proposal will result in the capacity to update and replicate this information in the future.

The HousingWorks RI proposal involves a partnership with the Metropolitan Area Planning Council ("MAPC") and two Brown University professors to conduct the current and future housing needs assessment for the state, while building in-house capacity to conduct similar research in the future. HousingWorks RI is a respected source for information on housing needs and affordability in Rhode Island, and will be the lead organization on the project. MAPC, which recently completed a similar analysis for Massachusetts, will play a technical advisory role, assisting in adapting their methodology to Rhode Island's needs. Professors from Brown University will play the lead role in a qualitative analysis that will complement the quantitative research.

An Advisory Committee that includes Rhode Island Housing will guide the work. The proposed cost for the analysis is \$64,000. Adequate funding is available to cover the full cost of the study;

however, we have been working with the state and other partners to potentially leverage their resources to partially offset the cost.

Ms. Rainone introduced Nicole Lagace, Executive Director of HousingWorks who was present to respond to questions from the Commissioners.

Commissioner DiBiase stressed that it is imperative that a strategy be in place in order to move forward in a way that aligns with the Governor's proposal for jobs and housing. Commissioner Magaziner concurred and is excited that the plan provides data collection that can link demographic changes for housing and transportation. Commissioner Orth also suggested that the next update to the Consolidated Plan could utilize the methodology and incorporate housing elements.

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

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

WHEREAS: Rhode Island currently lacks a comprehensive, data driven assessment of its current and future housing needs; and

WHEREAS: Such an assessment is essential to determine how the state can use available resources to most effectively meet the housing needs of its current and future residents; and

WHEREAS: Staff recommends engagement of HousingWorks RI at Roger Williams University to conduct an assessment of Rhode Island's future housing needs;

NOW, THEREFORE IT IS HEREBY:

RESOLVED: That Rhode Island Housing be, and hereby is authorized, to engage HousingWorks RI at Roger Williams University to conduct an assessment of Rhode Island's future housing needs substantially as set forth in the Request for Proposals and the proposal submitted in response thereto, in an amount not to exceed \$64,000.

RESOLVED: That the 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 Firm Commitment of Financing – Greenwood Terrace Apartments, Warwick

Eric Shorter, Director of Development gave this presentation.

This Request For Action (“RFA”) is for Firm Approval of a taxable refinancing in the amount of \$3,450,000 for Greenwood Terrace Apartments (“Greenwood” or the “Development”), an existing elderly housing development originally financed by Rhode Island Housing.

In 1998, the Development was refinanced under Rhode Island Housing’s Preservation Program by New Redwood Associates Limited Partnership, a Rhode Island Limited Partnership formed to acquire and refinance the property using tax-exempt financing and 4% low income housing tax credits. Affordable Housing Strategies, Inc., (“AHS”) a Rhode Island Corporation serves as the general partner. In 2010, Rhode Island Housing approved the transfer of the limited partner interest in the Development from the original tax credit syndicator to an affiliate of AHS. The 15-year tax credit initial compliance period expired at the end of 2012.

Greenwood Terrace is a 53-unit elderly development located in Warwick, RI. The Development is a single three-story building with associated parking and contains 49 one-bedroom apartments and 4 two-bedroom apartments. Section 8 rental assistance has been provided through a Housing Assistance Payment (“HAP”) contract. The current HAP contract was renewed in 2003 and runs through May 2031.

The 2010 transfer of limited partner interest from SunAmerica Housing Fund 539 occurred when Sun America elected to exit the partnership in advance of the expiration of the tax credit compliance period. Sun America was a subsidiary of AIG, which needed to liquidate its holding after the economic downturn. The replacement limited partner was GK Acquisitions, II, LLC. Rhode Island Housing provided a \$450,000 bridge loan (the “Bridge Loan”) to facilitate the transfer.

Rhode Island Housing currently holds the first mortgage, which matures in 2033. The Bridge Loan initially had a three-year term. It has been extended twice and currently matures in December 2015. Cathedral Development Group (“CDG”), the parent company to AHS and GK Acquisitions, II, LLC has requested that Rhode Island Housing refinance the two loans and provide one new 40-year loan. As part of the refinancing, CDG will undertake limited rehabilitation and withdraw a portion of accrued equity in the Development. In exchange for the equity withdrawal, the Borrower will be required to renew the affordability obligations on the property.

