

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS
May 19, 2016**

A regular meeting of the Rhode Island Housing and Mortgage Finance Corporation Board of Commissioners was held on Thursday, May 19, 2016 at 8:30 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI 02903.

Commissioners in attendance were Chairman Nicolas P. Retsinas; Vice Chairman Macky McCleary, Director of Business Regulations (arrived at 8:36 a.m.); Michael DiBiase, Director of Administration; Kelly Rogers, designee for Seth Magaziner, General Treasurer; Stephen P. McAllister; Kevin Orth and Maria F. Barry.

Also in attendance were: Barbara Fields, Executive Director; Carol Ventura, Deputy Director; Peter Walsh, Deputy Director; Leslie McKnight, Director of Loan Servicing and Asset Management; Eric Shorter, Director of Development; Peter Pagonis, Director of Homeownership; Claribel Shavers, Director of Resident Services; and Nicole Clement, General Counsel.

Steve 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.

A quorum being present, Chairman Retsinas called the meeting to order at approximately 8:31 a.m.

Approval of Minutes of Board Meeting Held on April 28, 2016

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

VOTED: That the Minutes of the Board Meeting held on April 28, 2016 be and hereby are approved.

Chairman's Report

There was no Chairman's report.

Executive Director's Review of Recent Activities and Trends

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

Homeownership. Ms. Fields announced that the Homeownership Division posted a strong April 2016 with 102 closed first mortgages and a volume of \$17.8 million, which exceeded April 2015 numbers by 24% and 11% respectively. Ms. Fields congratulated staff on the increase in volume and expressed her appreciation for their hard work. Ms. Fields mentioned that 341 FirstHomes Tax

Credits have been issued year-to-date, for a run rate of 1,023 which would eclipse the 2016 established goal of 1,014. Production is expected to accelerate in the summer months. Ms. Fields also reported that the Renewed Homes Program (funded with \$2.7 million from the Hardest Hit Fund) continues to experience solid demand with staff having received registrations from homes in all ten (10) participating communities. Since inception in February 2016, 83 registrations have been received, totaling \$1.66 million.

Commissioner Orth asked if seasonal fluctuations influence the numbers. Peter Pagonis, Director of Homeownership, responded that indicators show that during warmer months, confidence in the market increases.

Loan Servicing. Ms. Fields asked Ms. McKnight to provide an update on loan delinquencies. Ms. McKnight stated that Rhode Island Housing continues to see positive signs regarding portfolio delinquency. For the month ending 04/30/16 versus the month ending 04/30/15, Rhode Island Housing experienced a reduction in the total number of delinquent loans of 27 basis points (on active single-family servicing portfolio). Ms. McKnight stated that in a current comparison to the State, Rhode Island Housing is closely tracking the statewide numbers. The 90+ day delinquency rates are very similar to the State's, however indications show that those numbers are trending down and below the Mortgage Banker Association's numbers.

Development. Ms. Fields informed the Board that HUD recently announced the first-ever awards from National Housing Trust Fund. Rhode Island Housing will administer the small state minimum of \$3 million. Staff is currently developing the administrative plan for the program to be launched later this year.

Ms. Fields stated that on April 28, 2016 staff filed a \$3 million Lead Hazard Reduction Demonstration grant application in partnership with Green & Healthy Homes Initiative (GHHI) with HUD's Office of Lead Hazard Control and Healthy Homes. Staff anticipates awards to be announced this summer.

Ms. Fields mentioned that a resolution agreement has been reached with HUD regarding the audit and that HUD has approved the HOME Program Policies and Procedures.

Ms. Fields was pleased to announce that Rhode Island Housing would be allocating 2016 federal low-income housing tax credit (LIHTC) at this meeting. This is the single biggest source of federal funding for the development of affordable rental housing. LIHTCs are awarded through a competitive application and scoring process. Ten (10) proposals are scheduled for approval at this board meeting. Two (2) of these proposals include both preservation and new production components.

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

Leased Housing and Rental Services. Ms. Fields shared that staff continues to work with families placed on the wait list in 2015. Currently, there are 87 active Housing Choice vouchers for families that searching for rental housing units. Since April nine (9) new families have been added to the list.

Rhode Island Housing is working with the Providence Housing Authority to create a shared Housing Choice Voucher Program wait list. Rhode Island Housing hopes to open the wait list in July. Staff will use partner locations to provide support to households that need technical assistance in completing the application.

Ms. Fields informed the Board of Commissioners that since May 16 HUD has been in the offices of Rhode Island Housing conducting on-site monitoring of the Rhode Island Continuum of Care program.

Finance. Ms. Fields distributed a budget to actual report for the Board's review. Presently, Rhode Island Housing is running ahead of budget projections and estimates net revenues to continue that trend.

Government Relations and Policy. Following the launch of the Housing Report, Ms. Fields has scheduled meetings with various interested groups as part of an effort to raise awareness about the need for State investment in housing and build support for the Housing Opportunity Bond and Housing Production and Preservation Program. Ms. Fields mentioned that the House and Senate "Madeline Walker" bills have passed their respective chambers and are going through the process of being approved by the Governor. Staff also continues to work with the General Treasurer and the Administration on ensuring that any legislation requiring more oversight of bonding authorities provides Rhode Island Housing the flexibility needed to respond effectively to the market.

Communication. Ms. Fields announced that she was the featured speaker at LISC's breakfast forum earlier in the month where she spoke to approximately 75 attendees about the recently released Housing Report. Ms. Fields thanked Jeanne Cola, Executive Director of LISC, for the opportunity to address the forum.

Ms. Fields reported that more than 230 lender and realtor partners joined her and staff for the annual Spring Homebuying Breakfast earlier this month. Dr. Mark Palim, Vice President of Applied Economic and Housing Research at Fannie Mae, was the featured guest speaker. Rhode Island Housing honored top lender and realtor partners for 2015. Ms. Fields thanked Peter Pagonis, Director of Homeownership, and his team for hosting the event.

Ms. Fields was delighted to share that Rhode Island Housing has been named one of Rhode Island's "Best Places to Work" by *Providence Business News*. The recognition is especially meaningful as the award is based on results from a confidential survey of staff.

Finally, Ms. Fields directed the Commissioners to a revised Board of Commissioners meeting schedule for the remainder of 2016. She stated that the June 17, 2016 Board meeting is scheduled to meet at The Meadows in North Smithfield.

Approval of External Charitable Donations and Contributions

Nicole Clement, General Counsel made this presentation.

This Request for Action is for approval and ratification of Charitable Donations and Contributions 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 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, the reason for supporting the event or recipient, 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 require any disclosure under the Rhode Island Code of Ethics.

