

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Management Committee
November 3, 2015

The Management Committee of the Rhode Island Housing convened at the offices of the Corporation on November 3, 2015.

Committee members present were Committee Chair McCleary, Chair Retsinas, Commissioner McAllister and Commissioner Rogers, designee for General Treasurer Magaziner.

The following Rhode Island Housing staff was also present: Barbara Fields, Executive Director, Carol Ventura, Deputy Director, Kara Lachapelle, CFO, Leslie McKnight, Director of Loan Servicing, Michael Milito, Deputy Assistant Director, Peter Pagonis, Director of Homeownership and Cathy Matarese, Director of Information Technology.

A quorum being present, the Chair called the meeting to order at approximately 2:15 p.m.

The following items were considered at the meeting.

- Update on Continuum of Care (CoC) Program

Ms. Fields provided a brief update on the CoC Program matter. She reported that requisitions have been approved and funds disbursed on the Grant Year 2013 grants. Staff continues to work on reviewing requisitions under the Grant Year 2014 grants and good progress is being made. The proposed FY2016 program budget will include a line item to cover anticipated shortfalls to the CoC sub recipients.

Staff has met with representatives of the United Way, CoC sub recipients, State Agencies and other stakeholders to discuss a possible handoff of some of the CoC activities to other interested parties for future funding rounds.

- Recommendation Regarding Staffing of Homeownership and Loan Servicing Divisions

Ms. Fields made this presentation.

Staff recommends the addition of staff for the Homeownership Division and the Loan Servicing and Asset Management Division.

- Homeownership Division

Staff recommends the addition of one full-time underwriter to the Homeownership Division to support increased lending activity from our lending partners. As of September 30, origination volume has increased by nearly 90% year over year. Origination fees associated with the increased origination activity easily support the costs associated with an additional underwriter.

- Loan Servicing and Asset Management Division

Two staffing changes are proposed for this division. First, staff recommends the addition of a full-time Assistant Director/Single Family. Growth in our single-family originations has led to greater portfolio management needs. Second, staff recommends the addition of a full-time Compliance Specialist who will be responsible for monitoring and overseeing the HOME Program portfolio, which consists of nearly 1,400 homes.

Following a period of discussion, upon a motion made by Commissioner McAllister and seconded by Chair Retsinas, the Committee unanimously voted to recommend the above-described staffing changes to the full Board.

- Recommendation Regarding Approval of the 2016 Qualified Allocation Plan

Director Fields made this presentation.

At its meeting of August 20, 2015, the Board preliminary approved and authorized publication for comment the 2016 Qualified Allocation Plan (QAP) governing the Low Income Housing Tax Credit Program. Staff received five comments during the comment period and has responded to each comment.

One commenter pointed out an apparent inconsistency in the scoring matrix that staff determined was caused by a typographical error, which has been corrected.

One commenter requested that the QAP provide points in the scoring for proposals involving mixed-income developments. Staff reviewed the draft QAP and determined that it does provide points for these developments in the “Good Homes” section, and no further changes were necessary.

One commenter requested that the QAP be revised to provide additional consideration to proposals that preserve existing housing developments, exempt such projects from the requirement that all projects create at least 20 new affordable homes, and balance preservation goals with incentives provided for proposals in areas with low concentrations of affordable housing. Staff has reviewed the comments and recommends that no changes to the draft QAP be made. Staff believes that, in light of the scarcity of resources to support new construction, our current approach of financing preservation properties with 4% credits and requiring that 9% credit proposals include the creation of additional housing strikes an appropriate balance between the interests of preserving existing housing and the need to create new affordable homes.

Several commenters requested that a number of provisions that primarily impact developments located in rural communities be amended to benefit the scoring analysis for such proposals. Staff agrees that a provision dealing with points awarded to projects that leverage outside resources be clarified to draw a distinction between state and Rhode Island Housing funds and funds provided from other outside parties. Staff believes the remaining comments regarding (i) the exclusion of infrastructure costs from the total development calculation, (ii) proposed amendment of scoring for various stages of zoning and planning approval, and (iii) providing additional points for developments up to 5 miles from existing infrastructure improvements, instead of the 2.5 mile limit in the draft QAP, should not be changed, as the scoring represents a reasonable approach to these

issues. Staff agrees with the request to clarify that points are available to proposals located in Growth Centers, even if the housing precedes the anticipated infrastructure.

