

**MINUTES OF MEETING
OF THE TRUSTEES OF THE
AFFORDABLE HOUSING TRUST FUND**

A meeting of the Trustees of the Affordable Housing Trust Fund (the “AHT”) was held on Thursday, August 15, 2024, at 10:00 a.m. at the main office of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”), 44 Washington Street, Providence, RI 02903, Conference Boardroom and via telephone conference call.

Carol Ventura, Trustee of the AHT and Executive Director of RIHousing, opened the meeting and stated that the meeting was being held in-person with telephonic access being provided as an additional means of access for the public. Ms. Ventura introduced Val Lingasami, Assistant Director of Information Technology, who outlined the parameters of the meeting.

Val Lingasami stated that (i) the meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting, and (ii) except for specific RIHousing staff participating telephonically, all callers would be muted during the meeting. Additionally, Ms. Lingasami said that to prevent any feedback or background noise, telephone participants should mute the telephone if not speaking. Furthermore, Ms. Lingasami announced that if during the meeting anyone is having technical difficulties with audio or accessing the call, they should call (401) 429-1430.

Next, Kelly Kenyon LeValley, Deputy General Counsel of RIHousing, provided additional guidance for the meeting. Ms. LeValley stated that members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. LeValley also stated that Ms. Ventura would preside over the AHT meeting and requested that any Trustee, RIHousing Commissioner, or staff member state their name prior to speaking for the benefit of listeners and to mute the phone when not speaking. She then invited Ms. Ventura to call the meeting to order.

A quorum being present, Ms. Ventura officially called the meeting to order at approximately 10:24 a.m. Ms. Ventura then conducted a roll call of Trustees participating in the meeting. Trustees participating were: Carol Ventura, Kara Lachapelle, and Stefan Pryor.

Other RIHousing Board of Commissioners and staff participating were: Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation; Steve McAllister; James Comer, Deputy Executive Director; Christine Hunsinger, Chief Strategy and Innovation Officer; Anne Berman, Director of Real Estate Development; Leslie McKnight, Assistant Deputy Director of Servicing; Tony A’Vant, Assistant Director of Design and Construction; Hope Lanphear; Assistant Director of Leased Housing and Rental Services; Hayley Kenyon, Manager of Design and Construction; Kelly Kenyon LeValley, Deputy General Counsel; and Val Lingasami, Assistant Director of Information Technology.

Steven Richard, Counsel to the Corporation, was present as were members of the public.

Approval of Minutes of the Affordable Housing Trust Fund Meeting of April 18, 2024

Ms. Ventura entertained a motion and a second for the approval of the minutes of the Affordable Housing Trust Fund meeting held on April 18, 2024.

A motion was duly made by Mr. Pryor and seconded by Ms. Lachapelle. There being no discussion, Kelly Kenyon LeVally, Deputy General Counsel of RIHousing, conducted a voice vote of the Trustees. The Trustees unanimously voted to approve the minutes.

Ms. LeValley then stated that the following was unanimously adopted:

VOTED: That the minutes of the Affordable Housing Trust Fund Meeting held on April 18, 2024, hereby are approved.

Approval of the Turnkey Affordable Homeownership Program

Ms. Ventura recognized and asked Anne Berman, Director of Real Estate Development, to present the request for the Turnkey Affordable Homeownership Program.

Ms. Berman began by acknowledging Hayley Kenyon, Manager of Design and Construction, for shepherding the program through the Strategic Planning process. She commended Ms. Kenyon and her team on the accomplishment.

Ms. Berman then said that the request was for approval to create and fund the Turnkey Affordable Homeownership Program (the “Turnkey Program,” “Turnkey,” or the “Program”). Turnkey is being created to provide financing to qualified developers to rehabilitate or newly construct homes to be sold to households earning up to 100% of area median income (“AMI”).

Since 2018, RIHousing and the Affordable Housing Trust Fund have successfully administered the Homeownership Investment Fund (the “HIF Program”) to support the creation of affordable homeownership. As part of RIHousing’s Strategic Planning Process, a group comprised of staff from the Development, Homeownership, and Executive Divisions explored ways to modify the HIF Program to attract more applicants and broaden opportunities for first-time homebuyers. As part of their work, staff reached out to both for-profit and non-profit builders/developers to review the HIF Program and how it could be transformed to be more user-friendly. The result is the Turnkey Program, which is being created with an initial allocation of \$1,000,000 to (i) help address the need for low to moderate income homeownership opportunities in the State of Rhode Island, and (ii) streamline the process for the development of low to moderate income homes that will be deed-restricted by RIHousing.