The developer commissioned a Capital Needs Assessment (“CNA”) to assess the physical condition of the property and determine what the long-term rehabilitation needs will be for the Development. The current scope of work includes complete window replacement, parking and paving improvements, repair of the concrete walkways, partial roof replacement and fencing replacement to the exterior of the buildings. Interior work includes select kitchen and bath upgrades and flooring replacement in some of the apartments, and common area improvements. Currently the developer expects that the general contractor will provide all specifications for the

proposed work and they do not intend to engage an architect to provide drawings. They have agreed to engage an architect if it is determined that more detailed plans are required should the scope evolve. The final scope of work will be incorporated into the CNA so that the 20-year projection of future capital needs will reflect this rehabilitation.

The primary sources of funding are a first mortgage in the amount of \$3,450,000 and existing project reserves.

The Request for Action is for Firm Commitment of a taxable loan of up to \$3,450,000 that will be funded through the U.S. Department of the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative.

Upon a motion made by Commissioner Orth 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;

Whereas: Rhode Island Housing intends to provide taxable loan funds for the purpose of financing qualified housing developments throughout the state;

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

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

<u>Development</u>	<u>Applicant</u>	<u>Mortgage</u>
Greenwood Terrace	Cathedral Development Group	\$3,450,000

Whereas: Staff has reviewed the submission and determined that the Development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies.

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, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval for first mortgage financing to a limited partnership to New Redwood Associates Limited Partnership, in an amount not to exceed \$3,450,000 for rental housing known as Greenwood Terrace Apartments located in Warwick, Rhode Island to be financed, in part, with taxable funds made available through the Treasury-HUD Federal Financing Bank HFA Multifamily Risk Sharing Loan Financing Initiative;

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

- Approval by Rhode Island Housing of the scope of the rehabilitation work.
- Final approval of the new operating budget.
- Approval by Rhode Island Housing of construction plans, specifications, and supporting construction documentation.
- FHA Risk-Sharing approval from HUD for a minimum of 50% of the first mortgage.
- Completion of all items required for firm commitment and closing in

accordance with normal underwriting and processing requirements.

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

Approval of Extension of Term Revolving Construction Loan for ONE Neighborhood Builders (Formerly known as Olneyville Housing Corporation), Providence

Mr. Shorter presented this request.

This Request for Action is for authorization to extend the \$500,000 revolving construction loan for ONE Neighborhood Builders (“ONE NB”) (formerly known as Olneyville Housing Corporation) for an additional two-year term to support the development of new homes and the rehabilitation of existing structures in the Olneyville neighborhood of Providence.

In October 2001, the Board of Commissioners authorized the creation of the Home Development and Homeownership Loan Program (the “Program”). Over the past ten years, this Program and its predecessor, the Demonstration Home Development and Homeownership Loan Program, has allowed several non-profit organizations to finance the construction and permanent financing of over 100 homes that have been sold to first time homebuyers.

In April 2009, Rhode Island Housing entered into a Loan Agreement (the “Agreement”) with Olneyville Housing Corporation under the Program. The Agreement has been extend twice previously for two year terms in 2011 and 2013. The current Agreement expires in September.

In 2014, Olneyville Housing Corporation merged with Community Works Rhode Island, another community development corporation, to form ONE Neighborhood Builders. ONE NB continues the work of community revitalization in both the Olneyville and Elmwood neighborhoods of Providence. The larger entity will build upon the strengths of both former organizations with a focus on continuing growth through strategic real estate development.

Rhode Island Housing and ONE NB’s desire to extend the Agreement for an additional two year term to permit ONE NB to continue their efforts to stabilize the neighborhoods, which is particularly important because of the foreclosure crisis.

This revolving loan will be used for construction costs relative to the development of new homes or rehabilitation of existing homes in the ONE NB target neighborhoods. ONE NB intends to use City of Providence HOME funds, Community Development Block Grant funding and City of Providence Lead funds to make up the balance of the financing needed for each of the individual projects. The Rhode Island Housing construction loan will be repaid from the proceeds realized from the sale of each property.

Given ONE NB’s past success, the Development Division is recommending that the revolving loan be extended for two additional years at the current maximum outstanding loan amount of \$500,000 and under the same terms and conditions as in the current loan. Under the agreement,

ONE NB will be able to develop up to three homes at any time, but no more than two rehabilitations at one time. At least two of the three homes must be pre-sold to qualified buyers prior to Rhode Island Housing making a construction loan. This pre-condition helps to minimize the risk of increased carrying costs due to the inability to sell the homes and the new HOME Program regulations requiring conversion to rental housing if a property is not sold within 12 months of completion. The mortgage loan amounts will be sized based on the lower of the appraised value (based on a Rhode Island Housing commissioned appraisal) or the sales price of the homes. ONE NB's authority to borrow under this agreement will expire 24 months from the date of renewal.