Rhode Island Housing’s support of the work of the organization(s) listed on Attachment A to the Request for Action furthers our corporate purposes by 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 Institute for the Study and Practice of Nonviolence works to reduce gang or group related violence in many of the communities in which Rhode Island Housing-financed developments are located, and provides services to the youth of those communities. Invest In Peace 2016 is an event to recognize those individuals who are committed to nonviolence and who possess the courage to stand up and facilitate peace and justice across Rhode Island. The work of this organization furthers and supports the mission of Rhode Island Housing.

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

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

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

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

Whereas, the organization(s) 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, each organization plays 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 Engagement of External Audit Firm for the HOME Program

Ms. Ventura, Deputy Director, made this presentation.

As requested by the U.S. Department of Housing and Urban Development (HUD), Rhode Island Housing issued a Request for Proposals (RFP) for a program specific audit, in accordance with OMB Circular A-133 audit requirements, of the HOME Investment Partnerships Program for the fiscal years ending June 30, 2015 and 2016. In order to solicit interest from a number of qualified audit firms, Rhode Island Housing advertised its RFP in the Providence Journal, on the Rhode Island Society of Certified Public Accountant's website and on the Rhode Island Vendor Information Page of the State of Rhode Island Division of Purchases website. In addition, the RFP was sent directly to several audit firms suggested by the local HUD office.

We received proposals from two (2) firms. The respondents were EFPR Group LLP in New York and Marcum LLP with offices in Rhode Island and Connecticut. In accordance with the State of Rhode Island guidelines for Quasi-Public Entity Audit Bids and Specifications, the proposals were

evaluated using a scoring system for qualifications and experience, audit approach, strategy and audit fees charged.

Marcum LLP had no specific experience auditing a HOME Program for participating jurisdiction entity and therefore did not pass threshold. This threshold criteria was required by HUD. EFPR Group LLP had previous experience in auditing the HOME Program for participating jurisdictions from 2006 through 2010 for the State of New York. In addition, they had extensive experience in auditing other municipal and quasi-state organizations including the Rhode Island Tobacco Settlement Financing Corporation.

The proposed fees are \$20,225 annually. Based on their experience in the industry, it was determined that they were well qualified to complete the audit timely and efficiently.

The selection has been approved by HUD, and has been submitted to the Auditor General of the State of Rhode Island and the Director of Administration for final approval.

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

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

Resolved: That EFPR Group LLP be engaged to provide a program specific single audit for the HOME Investment Partnerships Program for the fiscal years ending June 30, 2015, and 2016, on such terms and conditions as are consistent with the Request for Proposals issued by Rhode Island Housing and EFPR Group LLP's response thereto.

Resolved: The Executive Director, each Deputy Director, and Chief Financial Officer, each acting singly, be and hereby is authorized to take any actions they deem necessary and appropriate, and in the best interests of Rhode Island Housing, and to execute any and all agreements and to take such further actions as deemed necessary to carry out the above resolution.

Approval of Firm Commitment of Financing for Prospect Heights Phase 1

Ms. Fields introduced this item and commended the Development team for their efforts in working with this financing structured. Eric Shorter, Director of Development, presented this request and congratulated Development officers, Anne Berman, Tim Caplice and Michael Liberatore on the accomplishment.

Commissioner McCleary recused from the discussion or vote of this matter based on his position as Director of the Rhode Island Department of Business Regulations.

This Request for Action ("RFA") is for Firm Approval of a tax-exempt loan and a bridge loan for Prospect Heights Phase 1 ("PH1" or the "Development"), an existing public housing development currently owned by the Pawtucket Housing Authority ("PHA"). A joint venture between WinnDevelopment ("Winn") and Omni Development Corporation ("Omni"), known as

Winn/Omni, will be the developer (“Developer”) for Prospect Heights 1. Prospect Heights 1 is a 292-unit public housing development serving primarily families.

In conjunction with the PHA, Winn/Omni applied to HUD for assistance under the Rental Assistance Demonstration (RAD) program in December 2014. RAD is HUD’s primary current program for addressing aging public housing. Public Housing Authorities are prohibited from using operating funds for debt service. This prohibition limits their ability to make repairs to public housing properties, which often have deferred capital needs. RAD allows housing authorities to convert their operating funds known as an Annual Contributions Contract (“ACC”) to either project-based vouchers or project-based, rental assistance contracts. By converting the ACC to another form of rental assistance, the owner can leverage debt to undertake rehabilitation and needed capital improvements. Existing public housing residents are not adversely affected by a RAD conversion as all eligibility requirements are the same.

The PHA received its RAD approval in the form of a Conditional Housing Assistance Payment (“CHAP”) in 2015. The CHAP outlines the maximum rents allowable under the RAD program. The RAD rents are formula based and are determined as a percentage of the PHA’s operating funds received during the 2015 fiscal year. Since HUD has been universally reducing overall operating assistance over the past several years, this has resulted in RAD rents that are lower than the current market rents in Pawtucket as well as more traditional Housing Assistance Payment (“HAP”) contracts that are typically “marked to market” at renewal. The RAD will come in the form of Project Based Rental Assistance (“PBRA”). Unlike more typical 4% bond deals with HAP contracts, Prospect Heights 1 is not able to leverage a large first mortgage because of the relatively low PBRA rents. This has required the Developer to seek a variety of sources to complete the capital stack and undertake the transaction.

Built by the Pawtucket Housing Authority between 1941 and 1942, the Prospect Heights Housing Project is significant as Pawtucket’s first and only New Deal-era, federally-funded public housing project. It comprises 36 brick and concrete block buildings set on a 21-acre lot at the intersection of Prospect Street and Beverage Hill Avenue in Pawtucket. In 2015, Prospect Heights was designated by the National Park Service as historic, which makes the Development eligible for federal historic tax credits.

The new owner will be a limited partnership of which Winn/Omni will be the general partner and an affiliate of the National Equity Fund will be the syndicator limited partner. Winn will own 51% of the general partner interest and Omni 49%. The PHA will be a Special Limited Partner in the newly formed limited partner owner and will remain as a strong stakeholder in the development. Primarily the PHA and WinnResidential’s Residential Services Coordinator will be responsible for administering the on-site services that are an integral component to the overall success of the RAD conversion, as well as ensuring coordination of programs for residents.

The PHA currently pays a Payment in Lieu of Taxes (“PILOT”) to the city of Pawtucket for all of its properties. PH1 will no longer be considered public housing after the closing and will not be eligible for the PILOT. As part of this transaction, the Developer and PHA have received a determination from the City Council establishing real estate taxes equal to 1% of gross potential income less utilities. This long-term tax agreement will help make tax bills predictable going forward.

