

**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, September 17, 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; Vice Chair Macky McCleary, Director of Business Regulations (arrived at 8:36); Michael DiBiase, Director of Administration; Kelly Rogers, designee for Seth Magaziner, General Treasurer; Stephen P. McAllister and Kevin Orth.

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.

Andrew Prescott, 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 noted that a quorum was present.

Approval of Minutes of Board Meeting Held on August 20, 2015

Commissioner Orth requested the minutes be amended to reflect that he attended the August 20, 2015 Board Meeting.

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

VOTED: That the Minutes of the Board Meeting held on August 20, 2015 be and hereby are approved, as amended.

Chair's Report

Chair Retsinas noted that he recently met with the Governor and shared some of her remarks with the group. The Governor is pleased with the direction of the Corporation and is supportive of our work. She is looking forward to more closely integrating our work with her agenda.

The Chair next briefly commented on the new structure for meetings moving forward. The Chair proposed that the Chairs of the Credit and Management Committees would present the agenda items that had been vetted by their respective committees, with additional information provided by the Director of the department responsible for generating the request. The final item of the agenda would be a 20-minute information session addressing a topic of strategic or operational concern to the Agency.

Finally, the Chair announced that periodically the Board would meet off site at a location decided by staff and Board, with the first off-site meeting to be held in October at a location to be determined.

Commissioner McCleary arrived at this point at 8:36 a.m.

Executive Director's Review of Recent Activities and Trends

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

Ms. Fields noted that on September 8, the Agency launched the Ocean State GradGrant program with Governor Raimondo at Rhode Island College. The program has received excellent media coverage and been enthusiastically received by our lender partners. The Providence Business News also highlighted the program in its Five Questions segment. Ms. Fields distributed a copy of the PBN article to the Commissioners. Staff will continue to market the program via university alumni associations, networking events with millennial and professional organizations, and radio and online advertising.

Ms. Fields stated that through August 31, mortgage originations by dollars is up 89% compared to last year, and has already surpassed total originations for all of 2014. Additionally, FirstHomes Tax Credit volume continues to be very strong with almost 500 credit certificates issued in 2015 on top of the 361 issued in 2014.

Delinquencies in Rhode Island Housing's portfolio continue to improve. The dollar value of delinquent loans fell by \$18.6 million for the eight-month period ending August 31, compared to the same period in 2014. In the seriously delinquent category (loans 90+ days delinquent), the reduction was \$16.2 million for the same period.

Ms. Fields noted that preliminary discussions with a local community bank regarding the possibility of Rhode Island Housing taking on servicing of the bank's mortgage portfolio are underway. This is a business opportunity identified through the recent Seasoned Partners Strategic Assessment.

Staff continues to work with the State Office of Housing and Community Development (OHCD) and the City of Providence to assemble information and documentation in response to the audit of the NSP. Staff anticipates a submission to HUD by the end of the year.

Rhode Island Housing has also submitted all requested documentation to HUD related to the HOME audit. Ms. Fields expects to hear back from HUD by October 1.

Ms. Fields noted that Rhode Island Housing recently hosted a conversation with staff and a diverse group of community partners regarding the recent Supreme Court ruling on 'disparate impact' and HUD's Affirmatively Furthering Fair Housing (AFFH) regulations, and what these mean for Rhode Island.

On September 18, Jim Stockard, recently retired Director of the Loeb Fellowship program at Harvard Graduate School of Design, will be doing a workshop for staff on housing and community development.

The National Council of State Housing Agencies is holding the 2015 Annual Conference and Showplace on September 26-28, 2015. Several staff members have been asked to present at sessions at the conference. Ms. Fields noted that Kelly Rogers, Designee for Treasurer Magaziner and Ellen Balasco, designee for Commissioner McCleary are attending the conference.