ONE NB will build at least one of the units in collaboration with BuildingFutures, a program of the Providence Plan that provides hands-on training and skills-building instruction in the building trades for men and women. Building Futures was formed in 2007 through the Providence Plan with the primary goals being to (i) assist disadvantaged residents in urban communities who work in the construction industry, (ii) assist the construction industry meet future workforce needs with a unique recruiting model and, (iii) assist policy making in the construction industry to increase the number of urban residents entering the industry as apprentices. ONE NB and BuildingFutures will collaborate on the rehabilitation of foreclosed homes and the new construction of homes on abandoned vacant lots in the Olneyville and Elmwood neighborhoods.

ONE NB has responded to the foreclosure crisis that hit Olneyville particularly hard. This foreclosure activity, and the abandoned buildings, property value deflation, and uncertainty left in its wake, is a direct threat to the neighborhood stability and sense of community that ONE NB and its partner organizations have worked so hard to achieve since its inception. ONE Neighborhood Builders undertook a Foreclosure Intervention Initiative to arrest this negative momentum in the interests of the neighborhood constituency.

As with previous loans under this loan program, the Homeownership Division will pre-qualify applicants with purchase and sales commitments to purchase homes. The homes will be sold to low and moderate-income homebuyers 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 interest rate for each mortgage under the Master Loan will be set at the one-month LIBOR plus 3.5%, with a rate floor of 4.50% and cap of 7.50%. The rate for each individual mortgage will be set at closing.

Mr. Shorter announced that Cynthia Langley of ONE Neighborhood was present to respond to questions from the Board.

Upon a motion made by Commissioner Magaziner 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”) is authorized to make loans to sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well planned, well designed single family and two family homes which will provide housing for low and moderate income persons or families or others in locations where there is a need for such housing; and
- Whereas,** Rhode Island Housing is authorized to provide permanent financing with assistance, as applicable, to homebuyers; and
- Whereas,** ONE Neighborhood Builders (formerly known as Olneyville Housing Corporation) has entered into a loan agreement with Rhode Island Housing under the Home Development and Homeownership Loan Program (the “Program”) for a revolving line of credit to construct residential housing in the Olneyville neighborhood of Providence; and
- Whereas,** the current Loan Agreement has matured and ONE Neighborhood Builders has requested that Rhode Island Housing extend the Loan Agreement for an additional 24 months as set forth in this Request for Action; and
- Whereas,** Rhode Island Housing staff has reviewed the submission, inspected the site and determined that this development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

- Resolved,** That Rhode Island Housing be and hereby is authorized to extend the current Loan Agreement for 24 months, structured generally in accordance with the description contained herein, with such changes as the Executive Director, Deputy Director or the Director of Development may, in their sole discretion determine to be necessary or advisable.
- Resolved,** That the Executive Director, Deputy Director or the Directors of 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 Master Loan Agreement by ONE Neighborhood Builders 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, 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 all end loans for homebuyers.

Approval of Transfer of Physical Assets (TPA) –Forrest Farms Assisted Living, Middletown

Ms. Fields gave this presentation with additional comments provided by Ms. Ventura, Deputy Director.

Forest Farm Assisted Living (“Forest Farm” or the “Development”) is an affordable assisted living development located in Middletown. The Development was originally constructed in 1998 under the low-income housing tax credit program (“LIHTC”) and utilized financing from Rhode Island Housing. The Development contains 50 apartments licensed as assisted living by the RI Department of Health (“RIDOH”). Forty-five of the apartments are LIHTC eligible apartments for households with incomes below 60 percent of area median income (“AMI”) and five apartments are available to households with incomes between 61% and 80% of AMI. The LIHTC units also benefit from a Medicaid Waiver administered through the Department of Human Services.

The initial compliance period for the Development expired in December 2014. Accordingly, the financial benefits of the tax credits and depreciation losses have been substantially realized by the limited partner. CCHC, as co-owner of the general partner interest, has requested Rhode Island Housing’s approval of the transfer of the limited partner interest to a to-be-formed CCHC affiliate entity.

Forest Farm is located on the campus of Forest Farm Health Care, which is home to the Forest Farm Health Care Centre, Inc. (“FFHCC”) a traditional 67-bed nursing home, as well as related healthcare businesses including an adult day care facility and home healthcare agency. The Development is licensed pursuant to the Rules and Regulations for Licensing Residential Care and Assisted Living Facilities by the RIDOH. The Development has a Level F1 license for fire safety, which permits residents who are not capable of self-preservation (on the first floor only), and an M2 license for medical administration which allows the facility to assist residents with the self-administration of medication. The Development contracts with FFHCC for case management services, meal preparation, personal care, housekeeping and linen services. Property management services are provided by Phoenix Property Management.