The Developer has been awarded Rebuild Rhode Island Tax Credits (“Rebuild Credit”) from the RI Commerce Corporation. The Rebuild Credit is intended to help cover financing gaps for projects that might otherwise not go forward. The program offers credits worth up to 20 percent of total project cost, with a per-project cap of \$15 million. The credit is taken over a 5 year period, which requires interim financing to bridge the equity, which is a key component of the capital stack. The Developer has requested that Rhode Island Housing provide a 5 year bridge loan for the Rebuild Credit equity. Unlike most of Rhode Island Housing’s loans which are non-recourse, this loan will be recourse to the Developer and will require a guarantee of repayment. The loan will carry an interest rate of 6% and the borrower will establish an interest reserve to ensure timely payments of the interest during the term of the loan.

As part of the acquisition of PH1, the PHA will sell the existing Phase 1 units to the new limited partnership and will take back a mortgage and note for the acquisition cost. This acquisition will help to generate LIHTC equity for the transaction. A third-party appraisal has been completed that validates the cost and acquisition price. The 4% low income housing tax credits are generated by the issuance of tax exempt bonds. The Developer is seeking a tax-exempt construction loan of \$6,400,000 that will be recourse to the borrower during construction helping to mitigate risk to Rhode Island Housing in the event of potential shortfalls in syndication proceeds. Upon completion of construction, syndication equity from the 4% LIHTCs and historic tax credits will allow a balloon payment resulting in a permanent first mortgage of \$1,050,000.

The total development cost for the project is \$12,200,000. Proposed permanent sources of funding include: (i) syndication equity from the sale of LIHTCs and federal historic credits; (ii) a permanent loan from Rhode Island Housing; (iii) HOME and CDBG funds from the City of Pawtucket; (iv) a loan of Capital Funds from the Pawtucket Housing Authority; (v) a Seller take-back loan from the Pawtucket Housing Authority; (vi) an Affordable Housing Program grant from the Federal Home Loan Bank of Boston; (vii) Rebuild Rhode Island Tax Credits; and (viii) a deferred developer fee. This Request for Action is for firm approval for a tax-exempt mortgage of up to \$6,400,000, of which \$1,050,000 will remain as permanent debt, and a 5 year loan of \$6,200,000 to bridge the Rebuild Rhode Island Tax Credits.

Mr. Shorter introduced Adam Stein of Winn Development who spoke highly about the collaborative efforts between Winn, Omni Development and Rhode Island Housing. Mr. Stein also expressed his appreciation to the Board and staff for their support.

As brief discussion followed the presentation. Commissioner DiBiase asked if there are any risks involved in the transaction. Commissioner Orth, Chairman of the Credit Committee, stated the Committee is supportive of the deal but suggested that Rebuild Rhode Island tax credit funds be subject to mitigating appropriations. Mr. Shorter assured the Board that as part of the conditions of financing, Rhode Island Housing is requesting the \$3.5 million as recourse from the borrower. Therefore, there is minimal risk involved in the deal.

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

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

Whereas: Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) 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 that will provide housing for low and moderate-income persons or families, the elderly, or others in locations where there is a need for such housing;

Whereas: Rhode Island Housing intends to provide tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

Whereas: Said bonds 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 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”):

Development	Applicant	First Mortgage	Bridge Loan
Prospect Heights Phase 1	WinnDevelopment & Omni Development Corporation	\$6,400,000	\$3,200,000

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 tax exempt mortgage financing in an amount not to exceed \$6,400,000 to WinnDevelopment and Omni Development Corporation or an affiliated partnership (the “Borrower”) for rental housing known as Prospect Heights 1 located at 560 Prospect Street in Pawtucket Rhode Island.

Resolved, That Rhode Island Housing hereby declares that the firm approval of financing for the Borrower constitutes the affirmative official act of Rhode Island Housing of its intention to issue bonds to finance up to \$6,400,000 in permanent mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. This resolution shall take effect immediately upon adoption.

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby declares firm approval of a 5 year bridge loan in an amount not to exceed \$3,200,000 to Borrower

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

- Final approval from HUD of the RAD conversion in amounts sufficient to ensure development feasibility;
- HUD approval of the mixed-financing proposal.
- Syndication equity from the sale of Low Income Housing Tax Credits and Federal Historic Tax Credits in sufficient amounts to ensure development feasibility;
- A Regulatory and Operating Agreement, acceptable to Rhode Island Housing, between PHA and the Borrower regarding the public-housing assisted units;
- A final relocation plan acceptable to Rhode Island Housing;
- Final Approval of an operating budget for the new development;
- Approval by Rhode Island Housing of management documents and all management-related issues, including marketing and lease-up plans;
- Receipt of a final Capital Needs Assessment with an acceptable 20 year replacement reserve schedule;
- Receipt of 100% plans and specifications that incorporate all changes and addendum items within 30 days of Firm Commitment;

- Final approval by Rhode Island Housing of construction plans and specifications, contracts and construction documentation;
- Approval by bond underwriter and bond counsel that the loan will satisfy all required provisions for the bond issue; and
- Completion of all items required for 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 Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for Branch Street Apartments (Pawtucket)

Mr. Shorter, Director of Development, gave this presentation.

This Request for Action is for the reservation of up to \$858,319 in 2016, 9% low income housing tax credits (“LIHTCs”), and Preliminary Commitment of first mortgage financing, a deferred payment loan, a HOME loan and a construction loan for the Branch Street Revival development (“BSR” or the “Development”) in Pawtucket. Pawtucket Central Falls Development Corporation (“PCFDC”) is the developer (the “Developer”).

The Developer proposes the development of 46 units of affordable rental housing. The Development includes four new buildings on Branch Street, which will offer 29 apartments, and the preservation of five additional existing affordable buildings, offering 17 apartments, on five other streets within the Branch Street neighborhood. In total, there will be 6 one-bedroom, 18 two-bedroom, 20 three-bedroom, and 2 four-bedroom apartments. BSR will offer a mix of unit sizes spread throughout the development to prevent a concentration of any one type in one location. Up to 6 one-bedroom units will serve tenants earning less than 30% AMI.