Finally, Ms. Fields recognized and acknowledged Tricia Hebert from the HelpCenter who received this year's Attorney General Award for Consumer Protection. Tricia was recognized for her work in implementing the state's mortgage foreclosure mediation law, and helping keep RI families in their homes. The Director congratulated Ms. Hebert on her efforts and expressed her appreciation for the positive results Tricia's initiatives have generated in the HelpCenter.

Approval of External Charitable Donations and Contributions

Commissioner McCleary, Chair of the Management Committee 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 events for the month of October 2015 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 organizations listed on Attachment A 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). For example, HousingWorks RI at Roger Williams University is an authoritative source of information about housing in Rhode Island, conducting research and analyzing data to inform public policy. Similarly, The Providence Foundation originates and advocates for policies and project for the development and improvement of downtown and the City of Providence. The work of each of these organizations further and support Rhode Island Housing's mission.

Moving forward, Commissioner McCleary encouraged staff to proactively review Community events and design benchmarks to evaluate the need for participation.

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

**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 Additional Allocation of Bond Volume Cap to First Homes Tax Credits

Ms. Fields made this presentation.

This request is for authorization to allocate and to allocate up to \$112,280,00 in unused private activity bond authority to be issued as Mortgage Credit Certificates ("MCCs") under Section 25 of the Internal Revenue Code (the "Code").

Under state and federal law, Rhode Island Housing has authority to issue tax-exempt mortgage revenue bonds ("MRBs") to be used for the purchase of primary residences by borrowers who meet the applicable IRS requirements. Each state receives an allocation of private activity bond authority from the US Department of the Treasury. In turn, the state allocates this bond authority to state entities that are authorized to issue tax-exempt bonds, such as the Economic Development Corporation, the Student Loan Authority, the Airport Corporation and Rhode Island Housing. Because Rhode Island Housing is the only issuer permitted to carry forward bond authority to successive years, we are assigned any unused state authority each year.

In past years, Rhode Island Housing primarily funded its mortgage lending activity with proceeds from the sale of tax-exempt private activity bonds since the rate that was achievable was less than rates available in the private mortgage market. However, due to the upheaval in the capital markets in recent years, the interest rates achievable through the sale of tax-exempt bonds are no better than the rates available through more conventional mortgage products. Consequently, Rhode Island Housing has responded to this changed environment and now

funds most of its loans through new financing platforms, including Fannie Mae and Ginnie Mae. Because of this funding shift, Rhode Island Housing has unused tax-exempt volume cap including \$112,280,000 that will expire at the end of 2015.

This unused tax-exempt authority presents an opportunity for Rhode Island Housing to take advantage of an IRS program that will provide tangible benefits to low- and moderate-income first-time homebuyers in a way that will complement our current lending platforms. Under the Code, Rhode Island Housing can convert a portion of its authority to issue tax-exempt bonds into MCCs, which would then be issued to qualified homebuyers. The MCC provides housing assistance to the homebuyer in the form of a federal tax credit, the value of which is equal to a portion of the mortgage interest (between 10% and 50%, in accordance with the program guidelines) paid by a homeowner on certain qualifying loans. This tax credit is used on a dollar-for-dollar basis to offset all or a portion of the homeowner's tax obligation on ordinary income and is available every year for the life of the loan. To claim the credit, the homeowner completes and submits an IRS form along with their federal tax return. To the extent that the mortgage interest paid is higher than the credit available under the MCC program that excess amount can be taken as an itemized deduction, further reducing the homeowner's federal tax liability.

In late 2013, the Board authorized the reestablishment of the MCC program, known as the FirstHomes Tax Credit, and allocated \$75,000,000 in unused private activity bond authority to be issued as MCCs to qualifying homebuyers. Due to strong demand, the Board allocated an additional \$118,910,000 to the MCC program in late 2014. Rhode Island Housing began taking applications under the FirstHomes Tax Credit program on July 1, 2014. The Program has proven to be immensely popular with homebuyers and our participating lenders. To date, Rhode Island Housing has entirely exhausted the MCC authority available under the 2013 allocation, and has committed approximately 85% of the MCC authority under the 2014 allocation. Staff expects that available MCC authority under the 2014 allocation will likely be exhausted by January 2015.