The owner of the Development is Forest Farm Assisted Living Limited Partnership (“FFAL”). The current general partner is FFAL, Inc., a Rhode Island Corporation that holds a .01% interest in the partnership. FFAL, Inc. is jointly owned by Church Community Housing Corporation (“CCHC”) and FFHCC. The current investor limited partner in the Development are affiliates of the National Equity Fund (“NEF”), which holds a 99.99% limited partner

interest through two separate entities, National Equity Fund 1997 Limited Partnership and National Equity Fund 1997 Series II Limited Partnership (collectively “the Limited Partners”).

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 owned by an affiliate of CCHC.

Under the tax credit program, the Development must make a distinction between the rent charged for housing and the fees associated with assisted living services. The sum total of resident charges for the LIHTC units are paid by a combination of the Medicaid Waiver, Enhanced Social Security Income (SSI) and private pay. The market units are all private pay. The Development is currently operating at better than breakeven operations though over the past several years the debt service coverage was less than 1.0 due to reductions in the Enhanced SSI payments from the state. This was rectified through legislation in 2014, which has helped to stabilize operations. The amount of the Medicaid Waiver payment has not increased in several years, which puts additional strain on operations. The Development is in excellent physical condition and has adequate reserves.

CCHC’s goal for the TPA is to obtain control of the Development and subsequently refinance and rehabilitate the Development. While the Development will remain affordable housing under the LIHTC program, the partners are determining whether Forest Farms should continue in its current form as assisted living or whether an alternative model, with or without the assisted living component, may be more appropriate. They recently commissioned a market feasibility analysis of both the assisted living and nursing facility, which suggested that the highest opportunity for development is in the area of additional memory care units and there is a declining need for skilled nursing facilities. CHCC intends to refinance the facility in the next couple of years once they and their partners determine the best plan for the site.

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 has had financial challenges in the past and will be further challenged if the Medicaid Waiver payment continues to be stagnant. In addition, the principal of FFHCC passed away earlier this year and his estate is currently reviewing its options in regards to continued ownership of all of its healthcare entities. However, CCHC has been managing the property prudently given the constraints and has been able to address the most significant issues. FFAL has adequate reserves for the near term. It is in the best interest of the Development for CCHC to assume the limited partner interest 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.

Upon a motion made by Commissioner McAllister and seconded by Commissioner Balasco, 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 Forest Farm Assisted Living Limited Partnership held by National Equity Fund 1997 Limited Partnership and National Equity Fund 1997 Series II Limited Partnership, to a to-be formed affiliate of Church Community Housing Corporation (“CCHC”), 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. Receipt by the Corporation of the TPA Processing Fee.
3. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to the Development.

RESOLVED: That the Executive Director, and any Deputy Director, or the Director of Development 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 or advisable in connection therewith.

Approval of Transfer of Physical Assets (TPA) – Chatman Village Apartments, Providence

Ms. Ventura made this presentation.

This Request for Action is for approval of the sale of Chatham Village (the “Development”), an affordable family housing development located on Chatham Street in Providence. The Development was originally constructed in 1997 using Low Income Housing Tax Credit (“LIHTC”) from Rhode Island Housing and financing through a HUD insured loan. The Development contains 40 apartments in two buildings. All of the apartments are affordable under the tax credit program.

The initial 15-year compliance period for the Development expired at the end of 2013. The current owner of the Development is PG Associates Limited Partnership, L.P. (“PG Associates”). The general partner of PG Associates is Knight Street Housing Corp whose shareholders are Anthony Emma and Arthur Kramer. The limited partner is Sun America Housing Fund 345. PG Associates has entered into a purchase and sales contract with Where Do You Summer, LLC (“WDUS”) to sell the Development. Under Rhode Island Housing’s

Regulations Governing Proposed Prepayments or Transfers (“TPA”), Rhode Island Housing must approve the sale of the property. WDUS has submitted a TPA request and application.

WDUS is a California limited liability company owned and controlled by Alan Smolinisky, Brian Chen and BLVD Capital whose principals are Robert Budman and Patrick Luke, (collectively the “Buyer”). Mr. Smolinisky and Mr. Chen have been investing in real estate for 20 years and currently own a real estate portfolio consisting of both residential and retail assets. BLVD Capital has been investing in real estate for the past 5 years however the principals each have over 10 years of real estate experience. As part of the purchase of Chatham Village, WDUS is simultaneously purchasing a separate development in Providence called Braeburn Apartments, which provides 51 homes for both families and seniors. These two developments, which will be owned by WDUS as a single asset, represent the Buyer’s first property in New England.

