

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
January 6, 2016

The Credit Committee of Rhode Island Housing convened at the offices of the Corporation on January 6, 2016 at 3:00 p.m.

Committee members present were Committee Chair Kevin Orth and Chairman Nicolas Retsinas. Commissioner DiBiase was absent.

The following Rhode Island Housing staff was also present: Barbara Fields, Executive Director; Carol Ventura, Deputy Director; Michael Milito, Deputy Assistant Director, Eric Shorter, Director of Development; Fred Franklin, Risk and Compliance Manager; Anne Berman, Assistant Director of Development; Tim Caplice, Development Officer; and Sarah Strachan, Development Officer.

A quorum being present, the Chair called the meeting to order at approximately 3:00 p.m.

The following matters were considered by the Committee.

- Discussion and Update of Federal Financing Bank (FFB) Program

Ms. Berman made this presentation. She provided an overview of the Program and briefly discussed the pipeline of financing transactions which we believe would be eligible and appropriate to participate in the Program. She also discussed the anticipated cost of funds, and the risk share coverage that would be applicable to financings under the Program.

A brief period of discussion followed the presentation. There was no vote or other action taken regarding this item.

- Approval of Recommendation of Financing for Washington Hill Apartments.

Ms. Berman made this presentation.

Washington Hill, located in Lincoln, RI, consists of four 3-story apartment buildings containing 121 apartments, including one non-subsidy market apartment. There are 108 subsidized one-bedroom apartments, 12 two-bedroom subsidized apartments and 1 non-subsidized two-bedroom apartment. The development has received Section 8 rental assistance through a Housing Assistance Payment ("HAP") contract from initial occupancy in 1980. The current HAP contract was renewed in 2011 and runs through 2031. The Development requested and has received approval for a rent increase effective April 2016.

Over the past three years, the property has had an active capital improvement program using both cash flow and existing reserves. The recent work consisted primarily of

sidewalk replacement, community room upgrades, parking lot repairs, exterior painting and kitchen cabinet replacements in the residential apartments. A Capital Needs Assessment (“CNA”) was commissioned in September 2015 to assess the physical condition of the property and determine immediate and long-term rehabilitation needs of the Development. The proposed work scope includes replacement of the site’s electric panels and switch gear, replacement of the emergency generator, ADA retrofit for 6 apartments to meet current code, minor exterior wood soffit and concrete retaining wall repairs, and some additional sidewalk repairs. An architect will be engaged to provide drawings and specification for the ADA and electric/mechanical upgrades. The repairs will be completed by the management company and their subcontractors.

Rhode Island Housing currently holds the first mortgage on the Development, which matures in 2037. In addition to the rehabilitation, SHP will withdraw a portion of accrued equity in the Development as part of the refinancing. As part of the approval process, staff has determined that the Development and owner meet Rhode Island Housing’s requirements for participating in this refinance/equity take-out program.

Staff proposes a taxable loan of up to \$11,400,000, which will be funded through the U.S. Department of the Treasury -HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative.

Following a brief discussion, upon a motion made by Chair Retsinas and seconded by Committee Chair Orth, the Committee unanimously voted to recommend to the full Board that the proposed financing be approved.

- Discussion and Update of the Housing Production and Preservation Program (HPPP)

Mr. Shorter provided an update on HPPP. To date, Rhode Island Housing has allocated approximately 50% of the funds available under the Program. We expect the balance will be allocated over the next several months for transactions that are also relying on Rebuild Rhode Island Tax Credits as part of their financing package. The Program provides much needed gap financing for multi-family rental transactions. The Committee engaged in a brief discussion of the Program. No votes or other actions were taken on this item.

- Discussion and Update of Rhode Island Housing’s Multifamily Affordable Housing Financing Programs

Mr. Shorter made this presentation. He provided an overview of the financing programs offered by Rhode Island Housing for multifamily rental housing, including terms, level of available resources, tenant income requirements, and the like. A spreadsheet setting forth these program features was distributed to the Committee. A general discussion then followed.

No votes or other actions were taken on this item.

- Adjournment

There being no further business, the meeting was adjourned at 4:05 pm.

Respectfully submitted

Barbara Fields, Secretary