In light of the strong demand for the product, and the availability of \$112,280,000 in private activity bond authority that will expire at the end of 2015, staff recommends that this expiring volume cap be allocated to the MCC program to extend our ability to issue MCCs to eligible borrowers. Because there is no other viable use of the expiring bond authority, we can provide this benefit to borrowers at no cost to Rhode Island Housing.

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 a duly organized and existing body politic and corporate, not a state agency, but an independent instrumentality exercising essential public functions under the constitution and laws of the State of Rhode Island (the "State"); and

WHEREAS, Rhode Island Housing is authorized by Chapter 55 of Title 42 of the Rhode Island General Laws, as amended (the “Act”), to issue and sell its revenue bonds and to use the proceeds thereof for the purpose of financing mortgage loans to low and moderate income persons in the State, to purchase or, under certain circumstances, to improve and rehabilitate owner-occupied residences and to secure payment of such revenue bonds as therein provided, all in accordance with the provisions of the Act; and

WHEREAS, Rhode Island Housing is an authorized issuer of “qualified mortgage bonds” described in Section 143 of the Internal Revenue Code of 1986, as amended (the “Code”) and receives volume cap under Section 146 of the Code to issue such qualified mortgage bonds and other private activity bonds; and

WHEREAS, Section 25 of the Code and the regulations promulgated thereunder permit Rhode Island Housing to exchange its authority to issue qualified mortgage bonds and other private activity bonds for which it has volume cap in order to issue mortgage credits certificates (“MCCs”) under a qualified mortgage credit certificate program; and

WHEREAS, an MCC provides housing assistance in the form of a nonrefundable, federal tax credit, the value of which is equal to a portion of the mortgage interest paid by a homeowner on certain qualifying loans; and

WHEREAS, the holder of an MCC may apply this tax credit against on his or her federal income taxes in each year the MCC is effective; and

WHEREAS, Rhode Island Housing desires to provide the widest range of alternatives to low and moderate income borrowers to enable them to finance the acquisition, construction, improvement and/or rehabilitation of single-family residences within the State; and

WHEREAS, Rhode Island Housing currently administers a mortgage loan program funded in part through the issuance of qualified mortgage bonds (the “Bond Program”) and in part through other financing vehicles,(collectively with the Bond Program the “Loan Program”); to provide lower interest rate loans to low and moderate income persons who qualify for such program and

WHEREAS, to complement the Loan Program, Rhode Island Housing also wishes to implement an MCC program and issue MCCs under such program; and

WHEREAS, in connection with such MCC program Rhode Island Housing desires to elect not to issue up to \$112,280,000 of private activity bonds which it could otherwise issue (including from any unused carryforward from prior calendar years); and

WHEREAS, pursuant to Section 146 of the Code, Rhode Island Housing has previously directed its Executive Director to file with the Internal Revenue Service (the “IRS”) Form 8328 or such other applicable form to carry forward unused private activity bond volume cap allocated to Rhode Island Housing for the calendar year 2011; and

WHEREAS, Rhode Island Housing previously directed that the carryforward volume cap be used to issue qualified mortgage bonds in connection with its Bond Program, and now desires to use a portion of such carryforward volume cap in connection with its MCC program and the issuance of MCCs; and

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEBRASKA INVESTMENT FINANCE RHODE ISLAND HOUSING, AS FOLLOWS:

Section 1. Rhode Island Housing finds and determines that it is necessary to exchange its authority to issue up to \$112,280,000 of private activity bonds for the authority to issue MCCs. Rhode Island Housing directs the Executive Director to make one or more elections, pursuant to Section 25 of the Code, not to issue up to an aggregate of \$112,280,000 of private activity bonds (the “nonissued bond amount”) that Rhode Island Housing is authorized and has volume cap available to issue (including any unused carryforward). The nonissued bond amount shall be allocated to an MCC program to be established by the Executive Director under this Resolution. To effectuate the foregoing, the Executive Director is directed to file notice of such election or elections with the Internal Revenue Service, as required by the Code and the regulations.