- The Turnkey Program will provide financing to developers of for-sale units to homebuyers upon project completion.
- The developer will be responsible for funding the acquisition, construction and/or rehabilitation of the home(s) without the benefit of RIHousing financing prior to completion. This will minimize RIHousing’s involvement prior to and during construction.
- RIHousing intends to disburse the Turnkey financing once (i) a Certificate of Occupancy is issued by the municipality in which the home is built and (ii) a deed restriction restricting the

household income of the initial and subsequent homeowners is recorded. The deed restriction should be recorded upon the sale of the home to the initial homebuyer; however, recording a deed restriction prior to such sale may be allowed, in RIHousing's sole discretion, in certain circumstances.

RIHousing staff has created Program Guidelines set forth in Attachment A which outline details of the Program. Funding under the Program will be provided as a grant or forgivable loan to eligible developers. Disbursement is conditional upon the recording of a deed restriction to secure affordability. All Turnkey Program applications will be reviewed by RIHousing staff and assessed based upon the criteria outlined in the Program Guidelines, including RIHousing's threshold criteria for awards: a complete application; readiness to proceed with construction within four months of commitment, and closing expected within 12 months of commitment; financial feasibility; experience and capacity to complete and market for-sale housing; and demand for the housing. While applications will be reviewed in the order in which they are received, any need for clarification or any deficiencies may delay full review and any subsequent recommendation. Once an application is complete and satisfies the threshold criteria, it will be further reviewed based on the review criteria. Subsequently, RIHousing staff will present funding recommendations to the Trustees of the Affordable Housing Trust (the "Trustees") for approval.

In closing, Ms. Berman said that staff recommends approval of the Turnkey Affordable Homeownership Program. Applications under the Program will be accepted on a rolling basis, will be reviewed in the order in which they are received, and will be underwritten in accordance with the Program Guidelines in Attachment A and program priorities and evaluative criteria set forth in the Request for Proposals.

After the presentation, Ms. Ventura asked for a motion and a second for Approval of the Turnkey Affordable Homeownership Program.

A motion was made by Mr. Pryor and seconded by Ms. Lachapelle. Following the motion and second, Ms. Ventura opened the meeting for questions or discussion.

Mr. Pryor referenced the Homeownership Investment Fund Program as a baseline and the utilization of the Turnkey Homeownership program to broaden access to homeownership opportunities. He asked Ms. Berman to expound on the differences between the programs.

Ms. Berman explained that staff is in the process of creating a comparison of the criteria for the programs. The expectation is to release both programs in the RFP scheduled for September. The major difference is that if the developer requires RIHousing funding during construction then the Homeownership Investment Fund Program may be more appropriate and the developer must deliver plans, specifications, and other deliverables during construction with staff reviewing all the material. The loan documents for such program are also more complicated because RIHousing will be disbursing funds during construction.

Under the Turkey Affordable Homeownership program there is a list of deliverables at application. If approved, RIHousing gives the go ahead and no additional documentation is required during construction. Once the project receives its Certificate of Occupancy (CO) and meets all the required codes of the municipality, then the developer needs to present the CO and executed deed restriction for the Corporation to provide the funding.

Continuing, Ms. Berman said that the program is designed as a light touch with minimal involvement from RIHousing. Ms. Berman was cautiously optimistic that there will be a lot of interest in the program. If that comes to fruition, then additional funds will be allocated for the program. The goal is to reduce the time it takes staff to review documents to expedite the production of affordable units.

Ms. Ventura remarked that for both programs the deed restricted period is 15 years. That is different from the Corporation's standard programs. RIHousing deliberately shortened the restriction period so homeowners could build wealth. The Corporation does have funding for 30-year deed-restricted properties within the bond program, but this is an opportunity for homeowners to build wealth.

There being no other questions or comments, Ms. Ventura asked Ms. LeValley to conduct a voice vote of the Trustees eligible to vote. The Trustees unanimously voted to approve the motion.

Ms. LeValley then announced that 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 "AHT") was created by Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") for the sole purpose of making homeownership to low- and moderate- income residents of the State of Rhode Island more affordable, and

Whereas: one of the purposes of the AHT is to assist with the preservation and development affordable housing throughout the State of Rhode Island, and

Whereas: the AHT has increased its investment portfolio over the last several years through its preservation related activities, and

Whereas: the AHT is providing up to \$1,000,000 for the Turnkey Affordable Homeownership Program to finance the redevelopment and construction of new homeownership opportunities.

