

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

A meeting of the Trustees of the Affordable Housing Trust Fund (the “Fund”) of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing” or “Corporation”) was held on Wednesday, February 12, 2020, 2019 at 9:15 a.m. at the Offices of the Corporation, 44 Washington Street, Providence, RI.

Trustees in attendance were Carol Ventura, Kara Lachapelle and Nicolas P. Retsinas.

Nicole R. Clement, General Counsel; James Comer, Deputy Executive Director; Eric Shorter, Director of Real Estate Development; Anne Berman, Assistant Director of Real Estate Development; Michael DiChiaro, Assistant Director of Leased Housing and Rental Services (Asset Management) and Commissioner Kevin Orth 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 RIHousing, and at the first-floor bulletin board in the State House.

The Trustees convened the meeting at approximately 9:46 a.m.

Approval of Minutes of the Affordable Housing Trust Fund Meeting of December 11, 2019

Upon a motion made by Ms. Ventura and seconded by Ms. Lachapelle the following was approved:

VOTED: That the minutes of the Affordable Housing Trust Fund Meeting held on December 11, 2019 be, and hereby are, approved.

Approval of Preservation Revitalization Deferred Loan Program Award for Coddington Point Apartments (Newport)

Ms. Lachapelle, Chief Financial Officer of RIHousing, with the assistance of Anne Berman, Assistant Director of Development of RIHousing, presented this request for action.

Ms. Lachapelle stated that this request is for approval of financing for Coddington Point Apartments (“Coddington Point”) under the Preservation Revitalization Deferred Loan Program (“PRDLP”). The PRDLP was created to preserve aging Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) portfolio properties through capital investments in building repairs and improvements.

RIHousing has approximately 13,000 affordable apartments in its portfolio. In addition, more than 1,430 affordable residential homes have been financed under the state's HOME Investment Partnerships Program. Many of these developments were constructed and rehabilitated in the 1990s and are beyond their initial 15-year tax credit compliance term. Several developments lack adequate reserves to conduct necessary improvements to ensure that residents are housed in a safe and healthy environment. Thus, there is a need to upgrade these affordable apartments and homes to meet health and safety standards, make necessary capital improvements and address physical deterioration due to wear and tear.

The Affordable Housing Trust Fund (the "AHT") designated \$3,000,000 for the PRDLP. In March 2018, RIHousing issued the Program Guidelines and a Request for Proposals ("RFP") for the PRDLP. Applications are being accepted on a rolling basis.

To date, 8 applications totaling \$2,536,363 have been approved. The Coddington Point application being considered in this RFA was received in December 2019. Staff from the Development Division, including the Design and Construction and Asset Management teams have reviewed the application for eligibility in accordance with the Program Guidelines. Based upon these reviews, staff recommends commitment of PRDLP funding in the amount of \$295,000 for the development known as Coddington Point, as set forth in Attachment A.

Coddington Point is a 32-unit family development that was developed in 2008/09 as part of the one-for-one replacement of public housing units lost under the HOPE VI redevelopment of Tonomy Hill in Newport. All the units at Coddington Point benefit from a Section 8 Project-Based Voucher ("PBV") contract. Despite the PBV contract, Coddington Point has faced challenges since inception due to high operating and maintenance costs. The bulk of the proposed work is the replacement of 23 boilers. Over the past several years, the hi-efficiency boilers installed at initial construction have begun to fail and 9 have already been replaced through the replacement reserve. This PRDLP loan will fund the cost to replace the remaining 23. In addition, the loan will fund the replacement of a grinder point which is part of the sewer disposal system at the site, and which has failed several times.

Coddington Point is across the street from property affiliated with The Housing Authority of the City of Newport, Rhode Island ("HACN"). While the initial 15-year compliance period for Coddington Point does not expire until 2024, the owner, an affiliate of EA Fish Development LLC and Peabody Properties, Inc., the management company, have begun to discuss options for sale or refinance of the property with HACN.

Staff recommends commitment of PRDLP financing in the amount of \$295,000 for the rehabilitation of 32 units at Coddington Point.

A short conversation followed concerning the cost of utilities in Newport. Ms. Berman stressed that the cost of utilities in Newport are higher than normal. Water charges are especially high with most of the extra cost concentrated around the utilities.

Ms. Lachapelle asked if this funding will bring the development back to replacement reserve levels. Ms. Berman responded that it will almost reach the required levels.

Chairman Retsinas wondered if this method is just a duck tape measure and the development will require additional assistance in a couple of years. Ms. Berman stated that the advantage is that the owner is conscientious, responsible and will cover the expenses out of pocket. Ms. Ventura then asked if there is a guarantee to that outcome. Ms. Berman replied that there is no written guarantee, however the owner has already demonstrated that dedication and covered expenditures as needed.

Commissioner Orth remarked that he has reviewed the criteria for this program and as the intent is to assist critical properties, he wanted to know if this project is in critical status.

Ms. Berman and Michael DiChiaro, Assistant Director of Leased Housing and Rental Services (Asset Management) confirmed that the department has a watch list in place, reviews and monitors all the requests to comply with the regulations prior to bringing them forward for approval, and that this development is on the list. Ms. Berman noted that as recently as of the previous day, the owner replaced three additional heating systems. The funds are truly essential to the viability of the development.

Upon a motion made by Mr. Retsinas and seconded by Ms. Ventura, the following resolution was unanimously adopted as presented:

**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 in the preservation of 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 created the Preservation Revitalization Deferred Loan Program and set aside \$3,000,000 to assist in the preservation of affordable housing.

NOW, THEREFORE, IT IS HEREBY

RESOLVED: that the AHT be, and is hereby authorized, to commit up to \$295,000 in funding to the project listed in the Funding Recommendation at Attachment A.

RESOLVED: that the Executive Director, the Deputy Executive Director and the Director of Development, each acting singly, be and hereby is authorized and directed to take any and all actions they deem necessary and appropriate to carry out the forgoing resolution.

Attachment A

Funding Recommendation

Borrower	Development	Funding Recommendation	Description
EAF Newport, LLC	Coddington Point Apartments	\$295,000	Replacement of 23 boilers, grinder point and associated costs.
	TOTAL	\$295,000	

There being no further business, and upon a motion from Mr. Retsinas and seconded by Carol Ventura, the meeting was adjourned at 9:58 a.m.

Respectfully submitted,

Carol Ventura,
Secretary and Executive Director