

**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”) of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing” or “Corporation”) was held on Thursday, June 17, 2021 at 10:15 a.m. The meeting was held via telephone conference call pursuant to Executive Order 20-46 (extended by Executive Order 21-59).

Carol Ventura, Executive Director, introduced Carl Rotella, Director of Information Technology, who summarized the logistics of the meeting.

Mr. Rotella stated that (i) the meeting will be recorded and available for review on the RIHousing website within 3-5 business days after the meeting, (ii) except for the Trustees, the RIHousing Board of Commissioners and specific RIHousing staff, all callers would be muted during the meeting and (iii) if during the meeting, anyone was having technical difficulties with audio or accessing the call, they should contact RIHousing.

Ms. Ventura then recognized Corinne Myers, Acting General Counsel, who provided additional information for those participating in the meeting. Ms. Myers stated that (i) pursuant to Executive Order 20-46 (as extended by Executive Order 21-59, and as may be further amended or extended) the meeting was being held via teleconference, (ii) members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and (iii) in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. Myers also stated that Ms. Ventura would preside over the Trustee meeting and requested that any Commissioner or staff state their name prior to speaking and mute their telephone when not speaking. She then invited Ms. Ventura to call the meeting to order.

A quorum being present, Ms. Ventura introduced herself and officially called the meeting to order at approximately 11:02 a.m. Ms. Ventura then conducted a roll call attendance of the Trustees, RIHousing Board of Commissioners (in attendance) and RIHousing staff. Trustees present were: Nicolas P. Retsinas, Kara Lachapelle and Carol Ventura.

Other RIHousing Board of Commissioners and staff participating via teleconference were: Commissioner Kevin Orth; LeeAnn Byrne, Designee for General Treasurer Seth Magaziner; James Comer, Deputy Executive Director; Lisa Primiano, Chief Operating Officer; Anne Berman, Assistant Director of Development; Corinne Myers, Acting General Counsel; and Carl Rotella, Director of Information Technology.

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

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Affordable Housing Trust was posted in the Offices of the Corporation, on the

Corporation's web site www.rihousing.com and at the following link: <https://www.rihousing.com/affordable-housing-trust-meeting-june-2021/>.

Following the roll call attendance, Ms. Ventura requested that any Trustee, Commissioner, or staff state their name prior to speaking.

Approval of Minutes of the Affordable Housing Trust Fund Meeting of March 18, 2021

Ms. Ventura entertained a motion and a second for the approval of the minutes of the Affordable Housing Trust Fund meeting held on March 18, 2021.

A motion was duly made by Ms. Lachapelle and seconded by Mr. Retsinas. There being no discussion, Corinne Myers, Acting General Counsel, conducted a roll call vote of the Trustees. The Trustees voted as follows:

Trustee Ventura	Aye
Trustee Retsinas	Aye
Trustee Lachapelle	Aye

Ms. Myers then stated that the following was unanimously approved:

VOTED: That the minutes of the Affordable Housing Trust Fund Meeting held on March 18, 2021, hereby are approved.

Approval of Preservation Loan Program Fund Financing for Forest Farm Assisted Living (Middletown)

Ms. Ventura introduced Anne Berman, Assistant Director of Development, who gave this presentation.

Ms. Berman said that this request is for approval of financing under the Preservation Loan Program Fund ("PLPF") for Forest Farm Assisted Living located in Middletown, Rhode Island ("FFAL" or the "Development"). The PLPF was created to provide a flexible source of capital to be utilized for the preservation of existing affordable housing with priority given to developments previously financed by RIHousing.

RIHousing's portfolio includes approximately 13,000 affordable apartments. In addition, more than 1,430 affordable residential homes have been financed under the state's HOME Investment Partnerships Program. Many of these affordable apartments need improvements. These apartments were constructed and/or rehabilitated in the 1990s and are beyond the 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. In addition, there are for developers to acquire, rehabilitate, and deed-restrict market-rate apartments in Rhode Island to ensure long term affordability. Thus, there is a need for funding to upgrade these homes to meet health and safety standards, make necessary improvements, address physical deterioration due to wear and tear, and promote long-term affordability.

The AHT has designated \$16,000,000 for the PLPF. In March 2018, RIHousing issued Program Guidelines and a Request for Proposals (“RFP”) for PLPF financing. Applications are accepted on a rolling basis.

