**Draft**

# MINUTES OF MEETING
# OF THE TRUSTEES OF THE
# AFFORDABLE HOUSING TRUST

A meeting of the Trustees of the Affordable Housing Trust Fund of Rhode Island Housing and Mortgage Finance Corporation was scheduled for Thursday, April 10, 2008 at 9:15 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Trustees in attendance were Richard Godfrey, Thomas Hogg and Mr. Marouchoc. Carol Ventura, Director of Development was also present.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Trustees was posted in the Offices of Rhode Island Housing, and at the first floor bulletin board in the State House.

The Trustees convened the meeting at approximately 10:16 a.m.

## Approval of Minutes of the Affordable Housing Trust Fund Meeting Held December 20, 2007

Upon a motion made by Mr. Hogg and seconded by Mr. Godfrey, the following was approved:

VOTED: That the Minutes of the Affordable Housing Trust Fund Meeting held December 20, 2007 be, and hereby are, approved.

## Firm Approval of Financing for Indian Village

Mr. Hogg presented this request.

This Request for Action (RFA) is for Firm Approval of a loan from the Affordable Housing Trust (AHT) for Indian Village Housing Development ("Indian Village"), an existing family housing development located within a Providence city block bounded by Pine Street, Somerset Street, Friendship Street and Myrtle Street and currently owned by Inter-Tribal Indian Village Housing Development Corporation.

Indian Village was developed in 1989 with 9% Low Income Housing Tax Credits (LIHTCs) and is currently owned by a limited partnership in which Women's Development Corporation (WDC) serves as managing member of the general partner and Related Capital is the tax credit investor/limited partner. The 15-year LIHTC compliance period for the development has expired. Indian Village receives a State Rental Assistance Payments (RAP) subsidy pursuant to which rental assistance is provided for 24 of the 36 units.

To compensate for the state's lack of appropriation for RAP, in 2007 Rhode Island Housing provided $4 million in subsidies to 640 households across the state, of which approximately $195,000 went to the owners of Indian Village on behalf of its residents.

The proposed refinancing will allow for the rehabilitation and preservation of 36 units of existing affordable housing The development is comprised of nine two-story buildings, containing 9 two-bedroom 25 three-bedroom and 2 four-bedroom townhouse style units.

A new limited partnership will be formed by WDC to acquire and operate the property. WDC will again be the general partner. Upon refinancing, rents for all units will be set at the 45% tax credit rents. The development currently serves tenants with incomes primarily below 50% of area median income with the assistance of rental subsidies under the RAP contract. Subsequent to closing, the RAP rental subsidies will be reduced to be consistent with the applicable 45% tax credit rents. Initial annual savings in rental subsidy payments are projected at approximately $43,000. As units turn over, they will be rented to tax credit eligible tenants who have the ability to pay the tax credit rents without the benefit of the RAP subsidy. WDC has been informed that Rhode Island Housing will not provide future rental subsidies at unit turnover. Consequently, over time, the expectation is that all RAP subsidy payments will cease. However, Rhode Island Housing will continue to pay RAP rental subsidies for existing residents subject to the RoadHome program rent requirements.

Currently, Rhode Island Housing holds first mortgage debt on the property in the amount of approximately $773,000. There is also soft debt on the property in the form of an Affordable Housing Trust Loan and a Rhode Island Housing Tax Credit Capital Improvement Loan. In addition, the property is subject to two HODAG loans from the City of Providence in the total amount of approximately $780,000. The new limited partnership will acquire the property for the combined value of all existing first mortgage and secondary debt including accrued interest. Rhode Island Housing will provide a new first mortgage of up to $1,875,000 for construction and permanent financing. The Affordable Housing Trust ("AHT") will provide a loan in the amount of up to $1,214,000. The new loans will be used to retire the existing Rhode Island Housing and Affordable Housing Trust debt, which have various terms and interest rates, as well as for additional expenses associated with the new transaction, including repayment of a portion of the construction loan. It is anticipated that the City of Providence loans will be assumed by the new borrower and all required interest payments under those loans will be curtailed.

Upon closing, the new owners will sign a 40-year use agreement guaranteeing affordability and commit to undertake approximately $1.1 million in rehabilitation ($30,000 per unit). Based upon a Capital Needs Assessment, rehabilitation plans call for site work, including walkway and parking lot repairs, exterior improvements including new doors, windows, trim replacement and painting, roof repairs, as well as various upgrades to unit interiors. Over the past year, all boilers have been replaced and some site work has been completed.

Proposed sources of permanent financing include: (i) a first mortgage comprised of a tax-exempt loan based on rents converting to the 45% tax credit level; (ii) syndication equity from the sale of 4% LIHTCs; (iii) a loan from the Affordable Housing Trust; (iv) a deferral of 78% of the developer fee; (v) cash equity from existing reserves; and (vi) income from operations during the construction period.

The Borrower has requested a construction loan. The construction loan will be repaid with the proceeds of the tax credit syndication as well as a portion of the secondary financing.

This Request is for Firm Approval of an Affordable Housing Trust Loan in an amount up to $1,214,000 as part of the new financing for the Development.

Upon a motion made by Mr. Hogg and seconded by Mr. Marouchoc the following resolution was unanimously adopted:

**Resolution of the Board of Trustees**
**of The Affordable Housing Trust Fund**

**Whereas:** The Affordable Housing Trust Fund (the "Trust") is authorized to make loans to mortgagors or sponsors for the development of housing to be occupied by low- and moderate-income persons or families in Rhode Island;

**Whereas:** The applicant ("Applicant") listed below has presented an application to the Trust requesting a loan to acquire and rehabilitate the buildings known as Indian Village Housing Development as set forth below (the "Development"):

| Development | Applicant | Trust Loan |
|---|---|---|
| **Indian Village Housing Development** | **Women's Development Corporation** | **$1,214,000** |

**Whereas:** Trustees have reviewed the submission and determined that the Development qualifies for a loan under the Trust Agreement dated July 1, 1988, as amended; and

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved:** That, subject to the special conditions listed below, the Trust hereby declares firm commitment of a loan to Women's Development Corporation or an affiliated partnership, in an amount not to exceed $1,214,000 for rental housing located in Providence, Rhode Island;

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

- Approval, closing and disbursement of financing from Rhode Island Housing Mortgage and Finance Corporation;

**Resolved:** That the Trustees are authorized to set the terms and conditions of the loan as they seem advisable and in the best interests of the Trust, and be, and are hereby authorized to take any actions as they deem necessary to carry out this Resolution.

There being no further business, a motion to adjourn the meeting at 10:20 a.m. was made by Mr. Godfrey and seconded by Mr. Marouchoc.

Respectfully submitted,

Richard Godfrey,
Secretary and Executive Director