Section 2. Rhode Island Housing approves and authorizes a program (the “MCC Program”) of issuing MCCs, pursuant to one or more elections, to qualified homebuyers who incur mortgage loans for eligible purposes. The parameters and purposes of this MCC Program are attached hereto as Exhibit A. Such parameters are hereby approved in substance, with such changes and modifications as the Executive Director, the staff and counsel to Rhode Island Housing deem necessary and advisable, and are incorporated by reference as part of this Resolution.

Section 3. With respect to the MCC Program, the Executive Director may establish one or more credit rates for the mortgage loans described therein, determine the program expiration date, select the types of mortgage loans for which MCCs may be issued, approve the terms and conditions on which participating lenders make loans that are eligible for MCC financing, and make other determinations as appropriate, all in accordance with the terms and provisions of Section 25 of the Code and the regulations thereunder and this Resolution. The Executive Director and the staff are hereby directed to further define the MCC Program parameters as necessary to maximize the availability of lower cost financing to low and moderate-income persons under the MCC Program.

Section 4. The Executive Director shall develop forms of the MCC Program Guide and related items as he determines are necessary, appropriate and advisable to carry out the MCC Program.

Section 5. The Executive Director shall give notice to the public of establishment of each MCC Program as required by Section 25 of the Code and the regulations thereunder prior to the issuance of any MCCs under the MCC Program.

Section 6. Rhode Island Housing ratifies and approves the use of any unused private activity bond volume cap allocated to Rhode Island Housing and previously carried forward for the calendar year 2012 in connection with the issuance of MCCs.

Section 7. The Executive Director be and hereby is authorized to take any actions he determines are necessary, appropriate and advisable to carry out this Resolution.

Section 8. This Resolution shall be in full force and effect immediately upon its passage and approval.

Approval of Amendments to the Bylaws

Commissioner McCleary made this presentation with additional comments provided by Mr. Milito.

The first proposed amendment involves minor changes to the names of two standing committees established in the Bylaws. The current “Management, Budget and Human Resources Committee” will be renamed as the “Management Committee” and the current “Audit and Investment Banking Committee” will be renamed as the “Audit Committee”. These changes are consistent with the action taken by the Board at its meeting of August 20, 2015. There will be no substantive changes to the responsibilities of these Committees.

The second proposed amendment deals with quorums of Committees. The Bylaws presently provide that a majority of the members of any Committee shall constitute a quorum, unless the Board otherwise provides. This amendment provides that a majority of Commissioners on any Committee constitutes a quorum, except where a Committee contains four Commissioners, in which case two Commissioners shall constitute a quorum. This will minimize the chance that a Committee fails to achieve a quorum.

Finally, existing Article VI, Section 4 will be deleted. Rhode Island Housing’s enabling act previously provided for a Community Advisory Committee to be appointed by the Governor. That provision was deleted several years ago and the Bylaws should be amended to reflect that change.

The attached resolution authorizing amendments to the Rhode Island Housing by-laws as set forth above is recommended for approval.

Upon a motion made by Commissioner McCleary and seconded by Commissioner Mcallister, the following resolution was unanimously adopted as presented to the Board meeting.

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

Resolved: That the by-laws of the Corporation be and are hereby amended as set forth in Attachment A presented at this meeting.

Approval of Revolving Construction Loan for Church Community Housing Corporation, Newport

Commissioner Orth, Chair of the Credit Committee presented this request.

This request is for a Revolving Construction Loan (“RCL”) in the amount of \$750,000 for the construction of homeownership opportunities developed by Church Community Housing Corporation (“CCHC”).

In October 2001, the Board of Commissioners authorized the creation of the Home Development and Homeownership Loan Program (the “Program”). Over the past fourteen 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 150 homes that have been sold to first time homebuyers.