NOW, THEREFORE, IT IS HEREBY

Resolved: that the Affordable Housing Trust Fund, acting by and through its Trustees, be, and hereby is, authorized to (i) set aside up to \$1,000,000 for the Turnkey Affordable Homeownership Program and (ii) transfer such funds to RIHousing for purposes of implementing and administering the Turnkey Affordable Homeownership Program structured generally in accordance with the description contained in the Program Guidelines attached hereto, with such changes as the Executive Director, Deputy Executive Director, and Director of Real Estate Development of RIHousing may, in their sole discretion, determine to be necessary or advisable.

Resolved: that the Executive Director, Deputy Executive Director, and Director of Real Estate Development of RIHousing, each acting singly, be and hereby are authorized,

empowered and directed to take any and all actions as each, in his/her sole discretion, shall deem necessary or advisable to carry out the foregoing resolutions.

Attachment A

Turnkey Affordable Homeownership Program Summary

Introduction

RIHousing announces the Turnkey Affordable Homeownership Program (the “Turnkey Program”). The program was created to (i) help address the need for low to moderate income homeownership opportunities in the State of Rhode Island, and (ii) streamline the process for the development of low to moderate income homes that will be deed-restricted by RIHousing.

- The Turnkey Program will provide financing to developers of for-sale units to homebuyers upon project completion.
- The developer will be responsible for funding the acquisition, construction and/or rehabilitation of the home(s) without the benefit of RIHousing financing prior to completion. This will minimize RIHousing’s involvement prior to and during construction.
- RIHousing intends to disburse the Turnkey financing once (i) a Certificate of Occupancy is issued by the municipality in which the home is built and (ii) a deed restriction restricting the household income of the initial and subsequent homeowners is recorded. The deed restriction should be recorded upon the sale of the home to the initial homebuyer; however, recording a deed restriction prior to such sale may be allowed, in RIHousing’s sole discretion, in certain circumstances.

RIHousing will inspect at completion.

All work shall comply with all applicable federal, state, and local codes, ordinances, and zoning requirements. Rhode Island State Building and Fire Code Regulations can be found at:

[Welcome to the Rhode Island Code of Regulations - Rhode Island Department of State \(ri.gov\)](http://www.ri.gov)

The Turnkey Program is not available for developers who utilize RIHousing as their construction lender or utilize any other RIHousing funding for the applicable project.

Eligibility

New construction, adaptive reuse, or rehabilitation of existing homes are eligible for one to two-family homes. Condominiums are allowed. Homes must be owner-occupied primary residences when purchased. Eligible applicants include non-profit or for-profit builders and/or developers. Applicant must demonstrate capacity and previous experience overseeing the construction of housing of similar scope and complexity.

Developer Fee

Developer Fee will be restricted to a maximum of 10% of total development costs.

Timing

Applications will be accepted on a rolling basis. The submittal of an application does not guarantee an award.

Subsidy Amounts

The requested Turnkey financing per unit cannot exceed the difference between total development cost and a sale price affordable to a family earning 80% or 100% of AMI plus a Developer Fee, up to a maximum of:

- a. \$190,000 for a 80% AMI home
- b. \$150,000 for a 100% AMI home

If developer received a density bonus through the comprehensive permit process, the requested Turnkey financing cannot exceed \$50,000/unit (unless the project is 100% affordable and includes no market units).

These are maximum amounts. Developers are always encouraged to request the minimum amount necessary to complete their proposal. RIHousing recognizes that costs may be higher in certain areas of the state.

The Purchase Price of the completed homes must be calculated based on:

- Income limits posted on the RIHousing Website – <https://www.rihousing.com/wp-content/uploads/FY-24-HUD-Income-Limits.pdf>
- The application should include disposition analysis demonstrating affordable purchase price (principal, interest, taxes, and insurance (PITI) shall not exceed 30% of gross monthly income for buyers between 80% AMI – 100% AMI) and documentation from the Monitoring Agent confirming the projected purchase price. The developer must include the monitoring fee in soft costs.

When calculating the sales price for a multi-unit property:

- The rental income should be added to the homebuyer's income and discounted based on lender industry standards.
- The applicable bedroom size should be based only on the homebuyer unit.

Turnkey Program - Document Requirements

A. Required for Application Submission:

1. Application
2. Narrative proposal description
3. Project Proforma with Sources and Uses
4. Timeline for commencement of construction (within 4 months) and closing (within 12 months).

5. Full capital stack including evidence of developer equity or construction financing from a commercial lender.
6. Letter from Monitoring Agent confirming proposed purchase price.
7. Permitted Plans and Specifications (Suggested minimum sizes: 2 Bedroom 900 SF, 3 Bedroom 1200 SF).
8. Structural review required for rehabilitation projects.
9. Renovation projects must encapsulate and/or abate Asbestos, Radon, Mold, and PCBs in accordance with all federal, state, and local environmental laws and regulations.

