

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, 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 Meeting of January 19, 2012**

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 Meeting held on January 19, 2012 be, and hereby are, approved.

**Approval of Financing for Glenark and Ashley Court**

Mr. Godfrey gave this presentation.

This Request for Action is for firm commitment of financing for the re-development of Glenark Landing (“Glenark”) and Ashley Court (“Ashley”), (collectively the “Development”). Both properties are currently controlled by affiliates of Rhode Island Housing. At the March 15, 2012, Rhode Island Housing Board of Commissioners Meeting, the Board approved the designation of Trinity Financial, Inc (“Trinity”) as the developer for the redevelopment of the Development.

Glenark is an existing affordable housing development located at 104 Sayles Street in Woonsocket containing 67 apartments in the following configuration, 21 one-bedroom apartments, 34 two-bedroom apartments and 12 three-bedroom apartments.

The property was built in 1865 as a manufacturing mill and rehabilitated in 1990 when it was redeveloped as residential housing using Housing Tax Credits and financing from Rhode Island Housing. The initial tax credit compliance period ended in 2005. The property is listed on the Historic Registry as an historic structure. In 2000, with delinquency in mortgage payments and the development in financial/operational jeopardy, the Rhode Island Housing Board of Commissioners authorized staff to negotiate an agreement with the owner entity to obtain

control of the property. Rhode Island Housing Development Corporation, a subsidiary of Rhode Island Housing was designated to take over as the general partner and the limited partner which occurred in 2000 and 2001 respectively. Rhode Island Housing has been operating Glenark ever since. Glenark is currently on Rhode Island Housing's books as an REO property in the amount of \$2,694,297.

When originally financed in 1990, Glenark was awarded a twenty-year State Rental Assistance Program ("RAP") contract that provided rental assistance for all 67 apartments. Currently 59 of the apartments are still receiving RAP subsidy. However, as apartments turn over, apartments are being rented without RAP subsidy. A key component of the redevelopment of the site is the successful transition from RAP to non-RAP apartments in a manner that ensures a financially successful transaction for the developer, residents and Rhode Island Housing while simultaneously lifting the financial burden of the RAP subsidy from Rhode Island Housing.

Ashley Court is an existing affordable housing development for families located at 78 Oak Street in Woonsocket containing 22 apartments in two buildings. There are 6 two-bedroom and 16 three-bedroom apartments. The apartments are spacious and well laid out.

Developed in 1989 using housing tax credits and financing from Rhode Island Housing, Ashley is currently controlled by the RIH Equity Corporation, a subsidiary of Rhode Island Housing and the general partner of the Rhode Island Housing Equity Pool, LP ("RIH Equity Pool"). The RIH Equity Pool served as the original limited partner in the Ashley Estates Limited Partnership ("AELP"), the owner entity of Ashley. In 1997, due to AELP's default under the financing documents, the RIH Equity Pool exercised its right to remove the original general partner of AELP (Ashley Realty Associates, Inc.) and designated RIH Equity Corporation to act as the general partner of the limited partnership and has remained in that capacity to this date. The current outstanding principal loan balance is \$1,166,805.

Both sites currently meet the basic needs of their target population for accessible and convenient housing, but the properties suffer from deferred maintenance. Trinity proposes to extensively rehabilitate both properties in order to significantly improve the living conditions for the residents through interior and exterior upgrades as well as improved safety and security at each development. The target population will remain family households with incomes below 60% of area median income ("AMI"). The current population at Glenark consists primarily of low income families with incomes below 50% of AMI utilizing rental subsidies under the RAP program. As apartments 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. Trinity is aware 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 at Glenark. There are no RAP apartments at Ashley where rents have been low because of the poor condition of the apartments.

The expectation is that rents at the sites can be increased once the buildings are renovated. Rhode Island Housing commissioned a market study to determine the post rehabilitation market rents for both sites. The one-bedroom market rents at Glenark are slightly lower than the 50% tax credit rents while the two and three bedroom rents at both sites are slightly higher than the 50% rents.

Upon completion of a capital needs assessment and due diligence by the architect, contractor, owner and Rhode Island Housing staff, the rehabilitation cost has been set at approximately \$54,000 per unit. Rehabilitation plans call for exterior renovation of the buildings including roof replacement, masonry repairs at Glenark, siding replacement at Ashley, new windows at both sites, doors and site work improvements. Interior plans will include mechanical and electric upgrades, upgrade of the fire alarm system at Glenark and the installation of an alarm system and sprinklers at Ashley, kitchen and bathroom renovations at both sites and elevator upgrades at Glenark. Glenark's site plan poses challenges for the contractor in regards to exterior repairs. The south side of the building is on (in) the Blackstone River making masonry repairs and window replacement more complicated. In addition, two underground storage tanks were found at Glenark that need to be removed and there is some contaminated soil at Ashley that must be remediated.

In order to ensure a successful transition from RAP to non-RAP apartments, attention is also being paid to improving the curb appeal of both sites to attract residents who have choices in where they can choose to live. Trinity is making improvements to the security systems to address chronic security problems at Glenark. The plans include a new security system with access controls and cameras as well as a significant upgrade to the intercom system.

In addition to the security system upgrades, Trinity will bring in a new management company at both sites. One of the reasons that Trinity was selected was because of their proposed management and security plans for both sites. Their proposal stressed resident involvement and development of positive management/resident relations. They intend to form a Resident Security Council to participate with Management in monitoring the effectiveness of Glenark's safety and security programs. However, in order to set the tone and to stabilize Glenark through the transition, they may use security forces on an as-needed basis to exhibit to the community their "No tolerance" policy for mischief, vandalism or intentional malice.

Trinity sought proposals from several potential syndicators and investors to ensure the highest market value for the tax credits. Enterprise Community Investment Inc ("Enterprise") was selected as the syndicator, with final pricing of \$1.005 per credit for both the housing tax credits and the federal historic credits.

The total development cost will be approximately \$12.6 million. The primary sources of financing for the transaction will be (i) a 30-year tax-exempt first mortgage from Rhode Island Housing; (ii) equity from the sale of 4% housing tax credits and federal historic tax credits; (iii) a Deferred Payment Loan from Rhode Island Housing; (iv) a Loan from the Affordable Housing Trust; (v) existing project reserves; and (vi) assumption of existing debt secured by the property to be repaid from net cash flow. Trinity will sign a 40-year use agreement ensuring long term affordability.

The Request for Action is for Commitment of financing for Glenark Landing/Ashley Court in an amount not to exceed \$1,847,800

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 refinance and rehabilitate 89 apartments of existing housing as set forth below (the “Development”):

<b>Development</b>	<b>Applicant</b>	<b><u>AHT Loan</u></b>
<b>Glenark Landing &amp; Ashley Court</b>	<b>Trinity Financial, Inc.</b>	<b>\$1,847,800</b>

**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 Trinity Financial, Inc. or its assignee in an amount not to exceed \$1,847,800 for rental housing located at in Providence, Rhode Island.

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

- Evidence, satisfactory to the Trust, of sufficient financing to undertake the proposed transaction.
- Completion of all items required by Rhode Island Housing for closing in accordance with normal underwriting and processing requirements.

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

Respectfully submitted,

Richard Godfrey,  
Secretary and Executive Director