CCHC has been involved in promoting homeownership for low and moderate families since its creation in 1969. Since 1993, CCHC has employed a land trust model with a 99-year ground lease for its homeownership program, in order to ensure that the homes remain affordable for the long-term. To date they have developed 97 homes for first time buyers under the land trust model.

The CCHC land trust provides affordable homeownership opportunities to working families by removing the cost of land from the cost of homeownership. CCHC sells only the improvements (the home) to the homebuyer and leases the land to them through a 99 year renewable Ground Lease, at a minimal fee of \$25 per month. CCHC believes that a Ground Lease is a superior means of preserving affordability because it keeps ownership of the land in the hands of a non-profit community agency dedicated to affordable housing. By maintaining ownership of the land, CCHC can sell the improvement at a lower cost, while keeping control of the use of the structure through the Ground Lease. CCHC prepares its homeowners for the benefits and responsibilities of homeownership by requiring they complete a homebuyer education program prior to purchasing a land trust home.

This RCL will be used for construction costs relative to the development of new homes or rehabilitation of existing homes. CCHC intends to use gap financing, such as Building Homes Rhode Island (“BHRI”) funds, HOME funds or Community Development Block Grant funds to make up the balance of the financing needed for each of the individual projects. The construction loan will be repaid from the proceeds realized from the sale of each home.

CCHC will execute a Master Construction Loan Agreement (“MCLA”) which will outline the terms and conditions of the Program. A Note and Mortgage will be executed for each individual construction loan that will be discharged upon sale of the property. The individual construction loans are sized to be the lower of the appraised value of the home or the sales price. Under the MCLA, CCHC will be able to develop up to four homes at any time; two homes must be pre-sold to qualified buyers and two can be on spec. The credit facility will have a three-year term.

The interest rate for each mortgage under the Master Loan will be set at the one-month LIBOR plus 3%, with a rate floor of 4% and cap of 7.00% for loans in which the interest is paid monthly. For loans where interest will accrue, the rate floor is 4.5% and the cap is 7.5%.

CCHC has an on-going pipeline of projects and intends to use the Program at once to build three homes in Tiverton in a development known as Cottrell farms. All three homes have Purchase & Sales Agreements with income-qualified buyers. CCHC has selected a general contractor and the BHRI gap filler funds are committed.

Cottrell Farm is a 61 unit phased major subdivision in Tiverton Rhode Island. Tiverton has an inclusionary zoning ordinance that requires the provision of 20% affordable housing in any major subdivision and provides a 30% density bonus to offset the cost of providing the affordable housing. In the case of the Cottrell Farm subdivision, the Tiverton Planning Board only required that 10% of the homes be deed-restricted for lower income families because it was not possible for the developer to utilize the density bonus. The Planning Board also granted a reduction in the amount of open space required and counted this as a form of a density bonus.

The subdivision was originally approval in 2007. However, due to the economic downturn, development was stalled and only recently has resumed activity towards completion. CCHC will develop five homes at Cottrell Farms.

As with the previous loan programs, CCHC will work with the Rhode Island Housing Homeownership Division to pre-qualify applicants with purchase and sales commitments to purchase homes. The homes will be sold to first time low- and moderate-income homebuyers with family income at or below 80% of median income. The interest rate for each individual purchaser mortgage will be set at closing on the permanent financing.

The interest rate for each mortgage under the MCLA will be set at the one-month LIBOR plus 3%, with a rate floor of 4% and cap of 7.00% for loans in which the interest is paid monthly. For loans where interest will accrue, the rate floor is 4.5% and the cap is 7.5%. The interest rate for each individual mortgage will be set at closing.

A period of discussion followed the presentation. The Commissioners suggested that a term sheet for the program be developed, and that a strategic overlay, similar to the QAP for the housing tax credits, be added to establish goals for the program, so that applications for assistance can be evaluated under the strategic goals, and result can be tracked.