B. Required for Disbursement at Project Completion:

1. Certificate of Occupancy
2. If applicable, RAWP Closure Report, Recorded ELUR & SMP
3. If applicable, Evidence of RI Energy RNC Building Incentives and Rebates
4. Evidence of Minimum 15 Year Recorded Deed Restriction (or a ground lease ensuring >15 years long term long-term affordability)
5. Final Lien Waiver from Contractor
6. RIHousing Inspection at Construction Completion

C. Post Closing Deliverables

1. Contractor's 1 Year Guaranty for Labor and Materials
2. Contractor's transmittal of O&M and Start up submitted to homeowner

Review Process:

A. Threshold Criteria

1. Readiness to Proceed: Applicant must demonstrate that construction of affordable homeownership opportunities will commence within four (4) months of Turnkey funding commitment and each unit will close with an income qualified buyer within twelve (12) months of such commitment. To be awarded and maintain a funding reservation, all applicants must demonstrate readiness to proceed throughout the process.

An assessment of an applicant's initial readiness to proceed will be made based upon the applicant's ability to provide final plans and/or specifications and ability to secure all funding commitments.

RIHousing will use its best professional judgment in evaluating an application for readiness to proceed. Staff will consider the applicant's past performance in meeting funding and closing deadlines.

2. **Financial Feasibility:** The applicant must demonstrate that the proposal is financially feasible. RIHousing reserves the right to deny funding of proposals for which adequate funding commitments have not been secured for all development costs.
3. **Development Team Capacity:** The developer must have experience in the successful development and sale of affordable homeownership opportunities or similar experience with development of starter homes. The developer will be evaluated based on its professional capacity to plan, build, market, and sell the proposed home(s). The developer is expected to demonstrate satisfactory prior experience on projects of similar scale and complexity and to devote sufficient staffing and resources to complete the proposed project. The applicant will also be evaluated for creditworthiness and financial capacity.
4. **Demonstration of Need or Demand:** The applicant must demonstrate, to RIHousing's satisfaction, that the need or demand for the project exists. Demonstration of need can be provided through market analysis, local demographics, demand for the project as exhibited by a list of interested and qualified buyers, etc.

RIHousing reserves the right to deny funding to any proposal where (i) any materially participating entity is not in good standing regarding compliance monitoring of other RIHousing-funded projects or (ii) any partner, developer, or other key development team member has been determined by RIHousing to be not creditworthy. Creditworthiness takes into consideration the financial condition of an organization and management capabilities. RIHousing will review each applicant's most recent audit to ensure financial capacity to develop the project.

If an applicant passes Threshold, they must also meet the following Review Criteria to be considered for Turnkey Program funding.

B. Review Criteria

Applications for Turnkey Program awards that have passed Threshold will be further reviewed for approval based on the following Review Criteria:

1. At the time of application, the development must be permitted by applicable regulatory agencies including municipal permitting bodies (local planning and zoning) and state regulatory agencies such as RIDEM or RIDOH; provided, however, that building permits are not required at time of application. Projects with partial planning or zoning approvals are not eligible for the Turnkey Program.
2. Plans and specifications must be at a sufficient stage, in RIHousing's sole opinion, to meet the Threshold requirement of 4 months to construction commencement.
3. Projects must demonstrate readiness to proceed within 4 months of commitment.
4. The household income levels for proposed units cannot exceed 100% AMI.
5. The maximum developer fee is 10% of total development costs.

Complete proposals that pass Threshold and meet the above Review Criteria will be submitted for approval on a first-come, first-served basis until all Turnkey Program funding for each funding cycle is depleted.

C. Purchase Price and Monitoring Agent

1. The developer must identify a Monitoring Agent in their application who will income qualify the initial homebuyer (and renters' income, if applicable) and be responsible for reviewing and approving future transactions.
2. The developer must provide a letter from their Monitoring Agent with their application confirming the purchase price assumed in the proforma.
3. Developers are encouraged to market to first time homebuyers.
4. RIHousing may provide end loans to qualified homebuyers.

There being no further business, Ms. Ventura asked for a motion to adjourn the Affordable Housing Trust Fund meeting.

A motion was duly made by Mr. Pryor and seconded by Ms. Lachapelle to adjourn the meeting.

Ms. Ventura then asked Kelly Kenyon LeValley, Deputy General Counsel of RIHousing, to conduct a voice vote of the Trustees. The Trustees unanimously voted to adjourn the meeting.

Ms. LeValley then officially stated that the motion to adjourn the meeting was unanimously approved.

Ms. Ventura thanked everyone for participating and the meeting was adjourned at 10:32 a.m.

Respectfully submitted,

Carol Ventura,
Trustee of the AHT and Executive Director,
RIHousing