Chatham Village is currently encumbered with LIHTC affordability use restrictions known as the Declaration of Land Use Restrictions (“LURA”). The LURA requires that for the remaining term of the original 30-year compliance period, which expires in 2028, all of the units must remain affordable to families with household incomes less than 60% of the area median income (“AMI”). These restrictions run with the property. As part of the acquisition, WDUS will assume the LURA and all of its obligations.

The LURA requires that PG Associates notify Rhode Island Housing of its intention to sell the Development. PG Associates has provided that written notification.

The purchase price is \$2,525,000. WDUS is seeking a Freddie Mac insured loan of \$1,860,000 through Berkadia. The balance of the purchase and associated costs will be an equity investment by the Buyer. Staff review of recent financials for Alan Smolinisky and Brian Chen indicate that they are financially stable and qualified to take on this investment. The Buyer has undertaken its review of the property and has determined that the site is in good condition and does not need any significant capital improvements. They will make some minor repairs at closing. They intend to provide a letter of credit to their lender for 2 years’ worth of reserves. The amount of the annual reserves has not yet been determined.

WDUS intends to engage the WinnCompanies (“Winn”) as the property manager. Winn is one of the largest multifamily management companies in the country and one of the largest owners of affordable housing. They currently manage 97,000 homes in 550 developments in 23 states. Winn currently manages more than 20 developments in the Rhode Island Housing portfolio for several owners. They are very familiar with the requirements of the LIHTC program as well as the HUD Section 8 program.

Staff has reviewed the request under the Rules and Regulations Governing Proposed Prepayments or Transfers and has determined that the proposed sale of the property complies with these requirements. The Loan Servicing and Development divisions have reviewed this application. The Development complies with all applicable rules of the LIHTC program. While WDUS is new to Rhode Island, they intend to engage Winn, which has a long and successful history in Rhode Island. WDUS will assume all of the obligations under the existing LURA.

Upon a motion made by Commissioner Magaziner and seconded by Commissioner Orth, 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 PG Associates Limited Partnership, L.P. to Where Do You Summer, LLC, 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 Executive Director, consistent with the nature of this transaction and the protection of the interests of the Corporation.
2. Assumption by Where Do You Summer, LLC of the Declaration of Land Use Restrictive Covenants.
3. Receipt by Rhode Island Housing of the Transfer Fee as required by the TPA Regulations.
4. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of the Corporation with respect to the Development.

RESOLVED: That the Executive Director, any Deputy Director, or the Director of Development 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 or advisable in connection therewith.

Approval of Award of Funds under HUD's HOME Program to Support the Development And Preservation of Deed-Restricted Affordable Homes Statewide

Carol Ventura Deputy Director made this presentation.

Rhode Island Housing has administered the HOME Investment Partnerships Program since 1992. Rhode Island Housing expects to execute a grant agreement with the United States Department of Housing and Urban Development (HUD) for FY 2015 HOME Program funds totaling \$3,002,167, of which \$2,551,842 will be available to fund proposals.

In anticipation of an award of HOME funds for FY 2015, Rhode Island Housing issued a Request for Proposals (RFP) in December 2014. In response to the RFP, Rhode Island Housing received 22 proposals requesting \$7.59 million in HOME funds. All applications were

reviewed by staff. Additional information was requested where necessary, and staff conducted site visits of selected proposals.

Following initial review, all applications were rated based upon the scoring system in the Third Amendment of the Rules and Regulations of the HOME Program as adopted by the Board on December 21, 2006. In addition, staff considered the requirements for HOME funding issued by the Department of Housing and Urban Development in its 2013 Final HOME Rule. These impose new contractual deadlines and stipulate that applicants have all other funding sources committed when applying for HOME project funds.

In on-going review of the 22 proposals submitted, staff determined that eight had failed to secure funds from other sources listed on their HOME applications. Staff eliminated these eight proposals from consideration, along with four others that were incomplete and two that had been voluntarily withdrawn. Eight applications remained eligible for further review by the HOME Program Advisory Committee, which convened on June 25, 2015.

The Advisory Committee has put forth a recommendation to fund six proposals for \$1,880,183. A conditional award of up to \$500,000 is recommended for a seventh application, submitted by Church Community Housing and Lucy's Hearth, for the acquisition and renovation of a transitional housing facility in Middletown, RI. The Committee and staff unanimously support the proposal, however questions remain about the amount of gap funding that Lucy's Hearth will require for the facility. Documentation of costs, including construction bids, will be reviewed by staff prior to finalizing the dollar amount of this HOME award.