The Branch Street neighborhood, isolated since the construction of Route 95 in the early 1960s, is a forgotten corner of Pawtucket with limited access to other parts of the city. The most significant aspect of the development entails the acquisition of 11 lots on Branch Street to construct new housing and revitalize this dilapidated older urban neighborhood. The Branch Street lots were considered a brownfield site by the Rhode Island Department of Environmental Management (“RIDEM”). PCFDC applied for and received over \$1M in RIDEM brownfield funding to remediate the contamination. The remediation was completed in April 2016. As part of the RIDEM-approved Remedial Action Workplan, the remediation also funded the installation of critical infrastructure for the new development, which reduces the overall request for Rhode Island Housing resources and tax credits. The revitalization of this site along the Blackstone River is an integral part of a larger community planning process called the Chocolate Mill Gateway Project. The project aims to expand public access to the river through parks, bridge, and intersection improvements; and to extend the Blackstone Valley Bikeway along the riverfront portion of the development site.

In addition to the new Branch Street apartments, PCFDC will preserve 17 existing affordable units located in five existing buildings. These buildings were developed and moderately rehabilitated over the past 15 years using various subsidy programs. Each of these buildings has affordability restrictions that have already expired or will expire soon. The properties are showing significant wear and tear and many systems are beyond their useful life. PCFDC envisions a substantial renovation for each of these properties. Existing tenants will be temporarily relocated during construction.

The target population of BSR is families with incomes between 50% and 60% AMI, and 6 units will be set aside for tenants with incomes below 30% AMI. Five of these units are expected to receive operating support through a HUD 811 subsidy and supportive services through Gateway Healthcare and House of Hope. The Section 811 Project Rental Assistance Demonstration Program is an initiative of the U.S. Department of Housing and Urban Development (HUD). The Program assists extremely low-income people with disabilities to live independently in the community by providing rental subsidies linked with voluntary supportive services.

The current application represents the fourth submission of the Branch Street proposal for LIHTCs. In previous rounds, the Developer was not awarded credits due to some financial feasibility and readiness-to-proceed concerns. With the completion of the environmental remediation, Branch Street is well positioned to move quickly to firm commitment. The committee has determined that based on the strength of the application, Branch Street has the second highest funding score in the 2016 LIHTC round under the criteria outlined in the Qualified Allocation Plan (“QAP”). It is anticipated that Branch Street will generate 60 jobs during construction.

The proposal’s strengths include readiness to proceed, completion of brownfields remediation, the provision of units for very low income households, and the continuation of the Chocolate Mill Gateway project, which will also include a kayak launch, Roosevelt Avenue Bridge improvements, mixed use development of the commercial corridor, and construction of the Chocolate Mill Museum. BSR will have a significant impact on the neighborhood by dramatically improving these abandoned and neglected parcels. The development plan offers many attractive features, such as the creation of a natural preserve along the riverfront, access to the Blackstone Valley Bikeway, and a play area and gathering place for residents of Branch Street to enjoy. Through a partnership with the Boys & Girls club, after school and summer programming will be available to school age residents for only \$40/year.

The National Equity fund has provided a Letter of Interest to PCFDC to purchase the LIHTCs for BSR with pricing of approximately \$1.00. It is expected that the Developer will engage in discussions with other syndicators and investors to ensure the highest market value for the credits. The Developer is requesting a construction loan in the amount of \$6,000,000 to bridge the LIHTC syndication equity through construction.

The total development cost for this project is \$10,733,900. Proposed sources of funding include: (i) a Rhode Island Housing first mortgage; (ii) a Rhode Island Housing Deferred Payment Loan; (iii) HOME funds from both the City of Pawtucket and Rhode Island Housing; (iv) equity from the sale of LIHTCs; (v) and a Federal Home Loan Bank AHP award.

The Request for Action is for a reservation of \$858,319 of 2016 LIHTCs, and preliminary approval of a permanent loan of \$190,000, a 24-month construction loan of \$6,000,000, a HOME loan of \$500,000 and a deferred payment loan of \$625,727.

Commissioner Orth, Chairman of the Credit Committee, stated that the Committee reviewed the proposal, recommends approval, and is excited about the City’s endorsement especially as the deal involves both new construction and preservation of units.

Mr. Shorter recognized Linda Weisenger, Executive Director, of PCFDC who thanked and introduced the President of PCFDC’s Board of Directors, the City of Pawtucket for its support and the Commissioners for their backing and looks forward to working with Rhode Island Housing.

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

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

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 that will provide housing for low and moderate-income persons or families, the elderly, or others in locations where there is a need for such housing; and

Whereas, the Housing Tax Credit Program (the "Program") was created as part of the Tax Reform Act of 1986 (the "Act"); and

Whereas, Rhode Island Housing has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Rhode Island Housing staff have determined that the Applicant ("Applicant") listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of low income housing tax credits (“LIHTCs”) from the tax credit authority available in the calendar year 2016 ("the Tax Credit") and for construction financing as follows::

Applicant	Development	9% LIHTC	Construction Loan	Permanent Loan	HOME Loan	DP Loan
Pawtucket Central Falls Development Corporation	Branch Street Revival	\$625,727	\$6,000,000	\$190,000	\$500,000	\$625,727

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 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 \$858,319 of allocated 2016 LIHTCs be reserved for the Applicant pursuant to the State of Rhode Island 2016 Qualified Allocation Plan and Section 3 of the First Amendment to and the Restatement of the Rules and Regulations of the Corporation applicable to the Allocation of Low-Income Housing Tax Credits (collectively, the “Rules and Regulations”), and that the Executive Director, either Deputy Director, or the Director of Development each acting singly be, and hereby is, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That, subject to the special conditions listed below, Rhode Island Housing hereby preliminarily approves financing for a taxable first mortgage loan to Pawtucket Central Falls Development Corporation or an affiliated partnership (the “Borrower”) in an amount not to exceed \$190,000 (the “Loan”) for family housing located in Pawtucket, Rhode Island.

Resolved: That Rhode Island Housing hereby preliminarily approves up to \$625,727 of Deferred Payment Loan Funds for the Borrower.

Resolved, That Rhode Island Housing hereby preliminarily approves up to \$500,000 of HOME funds for the Borrower.

Resolved: That Rhode Island Housing hereby preliminarily approves up to \$6,000,000 of Construction Loan Funds for the Borrower.

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

- Syndication equity from the sale of LIHTCs in amounts sufficient to achieve project feasibility;
- Final approval of plans and specifications by Rhode Island Housing and final agreement with General Contractor on construction cost;
- Acceptable final appraisal and market study by an independent appraiser demonstrating that the loans do not exceed 90% of the as-stabilized value of the property and that sufficient demand exists for the proposed units;
- Approval by Rhode Island Housing of all management related issues including the Marketing and Tenant Selection Plans;
- Approval of the proposed operating budget for the development;
- Confirmation by Rhode Island Housing that the final Development budget, schedule and unit configuration presented for Firm Approval is consistent with the Applicant's January 29, 2016 application for 2016 LIHTCs;
- Satisfactory and timely performance in accordance with the schedule established by the Applicant and approved by Rhode Island Housing; and
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements and the requirements established for previous phases.