Ms. Fields acknowledged Steve Ostiguy of Church Community Housing who thanked the Board for their consideration and the opportunity to work with Rhode Island Housing.

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, 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 the Corporation have promise of supplying well planned, well designed single family and two family homes and condominiums which will provide housing for low and moderate income persons or families or others in locations where there is a need for such housing;

Whereas, Rhode Island Housing is authorized to provide permanent financing with assistance, as applicable, to homebuyers;

Whereas, Church Community Housing Corporation (“CCHC”) has presented an application to Rhode Island Housing requesting a revolving line of credit to construct residential housing as set forth in this Request for Action; and

Whereas, Rhode Island Housing staff has reviewed the submission, will inspect the sites and will determine that these developments may qualify for financing under 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 Rhode Island Housing be and hereby is authorized to make a revolving construction loan up to \$750,000 to CCHC. The loan will be structured generally in accordance with the description contained herein, with such changes as the Executive Director, either Deputy Director or the Director of Development may, in their sole discretion determine to be necessary or advisable.

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

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

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

Strategic Topic: Discussion of Continuum of Care Program (CoC)

Chair Retsinas introduced the topic stating that the discussion be broken down to three elements: current exposure to the organization; status of the outstanding HUD matters; and long-term future of the program with Rhode Island Housing. This item is for sharing of information and discussion only, and no decisions will be reached at this meeting.

Carol Ventura, Deputy Director made a presentation addressing each of the elements set forth by the Chair regarding the CoC program.

Ms. Ventura began by giving a brief history of the CoC and recent changes. She noted that the CoC was created under the McKinney Vento Homeless Assistance Act of 1987 and is the only major federal program to address homelessness. In 2002, Rhode Island Housing filed the first COC application for the state.

The program has changed through the years, with a shift in emphasis from the provision of Transitional Housing to Permanent Supportive Housing; a reduction in new project funding; a new focus on rapid re-housing; more emphasis on tenant-based rental assistance and less on project-based assistance; and an increased reliance upon the private housing market.

Staff has been working diligently with sub recipients to obtain with required backup for outstanding requisitions for open grant years. Currently, staff estimates that the potential shortfall to sub recipients will be around \$565,000.

Ms. Ventura noted that there are a few issues that are still pending for the CoC Program. We are awaiting HUD's response to the documentation we submitted regarding the Safe Havens grant and the possible the recapture of some grant funds. We are finalizing work with an outside consultant provided by HUD in the development of a new policies and procedures manual for the CoC, which also addresses matters identified by the Rhode Island Bureau of Audits in its review.

Next, Ms. Ventura introduced Cori Myers, Assistant Counsel, who outlined options for Rhode Island Housing's future involvement with the CoC. Ms. Myers referred to a matrix setting forth various roles the organization can play in the CoC, ranging from continuation of our current role as applicant and lead fiscal agent, to a significantly limited role as sub recipient, with another entity taking on the lead applicant role. The matrix also set for the estimated costs to the organization for each scenario, and the pros and cons of each both to the organization and the recipients of the CoC assistance.

A brief discussion followed the presentation. The Commissioner requested that staff continue to explore alternative avenues for the future administration of the CoC.

Chair Retsinas recognized Steve Ostiguy, Executive Director of Church Community Housing Corporation (CCHC), a sub recipient of CoC funding. Mr. Ostiguy stated that in his experience, agencies such as CCHC are capable of meeting HUD's requirements without the assistance of Rhode Island Housing, and that the involvement of Rhode Island Housing perhaps lengthened the time of processing requisitions.

Chairman Retsinas thanked Mr. Ostiguy for his comments, expressed his appreciation to Ms. Ventura, Ms. Myers and staff for the comprehensive breakdown of the CoC issue, and tasked the Management Committee with oversight of the CoC progress.

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 9:46 a.m.

Respectfully submitted,

Barbara G. Fields
Secretary and Executive Director