In total, funding of up to \$2,380,183 is recommended for six new HOME proposals at this time. This amount will directly fund 47 rental and two homeownership opportunities. The recommended developments will produce an additional 112 affordable homes that are not HOME-assisted. Proposed project sites are located in Bristol, Burrillville, East Providence, Middletown, Providence, Warren, and Warwick. All seven recommended applications in this round all were submitted by nonprofit organizations, five of which are Community Housing Development Organizations (CHDOs).

With the approval of these proposals, 93% of FY 2015 HOME project funds will be awarded. The balance will be added to approximately two million dollars that have been returned for use to Rhode Island Housing by projects that have stalled or ended prematurely during the past seven years. From these, the Advisory Committee recommends increasing the 2014 award to House of Hope Community Development Corporation (HOHCDC) for 69 Fair Street in Warwick by \$350,000 in order to move that project forward. A shortfall in the construction budget has interrupted progress on the substantial rehabilitation of the historic Fair Street building slated to provide ten rental units for homeless individuals with disabilities.

The recommendations increase Rhode Island Housing's total HOME commitment since 1992 to \$92,194,597 for production of 4,634 affordable homes in 600 developments. Approximately \$1.8 million remains available to award in a second funding round this Fall.

The attached resolution authorizing the allocation of up to \$2,730,183 which includes commitment of \$2,380,183 in 2015 HOME funds and \$350,000 from HOME program income contingent on the availability of funding, the demonstration of cost reasonableness, and subject to completion of environmental reviews in accordance with requirements at 24 CFR Part 58, and compliance with HOME Program regulations.

Upon a motion made by Commissioner Magaziner 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”) expects to enter into an agreement with the U.S. Department of Housing and Urban Development to administer the HOME Program and;

WHEREAS: Rhode Island Housing anticipates authorization to disburse \$3,002,167 in Federal Fiscal Year 2015 HOME funds to eligible entities in order to create affordable housing opportunities, and;

WHEREAS: The applicants listed in Attachment B as presented at this meeting have submitted applications which meet the requirements of the HOME Program and;

WHEREAS: Staff of Rhode Island Housing and the HOME Program Advisory Committee have reviewed each of the eligible applications submitted and the Advisory Committee has recommended that HOME funds be committed to the proposals listed in Attachment B as presented at this meeting;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: That Rhode Island Housing commit up to \$2,730,183 in Fiscal Year 2015 HOME program funds and program income, in accordance with the program description as approved by the United States Department of Housing and Urban Development, to the proposals as recommended by the HOME Program Advisory Committee in Attachment B.

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

RESOLVED: That the foregoing resolution is subject to receipt of sufficient HOME funding from the U.S. Department of Housing and Urban Development.

Approval of Authorization to Participate in the Federal Financing Bank HFA Multifamily Risk Sharing Loan Initiative established by the HUD and the United States Department of Treasury

Eric Shorter, Director of Development gave background information for this request.

This Request for Action is for authorization for Rhode Island Housing to participate in the Treasury – HUD Federal Financing Bank HFA Multifamily Risk Sharing Loan Financing Initiative for the financing of rental housing for low- and moderate-income households.

Rhode Island Housing routinely uses the HUD Risk-Sharing Program (“Risk Share” or the “Program”) to provide credit enhancement for its multifamily loans. Risk Share is only available to Housing Finance Agencies (“HFAs”). Rhode Island Housing has been a HUD Risk Share lender since 1994. To date, we have closed 96 loans with 8,760 units. The total loan amount is approximately \$394 Million. We have never had a default or filed a claim under the Program.

Risk Share provides credit enhancement for mortgages of multifamily housing projects whose loans are underwritten, processed, serviced, and disposed of by HFAs. HUD and the HFA share in the risk of the mortgage. The program provides full FHA mortgage insurance to enhance HFA bonds to investment grade. HFAs may share from 10 to 90 percent of the loss on a loan with HUD. The HFA reimburses HUD in the event of a claim pursuant to terms of the risk sharing agreement.

HUD and the U.S. Department of the Treasury (“Treasury”) have recently collaborated to create the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative (the “Initiative”). This Initiative will permit Rhode Island Housing to obtain HUD Risk Share Insurance on eligible loans, which in turn permits us to sell a participation interest in those loans to the FFB. This execution results in a significantly reduced interest rate for affordable multifamily development compared to the cost of tax-exempt bonds under current market conditions. The execution is structured to provide long-term financing rates benchmarked to a Ginnie Mae transaction and will allow Rhode Island Housing to offer rates that are more competitive to its borrowers.