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 forgoing Resolutions.

Approval of Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for 60 King Street (Providence-Olneyville)

Mr. Shorter, Director of Development, presented this request.

Ms. Fields recognized Councilwoman Sabina Matos and thanked her for her attention and encouragement for this project.

Chairman Retsinas recused from the discussion or vote of this matter based on his involvement as a board member of the Providence Housing Authority.

This Request for Action (“RFA”) is for a reservation of \$900,000 of 2016 Low Income Housing Tax Credits (“LIHTCs”), and preliminary approval of a Permanent Loan, Construction Loan, HOME funds, and Housing Preservation and Production (“HPPP”) Loan for 60 King Street (“60 King” or the “Development”), a 60-unit family rental development in Providence, Rhode Island. The developer is a partnership between Trinity Financial, Inc. (“Trinity”) and ONE Neighborhood Builders (“ONE NB”), (together, the “Developer”).

The Developer proposes the rehabilitation of the historic Imperial Knife Factory into 60 apartments of which 54 will be affordable and 6 will be market rate. Upon completion the building will provide 3 efficiency, 15 one-bedroom, 20 two-bedroom, and 22 three-bedroom apartments. Seven units or 12% will be available at 30% AMI rents, 47 units or 78% will be available at 60% AMI rents, and 6 units or 10% will be market rate, bringing some additional income diversity to the Olneyville community.

60 King is the second phase of a proposed HUD Choice Neighborhoods Implementation (“CNI”) multi-phase revitalization plan called the Build Olneyville Plan, which is focused on the Manton Heights Public Housing development and the surrounding neighborhood. Amherst Gardens, funded with 2015 LIHTCs, is considered the first phase. Manton Heights is adjacent to 60 King and a portion of the 60 King site will be set aside for the construction of new housing at Manton Heights if the Build Olneyville Plan, which is a collaboration between Providence Housing Authority, One Neighborhood Builders, and Trinity Financial, receives a CNI Grant. Under the City of Providence’s revised zoning ordinance, 60 King is zoned Manufacturing-Mixed Use and multifamily dwellings are permitted, therefore no zoning relief is needed. The architect has developed permit level plans that are 75% complete and the developer has secured a building permit from the City. The building permit is contingent on final approval by RIDEM, the Narraganset Bay Commission, the Providence Water Supply Board and the Department of Public Works. It is expected that those approvals will be completed approximately 90 days after this reservation of LIHTCs.

60 King Street was built in 1923 and is eligible for federal historic tax credits. Originally the mill was the site of the Rochambeau Worsted Company and it produced French worsted wool until the 1950s. During the 1950s it was sold to the Imperial Knife Company, which operated there until its closing in 1998. The building has been vacant since 1998.

Between 1937 and 1982, five additions were added to the original mill building, most of which detract from the historic quality of the mill. During the due diligence period, it was determined that the building has a high level of volatile organic compounds, which are most prevalent in these additions. Trinity intends to demolish four additions to the mill that are not historic and contain the majority of the environmental contamination associated with the site. This demolition will reduce the cost and time associated with the remediation at the site. The demolition and remediation total more than \$1 million.

The current application represents the second submission of the 60 King proposal. Trinity submitted a similar proposal for the Development (called Rochambeau Mill) to Rhode Island Housing as a part of the 2015 LIHTC application. The project did not receive funding at that time due primarily to concerns related to unit configuration and cost. The Developer has used the intervening time to redesign the buildings and site plans, resulting in more efficient unit layouts and a more even distribution of unit sizes, including the provision of some 3 bedroom units. The

committee has determined that based on the strength of the application, 60 King has the fourth highest funding score in the 2016 LIHTC round under the criteria outlined in the Qualified Allocation Plan (“QAP”). However, because the highest scoring proposal is being recommended for a forward allocation of future credits, there are adequate credits to reserve for 60 King Street. It is anticipated that 60 King Street will generate 108 jobs during construction.

The proposal’s strengths include a strong developer with a track record for successful developments in Rhode Island and New England, the adaptive reuse of a historic mill into mixed income housing in Olneyville, readiness to proceed, the leveraging of federal and state historic credits, and the addition of a new type of housing choice into the neighborhood, which is primarily two- and three-decker buildings. 60 King is currently a brownfield site which will be remediated as part of the redevelopment.

Redstone Capital has provided a Letter of Interest to Trinity to purchase the LIHTCs for 60 King with pricing of approximately \$1.02. It is expected that the Developer will engage in discussions with other syndicators and investors to ensure the highest market value for the credits. The Developer is requesting a construction loan in the amount of \$15,000,000 to bridge the LIHTCs and historic syndication equity through construction.

The total development cost for the project is \$17,259,000. Proposed permanent sources of funding include: (i) syndication equity from the sale of LIHTCs, Federal Historic Tax Credits and State Historic Tax Credits; (ii) a permanent loan from Rhode Island Housing; (iii) HOME funds from Rhode Island Housing; (iv) HOME funds from the City of Providence; (v) a Housing Preservation and Production (“HPPP”) Loan; and (vi) a deferred developer fee.

The Request for Action is for a reservation of \$900,000 of 2016 Housing Tax Credits, and preliminary approval of a permanent loan of \$170,000, a 24-month construction loan of \$15,000,000, a HOME loan of \$500,000 and a Housing Preservation and Production Loan of \$500,000.

Mr. Shorter presented Jim Keefe and asked him to give a brief outline of the project. Mr. Keefe acknowledged the Commissioners and stated that this development is a critical component of the Olneyville revitalization effort that incorporates not only the revitalization of the area, but has a major social impact to the community.

Ms. Fields also mentioned that LISC has worked extensively with the community, the municipal authorities and residents, which has ultimately improved the crime rate and quality of life for its residents.

Commissioner Orth, Chairman of the Credit Committee, said that the Committee believes this a progressive proposal and recommends approval.

