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**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, January 19, 2012 at 9:45 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Trustees in attendance were Richard Godfrey and James DeRentis. Michael Milito, Deputy Assistant Director of Law and Human Resources and Anne Berman, Assistant Director of Development were 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 9:45 a.m.

**Approval of Minutes of the Affordable Housing Trust Fund Meeting of August 18, 2011**

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

VOTED: That the Minutes of the Affordable Housing Trust Fund Meeting held on August 18, 2011 be, and hereby are, approved.

**Firm Approval of Financing for Riverstone Apartments**

Mr. Godfrey gave this presentation.

This Request for Action (RFA) is for Firm Approval of a loan from the Affordable Housing Trust (AHT) for Blackstone Valley Apartments (“Blackstone”) and Riverview Terrace (“Riverview”), two existing Section 202 developments located at in Pawtucket and currently owned by affiliates of The Arc of Blackstone Valley (“BVArc”). Upon refinancing, the sites will operate as one development consisting of 103 apartments to be known as Riverstone (the “Development”).

Both Blackstone and Riverview were built under the HUD Section 202 program. Blackstone, built in the early 1990s consists of 5 buildings with 22 apartments. Riverview is a high rise building consisting of 81 apartments built in the early 1980s. Both developments were built to house elderly and disabled individuals with incomes at or below 50% of the area median income

(“AMI”). As part of the original financing, the developments received 20-year Housing Assistance Payment contracts (the “HAP Contracts”).

HUD has issued regulations that allow existing Section 202 developments to prepay their existing loans and refinance if the owner can show that the new transaction results in cost savings or improvements that benefit the residents. These developments are eligible for refinancing under the HUD regulations. The owners will be required to sign a HUD 202-Use Restriction that maintains the benefit for very low-income residents through the original maturity date of the Section 202 Direct Loan. In addition, Rhode Island Housing will require a 40-year Regulatory Agreement to ensure long-term affordability. The transaction is subject to HUD approval.

Blackstone Apartments has been in BVArc’s portfolio since its initial development. BVArc took control of Riverview through a HUD TPA in 2008. This was accomplished through the consolidation of the Independent Living Authority, another non-profit organization, into BVArc. The transfer was not an acquisition so the site is eligible for low income housing tax credits. BVArc assumed ownership of this project along with two additional HUD financed properties in order to expand their portfolio to provide more housing options for their clients. BVArc is set up to provide supportive services to residents of both facilities

In June 2008, the Rhode Island Housing Board gave Preliminary Approval of a financing plan primarily comprised of tax exempt financing and the syndication of 4% HTCs. However, due to subsequent turmoil in the housing tax credit market, the development was unable to attract a tax credit syndicator and the transaction could not proceed. The sponsor has now received a Letter of Intent from Michel Associates, LTD who will be the syndicator. The Rhode Island Housing Board gave Firm Approval for financing in December 2011.

Both sites are in need of exterior and interior upgrades including a new roof and windows, drainage and parking lot improvements as well as unit upgrades relating to kitchens and bathrooms. System upgrades will include replacement and/or upgrades of the boilers as well as life safety system upgrades to meet fire code regulations. Plans and specifications are complete and a contractor has been selected. The owner will establish a reserve account to cover the costs of necessary upgrades and improvements forecasted in future years.

The primary sources of funding are a first mortgage from Rhode Island Housing and syndication equity from 4% low income housing tax credits (“HTCs”). Other sources in the transaction include resale proceeds in the form of a loan to the new owner, existing reserves, a deferred developer fee and a loan from the Affordable Housing Trust, which is the subject of this Request for Action.

Under certain conditions, Section 202 developments are exempt from HUD regulations limiting Section 8 rents to current market levels. Rhode Island Housing commissioned an appraisal, which determined current HAP Contract Rents exceed market rents. Rhode Island Housing applied for and received a waiver from HUD to underwrite at the higher of the market or Section 8 rents. The loan will be insured through FHA’s Risk Share Program.

The Request for Action is for Firm Approval of an AHT Loan in an amount up to \$300,000 as part of the new financing for the Development

Upon a motion made by Mr. DeRentis and seconded by Mr. Godfrey 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 development known as Anthony House as set forth below (the “Development”):

<u>Development</u>	<u>Applicant</u>	<u>Trust Loan</u>
Riverstone	The Arc of Blackstone Valley	\$300,000

**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 the Arc of Blackstone Valley, in an amount not to exceed \$300,000 for rental housing located in Pawtucket, Rhode Island;

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

- Approval, closing and disbursement of financing from Rhode Island Housing.
- Agreement on the repayment terms of the Affordable Housing Trust loan satisfactory to both Rhode Island Housing and the Affordable Housing Trust.

**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 9.50 a.m. was made by Mr. Godfrey and seconded by Mr. DeRentis.

Respectfully submitted,

Richard Godfrey,  
Secretary and Executive Director