The FFB is a government corporation created by Congress to help Federal agencies efficiently finance their programs at the lowest cost to the taxpayer and maintain orderly government securities markets. The FFB operates under the general supervision and direction of the Secretary of the Treasury and is authorized to purchase any obligation that is fully guaranteed by another federal agency. The HUD Risk Share Program constitutes an acceptable federal agency guaranty to permit the FFB to purchase securities insured under the Program.

The structure of this financing model is similar to multi-family housing bond indenture that permits financing of distinct properties under a single overarching bond resolution. Instead of an overall bond resolution, this model involves the execution of a universal Master Purchase and Sale Agreement (the “Master Agreement”) between Rhode Island Housing and the FFB at the commencement of the Initiative, which sets forth the overall structure and terms of the

relationship. A separate Supplemental Agreement is then executed for each individual transaction covered by the Master Agreement.

The FFB will purchase an undivided beneficial ownership interest in the FHA-insured loan as evidenced by a Participation Certificate for each individual transaction and will provide the purchase price directly to Rhode Island Housing, which will in turn make those financing proceeds available to the developer.

The owner of the development will make regular mortgage payments, which, per FFB requirements, must pass through a third party custodian (the “Custodian”), which will distribute these funds to the appropriate parties entitled to payment. This is similar to the typical bond structure under which the bond trustee collects mortgage payments and distributes them to bond holders. The Custodian must be an FHA approved servicer. Our current trustee, Bank New York Mellon is an approved servicer. The FFB, the Custodian and Rhode Island Housing will execute a Master Escrow and Custody Agreement setting forth their respective rights and obligation under the Initiative prior to the first closing under the Initiative.

Rhode Island Housing has identified up to 20 developments that could immediately benefit from this Initiative. Staff has prepared a program announcement and program term sheet to share with our partners.

Attachment A sets forth the terms of the Risk Share Agreement with HUD, Attachment B is the Master Purchase and Sale Agreement between the FFB and Rhode Island Housing, Attachment C is the Master Escrow and Custody Agreement between the Custodian, FFB and Rhode Island Housing. Attachment D is the authorizing resolution approving, and Attachment D, the.

Upon a motion made by Commissioner DiBiase and seconded by Commissioner Orth, 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 sponsors for such developments as in the judgment of Rhode Island Housing have promise of supplying well planned, well designed homes which will provide housing for low- and moderate-income persons or families or others in locations where there is a need for such housing; and

Whereas, In carrying out its corporate purposes, Rhode Island Housing is authorized to encourage the investment of private capital and stimulate and assist in the development of multi-family rental housing for low- and moderate-income persons or families through the use of public financing; and

Whereas, The United States Department of Housing and Urban Development (“HUD”) and the United States Department of the Treasury (“Treasury”) have recently

collaborated to create the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative (the “Initiative”); and

Whereas, The Initiative will permit Rhode Island Housing to obtain HUD Risk Share Insurance on eligible loans for multi-family rental housing for low- and moderate-income persons or families, which will permit the FFB to acquire a participation interest in those loans; and

Whereas, Rhode Island Housing’s participation in the Initiative will encourage the investment of private capital and stimulate and assist in the development of multi-family rental housing for low- and moderate-income persons or families through the use of this public financing; and

Whereas, Participation in the Initiative will provide Rhode Island Housing with an additional financing tool, and will result in a significantly reduced interest rate for multi-family developments for low- and moderate-income housing compared to the cost of tax-exempt bonds under current market conditions; and

Whereas, Participation in the Initiative is consistent with Rhode Island Housing’s corporate purposes and is in the best interests of Rhode Island Housing.

NOW, THEREFORE, IT IS HEREBY:

Resolved: That Rhode Island Housing be and hereby is authorized to participate in the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative (the “Initiative”).

Resolved: That the Executive Director and any Deputy Director, (each, an “Authorizing Officer”) each acting singly, be and hereby is authorized and directed to execute and deliver in the name of Rhode Island Housing, all documents of any type he or she deems necessary to carry out this Resolution, including, without limitation, the Risk Share Agreement, Master Escrow and Custody Agreement and Master Purchase and Sale Agreement in substantially the form presented at this meeting, with such changes, additions and deletions as may be approved by said Authorizing Officer and not contrary to the terms of this resolution.

Resolved, that any actions previously undertaken by any Authorized Officer that are consistent with this resolution are hereby ratified and confirmed in all respects.