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

Resolution of the Board of Commissioners

of Rhode Island Housing and Mortgage Finance Corporation

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”) 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 that will provide housing for low and moderate-income persons or families, the elderly, or others in locations where there is a need for such housing; and

Whereas, the Housing Tax Credit Program (the “Program”) was created as part of the Tax Reform Act of 1986 (the “Act”); and

Whereas, Rhode Island Housing has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Rhode Island Housing staff have determined that the Applicant (“Applicant”) listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of low income housing tax credits (“LIHTCs”) from the tax credit authority available in calendar year 2016 ("the Tax Credit") and for construction financing as follows:

Applicant	Development	9% LIHTC	Construction Loan	Permanent Loan	HOME Loan	HPPP Loan
Trinity Financial, Inc.	60 King Street	\$900,000	\$15,000,000	\$170,000	\$500,000	\$500,000

Whereas, Rhode Island Housing staff has reviewed the submission, inspected the site, and determined that this development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies; and

Whereas, Rhode Island Housing finds that:

(1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons

or families of low and moderate income and that those sponsors are financially responsible;

(4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;

(5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, That \$900,000 of allocated 2016 LIHTCs be reserved for the Applicant pursuant to the State of Rhode Island 2016 Qualified Allocation Plan and Section 3 of the First Amendment to and the Restatement of the Rules and Regulations of the Corporation Applicable to the Allocation of Housing Tax Credits (collectively, the “Rules and Regulations”), and that the Executive Director, either Deputy Director and the Director of Housing Development each acting singly be, and hereby are, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.

Resolved, That Rhode Island Housing hereby preliminarily approves up to \$15,000,000 of Construction Loan funds for the Borrower.

Resolved, That Rhode Island Housing hereby preliminarily approves up to \$170,000 of Permanent Loan funds for the Borrower.

Resolved, That Rhode Island Housing hereby preliminarily approves up to \$500,000 of HOME funds for the Borrower.

Resolved, That Rhode Island Housing hereby preliminarily approves up to \$500,000 of Housing Preservation and Production Loan funds for the Borrower

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

- Approval by Rhode Island Housing of all members of the development team;
- Acceptable final appraisal by an independent appraiser commissioned by Rhode Island Housing;
- Syndication equity from the sale of Low Income Housing Tax Credits, Federal Historic Tax Credits and State Historic Tax Credits in an amount sufficient to achieve project feasibility;
- Approval of HOME funds from Rhode Island Housing and the City of Providence in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;

- Approval by Rhode Island Housing of construction plans and specifications and construction documentation;
- Approval of the proposed operating budget for the development;
- Approval from the City of Providence verifying real estate tax assessment at no more than 8% of gross potential income;
- Confirmation that the project as proposed is allowed under by-right zoning or provision of evidence that necessary relief has been granted;
- Approval by Rhode Island Housing of all management related issues including the Marketing and Tenant Selection Plans;
- Confirmation by Rhode Island Housing that the final Development budget, schedule and unit configuration presented for Firm Approval is consistent with the Applicant's January 29, 2016 application for 2016 LIHTCs; and
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff.

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

Approval of Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for Georgiaville Village Green (Smithfield)

Eric Shorter, Director of Development, presented this request and Commissioner Orth, Chairman of the Credit Committee, offered additional observations.

This Request for Action ("RFA") is for a reservation of \$837,138 of 2016 Low Income Housing Tax Credits ("LIHTCs"), and preliminary approval of a Permanent Loan, Construction Loan, and HOME funds for Georgiaville Village Green ("Georgiaville" or the "Development"), a family rental development in Smithfield, Rhode Island. The developer is a partnership between Coventry Housing Associates ("CHA") and Gemini Housing Corp ("GHC") (collectively the "Developer"). The partners are respectively the non-profit affiliates of the Coventry and Smithfield Housing Authorities.

Georgiaville Village Green is a new construction development with 42 apartments located on Whipple Road in Smithfield. The Development will include 3 one-bedroom, 21 two- bedroom and 18 three-bedroom apartments in 8 buildings. There will be an on-site community building for mail, laundry and leasing. The site is the location of the former Narragansett Gray Foundry in the heart of Georgiaville Village. The mill was demolished by a previous property owner. Due to mill activity, the site is currently classified by Rhode Island Department of Environmental Management ("RIDEM") as a brownfield. The Developer intends to undertake remediation of the site as part of the re-development. Upon completion, an Environmental Land Usage Restriction will be recorded on the site.

The Development exhibits many elements of comprehensive community development. It will provide affordable homes within a moderately affluent suburb that has median incomes above the state average and few affordable family rental homes. Currently, only 5.07% of the housing in Smithfield is affordable and the majority of that 5.07% is for seniors. The neighborhood is walkable

and close to the Village of Georgiaville in Smithfield. The Development site is within walking distance of the town beach and ballfields and within one mile of the library, neighborhood center, town hall and Old County Road School. The site is within a few minutes' drive of the Smithfield Crossings Shopping Center which has supermarkets, pharmacies, medical centers and other services as well as potential employment opportunities.

The joint venture between CHA and GHC calls for CHA to take the lead in planning and construction based on CHA's past experience with multifamily project development. CHA will also oversee the property management for three years after construction is complete and execute the property management agreement. Over that three year period, CHA will work with GHC to train them as LIHTC property managers so that at the end of the third year of operations, subject to Rhode Island Housing's approval, GHC will be able to assume full responsibility for management.

The current application represents the second submission of the Georgiaville application for LIHTCs. The Developer submitted a similar proposal for the Development to Rhode Island Housing as a part of a 2015 LIHTC application. The project did not receive funding at that time due primarily to concerns related to readiness to proceed and the proposed property management plan. The Developer has used the intervening time to obtain planning board approval for a modification to the existing comprehensive permit and move the environmental and remediation proposal forward with DEM. The Developer has also better communicated how CHA will work with GHA to train staff to assume property management responsibility once the Development has stabilized.

The committee has determined that based on the strength of the application, Georgiaville has the third highest funding score in the 2016 LIHTC round under the criteria outlined in the Qualified Allocation Plan ("QAP"). It is estimated the construction will generate 75 jobs.

The proposal's strengths include the commitments of CDBG and Trust funds from the Town of Smithfield, location of the site within the Town's affordable housing plan and the State's urban services boundary, and the Development's commitment to providing 5 units for families below 30% AMI and interest in HUD 811 vouchers.

National Equity Fund has provided a Letter of Interest to purchase the LIHTCs for Georgiaville with pricing of approximately \$1.00. It is expected that the Developer will engage in discussions with other syndicators and investors to ensure the highest market value for the credits. The Developer is requesting a construction loan in the amount of \$8,000,000 to bridge the LIHTC and historic syndication equity through construction.

The total development cost for the project is \$10,392,000. Proposed sources of funding include: (i) syndication equity from the sale of LIHTCs (ii) a permanent loan from Rhode Island Housing (iii) HOME funds from Rhode Island Housing; (iv) a Deferred Payment Loan from Rhode Island Housing; (v) Community Development Block Grant funds from the Town of Smithfield; (vi) Affordable Trust funds from the Town of Smithfield and (vii) Thresholds funds.