Finally, based on a final internal review, staff recommends that the reference to Passive House design be removed from the Efficiency Section at this time. The concept is relatively new to Rhode Island, with a limited number of practitioners in the state. Staff intends to further research the concept over the next few months with the expectation that the concept will be included in next year's QAP.

The Committee then engaged in a discussion of the draft QAP. Committee Chair McCleary urged staff to learn more about Passive Home design and include it in future QAPs. Chair Retsinas mentioned that the Enterprise is a good resource for information on this topic.

Upon a motion made by Commissioner McAllister and seconded by Commissioner Rogers, the Committee unanimously voted to recommend approval of the revised QAP to the full Board.

- Recommendation Regarding Repeal of HOME Program Regulations

Ms. Fields made this presentation.

Staff recommends that the Corporation regulations governing the federal HOME Program be repealed in order to streamline administration of the Program and eliminate the need to amend our regulations every time the federal regulations change in a material way. The federal regulations govern our administration of the program and the existence of local regulations will eliminate the possibility of overlap, duplication and inconsistency between the federal and state rules.

Committee Chair McCleary endorsed the concept of “regulatory hygiene”. Upon a motion made by Commissioner McAllister and seconded by Commissioner Rogers, the Committee unanimously voted to recommend repeal of the HOME regulations to the full Board.

- Recommendation Regarding External Charitable Donations and Contributions

Ms. Fields made this presentation and referred the Committee and provided a schedule of charitable donations and contributions for November and December 2015. The Committee reviewed the schedule and determined that the proposals were consistent with Rhode Island Housing's interests. The Committee asked that the current policy be tweaked to make clear that in reviewing requests for assistance the Committee will consider the extent to which the request involves a Rhode Island Housing Partner; advances a Policy of Rhode Island Housing, or provides favorable Publicity to the organization.

Upon a motion made by Commissioner Rogers and seconded by Chair Retsinas the Committee voted to recommend approval of the proposed donations and contributions to the full Board.

- Recommendation Regarding Changes to the Agency's Credit Card Policy

Ms. Fields made this presentation. The proposed changes consist of (i) a process for approval of issuance of a credit card to the Executive Director, and (ii) changes to the policy regarding security of Corporation-issued cards when not in use.

Upon a motion made by Commissioner Rogers and seconded by Commissioner McAllister, the Committee unanimously voted to recommend approval of the proposed changes to the full Board.

- Discussion of HOME Program Audit Resolution

Ms. Fields made this presentation.

The HOME Policies and Procedures Guide is about to be completed and the proposed document is supported by HUD. We have responded to HUD's audit letter and have asked that HUD re-evaluate its initial amounts for recapture. We continue to stay in touch with HUD and hope to have a resolution of this matter soon.

- Discussion of Engagement of Computer Consultant for Additional Services

Ms. Fields provided this update.

The Corporation recently engaged McGladrey to conduct a comprehensive IT assessment. Through that process, McGladrey identified certain testing and reconfiguration of servers that needed to be completed to ensure the security and integrity of our IT infrastructure. Staff has determined to authorize McGladrey to conduct this additional work.

Commissioner Rogers left at this point at 3:10 pm. A quorum of the Committee was present.

- Discussion of Salary Survey

Ms. Fields gave this update.

The Corporation has not performed a salary survey in nearly 5 years, and we are concerned that our current salary structure does not reflect current market conditions. Ms. Fields indicated that we would be undertaking a salary study in 2016 to review current salary grades and rates for positions. The Committee requested that staff adopt a policy of performing a salary survey no less frequently than every second or third year.

There being no further business, upon a motion made by Commissioner McAllister and seconded by Chair Retsinas, the meeting of the Management Committee was adjourned at 3:15 p.m.

Respectfully submitted,

Barbara G. Fields
Executive Director and Secretary of the Management Committee