Approval of Draft 2015 Qualified Allocation Plan (QAP) Governing Award of Federal Low-Income Housing Tax Credits

Ms. Ventura presented this request.

Pursuant to the Revenue Reconciliation Act of 1989, each Housing Credit allocating agency must adopt a Qualified Allocation Plan (the “Plan”) that establishes the priorities and criteria for

both allocating and monitoring Housing Credits. The allocating agency must conduct a Public hearing and a subsequent public comment period on the Plan prior to being finalized and presented to the Governor for approval.

In accordance with these requirements, Rhode Island Housing has administered the Housing Credit program in Rhode Island under a Plan that was first adopted in January 1990. The Plan was last amended in October 2014.

Staff has proposed changes to the following sections of the Plan. These changes seek to amplify and explain our goals and procedures.

Section I.C.3	Housing Needs
Section I.F.	HUD Qualified Census Tracts/Difficult to Develop Areas
Section I.L.1	Fair Housing
Section III.B,C	Tax Credit Review Criteria
Section VII.	Compliance Monitoring

The most substantive change to the Plan is at Section III. In 2014, following a request from the Board and our partners, staff researched national practices and developed a revised scoring system for evaluation of applications for Housing Tax Credits, which was incorporated into the 2015 Plan. Applications were received and scored under the new scoring system. The process was generally well received by developers and the development community.

Staff actively sought feedback from our partners in regards to the application and scoring process for the 2016 Plan. Staff held a public meeting on May 18, 2015 with developers, consultants and other industry professionals to solicit comments on the 2015 process. Subsequent to that meeting, an external committee was formed to solicit feedback on the proposed changes to the scoring system. The committee included: Joseph Garlick, Executive Director of NeighborWorks Blackstone River Valley; Sharon Conard-Wells, Executive Director of West Elmwood Housing Development Corporation; Barbara Sokoloff of Barbara Sokoloff Associates; Jeanne Cola, Executive Director of LISC; Jan Brodie, Executive Director of the I-195 Commission; David Pride, Independent Development Consultant; Dan Jennings, Economic Advisor RI Commerce; and, Macky McCleary, Vice-Chair of the Board of Commissioners.

A meeting was conducted with the external committee on June 10, 2015 and the participants provided feedback on the application process and the scoring metrics. Rhode Island Housing staff reviewed comments received from our partners and staff with the committee. Several additional written comments were submitted subsequent to that meeting. Because of this engagement with our partners, Rhode Island Housing staff proposes the following changes to the Scoring Criteria for the review of applications and award of Housing Tax Credits under the state's Qualified Allocation Plan.

The draft Plan is attached as Attachment B.

The Plan will become final upon (i) the expiration of the public comment period; (ii) final approval by the Board of Commissioners of the Plan (including any changes, pursuant to public comments); (iii) approval by the Governor; and (iv) 20 days after filing with the Secretary of State.

The public comment period will begin on or about August 27, 2015, or the soonest date permitted by the Office of Regulatory Reform. The public hearing will be held no sooner than 30 days following the publication of the proposed Plan, with final submission to the Board of Commissioners expected in October or November 2015.

Upon a motion made by Commissioner Orth 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 has been designated by the Governor as the Principal Housing Agency and Tax Credit Allocation Agency for the State of Rhode Island (the “State”);

WHEREAS, The Revenue Reconciliation Act of 1989 requires Housing Credit allocating agencies to allocate Housing Credits according to a Qualified Allocation Plan (the “Plan”);

WHEREAS, The Plan must establish priorities and criteria for allocating the Housing Credits that best meet the housing needs of the state and must be adopted pursuant to a public hearing and comment period; and

WHEREAS, Housing needs for the State of Rhode Island have been established pursuant to the proposed Rhode Island Consolidated Plan: 2015-2019.

NOW, THEREFORE, BE IT:

RESOLVED: That Rhode Island Housing be, and hereby is, authorized to publish notice of its intent to approve and adopt the proposed Qualified Allocation Plan, substantially in the form attached hereto as Attachment B.

Finally, Chairman Retsinas suggested that either quarterly or twice a year the Commissioners meet off site at a location to be determined by staff and Board. The Commissioners thought the idea had value and meeting at a partners’ or development is a great way to view some of the work Rhode Island Housing accomplishes.

There being no further business to discuss, a motion was duly made by Commissioner DiBiase and seconded by Commissioner Magaziner to adjourn the open meeting at approximately at 10:12 a.m.

Respectfully submitted,

Barbara G. Fields
Secretary and Executive Director