The Request for Action is for a reservation of \$837,138 of 2016 Housing Tax Credits, and preliminary approval of a permanent loan of \$130,000, a 24-month construction loan of \$8,000,000, a HOME loan of \$500,000 and a Deferred Payment Loan of \$379,466.

Mr. Shorter welcomed Julie Leddy, Executive Director, of Coventry Housing Associates Corporation who thanked the Commissioners and staff for their encouragement and time.

Commissioner Orth complimented the developer and announced that it is refreshing to see construction activity on former brownsfield sites.

Upon a motion made by Commissioner Orth and seconded by Commissioner Barry, 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 that will provide housing for low and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing; and

Whereas, the Housing Tax Credit Program (the “Program”) was created as part of the Tax Reform Act of 1986 (the “Act”); and

Whereas, Rhode Island Housing has been designated the Administrator of the Program in the State of Rhode Island; and

Whereas, Rhode Island Housing staff have determined that the Applicant (“Applicant”) listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of low income housing tax credits (“LIHTCs”) from the tax credit authority available in calendar year 2016 (“the Tax Credit”) and for construction financing as follows:

Applicant	Development	9% LIHTC	Construction Loan	Permanent Loan	HOME Loan	Deferred Payment Loan
Coventry Housing Associates	Georgiaville Village Green	\$837,138	\$8,000,000	\$130,000	\$500,000	\$379,466

Whereas, Rhode Island Housing staff has reviewed the submission, inspected the site, and determined that this development may qualify for financing under Rhode Island Housing’s enabling legislation, regulations, guidelines and policies; and

Whereas, Rhode Island Housing finds that:

- (1) That there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;
- (2) That private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;
- (3) That the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are financially responsible;
- (4) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;
- (5) That the proposed housing development will be undertaken and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

- Resolved,** That \$837,138 of allocated 2016 and 2017 LIHTCs be reserved for the Applicant pursuant to the State of Rhode Island 2016 Qualified Allocation Plan and Section 3 of the First Amendment to and the Restatement of the Rules and Regulations of Rhode Island Housing applicable to the Allocation of Housing Tax Credits (collectively, the “Rules and Regulations”), and that the Executive Director, either Deputy Director and the Director of Housing Development each acting singly be, and hereby are, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and further, that a final allocation shall be made at such time as the applicant complies with the requirements of the Act and the Rules and Regulations.
- Resolved,** That Rhode Island Housing hereby preliminarily approves up to \$8,000,000 of Construction Loan funds for the Borrower.
- Resolved,** That Rhode Island Housing hereby preliminarily approves up to \$130,000 of Permanent Loan funds for the Borrower.
- Resolved,** That Rhode Island Housing hereby preliminarily approves up to \$500,000 of HOME funds for the Borrower.
- Resolved,** That Rhode Island Housing hereby preliminarily approves up to \$379,466 of Housing Preservation and Production Loan funds for the Borrower

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

- Approval by Rhode Island Housing of all members of the development team;
- Acceptable final appraisal by an independent appraiser commissioned by Rhode Island Housing;
- Syndication equity from the sale of Low Income Housing Tax Credits in an amount sufficient to achieve project feasibility;
- Final Approval of HOME and Thresholds funds in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to Rhode Island Housing;
- Approval of CDBG and Affordable Housing Trust from the Town of Smithfield;
- Approval by Rhode Island Housing of construction plans and specifications and construction documentation;
- Approval by RI Department of Environmental Management of a Remedial Action Work Plan;
- Approval of the proposed operating budget for the development;
- Approval from the Town of Smithfield verifying real estate tax assessment at no more than 8% of gross potential income;
- Approval by Rhode Island Housing of all management related issues including the Marketing and Tenant Selection Plans;
- Confirmation by Rhode Island Housing that the final development budget, schedule and unit configuration presented for Firm Approval is consistent with Coventry Housing Associates' January 29, 2016 Application submission for 2016 tax credits; and
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff.

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

Approval of Forward Reservation of Low-Income Housing Tax Credits for Prospect Heights Phase 2 (Pawtucket)

Mr. Shorter, Director of Development, made this presentation with additional comments and recommendation for approval provided by Commissioner Orth, Chairman of the Credit Committee.

This Request for Action (“RFA”) is for a forward reservation of 2017 and 2018 low income housing tax credits (“LIHTCs”) in the total amount of \$1,076,000 for Prospect Heights Phase 2 (the “Development”) in Pawtucket, Rhode Island. Prospect Heights is currently owned by the Pawtucket Housing Authority (“PHA”). A joint venture between WinnDevelopment (“Winn”) and Omni Development Corporation (“Omni”), known as Winn/Omni, will be the developer

(“Developer”). Winn/Omni has requested 9% LIHTCs as part of their financing structure for the second phase of the redevelopment of Prospect Heights.

Prospect Heights is an existing 292-unit public housing development in Pawtucket, Rhode Island, primarily serving families. In 2013, the PHA issued a Request for Proposal to identify a development partner to redevelop Prospect Heights in multiple phases, and Winn/Omni was selected as the Developer. Winn/Omni intends to redevelop the site in two phases. This RFA is for Phase 2 only, with the redevelopment of 191 existing apartments and the new construction of an additional 20 apartments, for a total of 211 apartments.

A separate Request for Action is being submitted at the this board meeting for firm approval of Prospect Heights Phase 1, which is the first phase of this development, utilizing tax exempt bonds and 4% tax credits for the redevelopment of 101 apartments.

In conjunction with the PHA, Winn/Omni applied to HUD for assistance under the Rental Assistance Demonstration (RAD) program in December 2014. RAD is HUD’s primary current program for addressing aging public housing. Public Housing Authorities are prohibited from using operating funds for debt service. This prohibition limits their ability to make repairs to public housing properties, which often have deferred capital needs. RAD allows housing authorities to convert their operating funds known as an Annual Contributions Contract (“ACC”) to either project-based vouchers or project-based, rental assistance contracts. By converting the ACC to another form of rental assistance, the owner can leverage debt to undertake rehabilitation and needed capital improvements. Existing public housing residents are not adversely affected by a RAD conversion as all eligibility requirements are the same.

The PHA received its RAD approval in the form of a Conditional Housing Assistance Payment (“CHAP”) in 2015. The RAD outlines the maximum rents allowable under the RAD program. The RAD rents are formula based and are determined as a percentage of the PHA’s operating funds received during the 2015 fiscal year. Since HUD has been universally reducing overall operating assistance over the past several years, this has resulted in RAD rents that are lower than the current market rents in Pawtucket, as well as more traditional Housing Assistance Payment (“HAP”) contracts that are typically “marked to market” at renewal. The RAD will come in the form of Project Based Rental Assistance (“PBRA”).

The original 292-unit housing complex was built by the Pawtucket Housing Authority between 1941 and 1942. Prospect Heights is significant as Pawtucket’s first and only New Deal-era, federally-funded public housing project. The property is composed of 36 brick and concrete block buildings set on a 21-acre lot at the intersection of Prospect Street and Beverage Hill Avenue in Pawtucket. In 2015, Prospect Heights was designated by the National Park Service as historic, which makes the Development eligible for federal historic tax credits

Prospect Heights Phase 2 was the highest scoring proposal of the five applications that passed the threshold criteria for 2016 LIHTCs. However, due to the size of Winn/Omni’s request, which was approximately \$1.53 million, and the outstanding need to finalize funding for Phase 1 of the Prospect Heights redevelopment, the Senior Funding Committee (the “Funding Committee”) thought it advisable to structure its approval as a forward allocation of LIHTCs. Furthermore, the Funding Committee approved the forward allocation at a 30% reduction, in light of the size of the

request relative to Rhode Island’s annual allocation. This will require the Developer to redesign Phase 2 or secure additional resources to accommodate a reduction in tax credits. The Sources and Uses table in Attachment A of the Request for Action reflects funding sources of approximately \$20,800,000, leaving a gap of approximately \$4.7 million. In light of this gap, staff is only seeking a forward reservation of LIHTCs at this time and is not seeking any financing commitments.

The total development cost for the project as submitted is nearly \$25,500,000, or nearly \$121,000 per unit, including the cost of 20 newly constructed apartments. Proposed permanent sources of funding include: (i) syndication equity from the sale of LIHTCs and federal historic credits; (ii) a permanent loan from Rhode Island Housing; (iii) HOME loans administered by Rhode Island Housing; (iv) CDBG funds from the City of Pawtucket; (v) a Seller take-back loan from the Pawtucket Housing Authority; (vi) an Affordable Housing Program grant from the Federal Home Loan Bank of Boston; and (vii) a deferred developer fee.

This Request for Action is for a Forward Reservation for \$538,000 in LIHTCs in 2017 and \$538,000 in LIHTCs in 2018 for Prospect Heights 2.

Commissioner Orth applauded staff, the developer and Rhode Island Housing for its flexibility and expediency to meet the deadline.

Commissioner Designee Rogers inquired on how frequently Rhode Island Housing addresses forward reservation of tax credits. Ms. Ventura stated that the practice is extremely common among state allocating agencies, is authorized by the Rhode Island Housing Qualified Action Plan, and that Rhode Island Housing routinely approves forward reservation awards.

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 that will provide housing for low and moderate-income persons or families, the elderly, or others in locations where there is a need for such housing; and,

Whereas, the Housing Tax Credit Program (the “Program”) was created as part of the Tax Reform Act of 1986 (the “Act”); and,

Whereas, Rhode Island Housing has been designated the Administrator of the Program in the State of Rhode Island; and,

Whereas, Staff for Rhode Island Housing has determined that the Applicant (“Applicant”) listed below is eligible for the Program under the laws of the State of Rhode Island and the Federal Tax Code; and,

Whereas, The Applicant has submitted an application to Rhode Island Housing for the reservation of tax credits from the tax credit authority available ("the Tax Credit") as follows:

Development	Applicant	2017 & 2018 LIHTC
Prospect Heights Phase 2	WinnDevelopment & Omni Development Corporation	\$1,076,000

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 redevelopment and new construction will be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit; and
- (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 \$538,00 of allocated 2017 low income housing tax credits and \$538,000 of allocated 2018 low income housing tax credits be reserved for the Applicant pursuant to the State of Rhode Island 2016 Qualified Allocation Plan and Section 3 of the First Amendment to and the Restatement of the Rules and Regulations of Rhode Island Housing applicable to the Allocation of Housing Tax Credits (the “Rules and Regulations”), and that the Executive Director, either Deputy Director and the Director of Housing Development each acting singly be, and hereby are, authorized and empowered in the name of and on behalf of Rhode Island Housing to take any and all action necessary to cause such reservation to be effective; and

further, that a final allocation shall be made at such time as the Applicant complies with the requirements of the Act and the Rules and Regulations.

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

- An approved financing structure in amounts to sufficient to ensure development feasibility;
- Final approval from HUD of the RAD conversion in amounts sufficient to ensure development feasibility;
- HUD approval of the mixed-financing proposal;
- Syndication equity from the sale of Low Income Housing Tax Credits and Federal Historic Tax Credits in sufficient amounts to ensure development feasibility;
- A Regulatory and Operating Agreement, acceptable to Rhode Island Housing, between PHA and the borrower regarding the public-housing assisted units;
- A final relocation plan acceptable to Rhode Island Housing;
- Final Approval of an operating budget for the new development
- Approval by Rhode Island Housing of management documents and all management-related issues, including marketing and lease-up plans;
- Receipt of a final Capital Needs Assessment with an acceptable 20-year replacement reserve schedule;
- Final approval by Rhode Island Housing of construction plans and specifications, contracts and construction documentation;
- Satisfactory and timely performance in accordance with the schedule established by Rhode Island Housing staff; and
- Completion of all items required for Firm Commitment 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.

Closed Session Pursuant to R.I.G.L. Sec. 42-46-5(a)(1) to Discuss 2016 Performance Goals for the Executive Director

Chairman Retsinas called for a closed session pursuant to R.I.G.L. Section 42-46-5 (a)(1) to discuss performance goals for the Executive Director. Nicole Clement, General Counsel to Rhode Island Housing, noted that the person who was the subject of the closed session had been informed in writing of her right to have the discussion conducted in open session, and that she indicated she had no objection to a closed session, and would not exercise her right to having the discussion occur in open session.

Ms. Clement next conducted a roll call vote of the Commissioners in response to the call for a closed session. The Commissioners voted as follows:

Chair Retsians	Aye
Vice Chair McCleary	Aye
Commissioner Barry	Aye
Commissioner DiBiase	Aye
Commissioner McAllister	Aye
Commissioner Orth	Aye
Commissioner Designee Rogers	Aye

The Board of Commissioners entered in closed session at approximately 9:19 a.m.

The closed session ended at approximately 9.44 a.m. and Chairman Retsinas reconvened the Board in open session.

There being no further business to discuss, a motion was duly made by Commissioner McCleary and seconded by Commissioner Rogers to adjourn the open meeting at approximately 9.45 a.m.

Respectfully submitted,

Barbara G. Fields
Secretary and Executive Director