FFAL currently has 50 one-bedroom assisted living apartments contained in a single building, of which 35 are LIHTC and receive Medicaid Waivers from the State of Rhode Island and the balance are market rate. The developer is Church Community Housing Corporation (“CCHC”). Many of the building systems and interior finishes that were installed in 1999 are at or nearing the end of their effective useful life and need replacement. CCHC is proposing over \$4.5 million in improvements to the property and the planned scope of the rehabilitation includes: replacing the roof, installing solar panels, replacing boilers and hot water tanks with new efficient systems, installing new efficient heat pumps for each unit, replacing the generator, upgrading the sprinkler and fire alarm systems to meet code and improve safety, upgrading the commercial kitchen, decommissioning one market rate unit to expand the kitchen with additional food preparation and storage space, and site improvements.

CCHC is proposing to refinance without undertaking a re-syndication. Assisted living transactions are difficult to re-syndicate, and FFAL is a small transaction making it a challenge to attract an equity partner. CCHC is seeking \$991,170 in PLPF funds to undertake a portion of the rehabilitation and pay soft costs associated with the transaction. CCHC is simultaneously seeking firm approval of (i) a RIHousing first mortgage, (ii) a HOME Investment Partnerships Program (“HOME Program”) loan, and (iii) a Capital Magnet Fund loan. CCHC has previously received approval for Building Homes RI funds and an Affordable Housing Program grant from the Federal Home Loan Bank of Boston.

Staff from the Development Division, including the Design and Construction team and Asset Management Department, have reviewed the application for eligibility in accordance with the Program Guidelines and determined that CCHC’s proposal is consistent with PLPF requirements and will help to refinance and stabilize the Development.

After the presentation, Ms. Ventura asked for a motion and second for the Approval of Preservation Loan Program Fund Financing for Forest Farm Assisted Living (Middletown).

A motion was made by Ms. Lachapelle and seconded by Mr. Retsinas. Following the motion and second, Ms. Ventura opened the meeting for questions or discussion. She respectfully requested that the Trustees state their name prior to speaking.

Trustee Retsinas asked Ms. Berman if RIHousing has financed projects utilizing only one funding source. Ms. Berman explained that most of the multi-family financing transactions are complex projects that require multiple resources, however, there have been a few occasions with a single-family or small development that have used one funding stream. The Trustee also wanted to know what the average number of sources are for a deal. Ms. Berman responded that the average is between five (5) and six (6) different funding sources.

Following the comments, Ms. Ventura asked Ms. Myers, Acting General Counsel, to conduct a roll call vote of the Trustees eligible to vote. The Trustees voted as follows:

Trustee Ventura	Aye
Trustee Retsinas	Aye
Trustee Lachapelle	Aye

Ms. Myers, Acting General Counsel, then stated that the following resolution was unanimously approved:

**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 Loan Program Fund and has set aside \$16,000,000 to assist in the preservation of affordable housing.

NOW, THEREFORE, IT IS HEREBY:

- RESOLVED:** that subject to the special conditions listed below, the AHT, acting by and through its Trustees, be and is hereby authorized to commit up to \$991,170 in funding to Forest Farms Assisted Living Limited Partnership (“FFAL”) or an affiliated entity to finance the rehabilitation of the multi-family development known as Forest Farms Assisted Living located in Middletown, Rhode Island.
- RESOLVED:** that the foregoing resolution is subject to the following conditions:
- Approval and closing of financing from RIHousing and any other lender.
 - Final approval by RIHousing of construction plans, specifications, and supporting construction documentation.
 - Execution and delivery by CCHC of a construction completion guaranty in form and substance satisfactory to RIHousing.
 - Completion of all items required for closing of the PLPF loan in accordance with normal underwriting and processing requirements.

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

Approval of Workforce Housing Innovation Challenge Program Awards

Ms. Ventura recognized Ms. Berman who also presented this request.

Ms. Berman began by saying that this recommendation is for the approval of four awards under the Workforce Housing Innovation Challenge Program (“WHIC Program”) authorizing the allocation of up to \$5,860,000 in WHIC Program funds. The WHIC Program was created to provide financing for the development of workforce rental housing serving households at or below 120% of Area Median Income (“AMI”). Originally established by RIHousing, the WHIC Program has been funded by the AHT since 2019.

In 2016, HousingWorksRI conducted a study that projected the need for additional workforce housing units at 3,500 each year for 10 years. This deficit continues today; Rhode Island’s housing stock doesn’t adequately address all segments of the housing market. Most new housing has been built in the luxury segment of the market. Moreover, RIHousing’s resources are generally reserved for low-income housing units serving families under 60% of AMI, which in Providence is approximately \$51,900 for a family of four.

In response to these conditions and to assist housing-cost-burdened, middle-income families, the WHIC Program is currently budgeted at \$8,000,000. The WHIC Program targets the development of housing for households earning up to 120% of AMI. Consideration was given to projects that included:

- Local Support
- Innovation
- Replicability
- Mixed-Income
- Areas facing gentrification
- Higher Density
- Opportunity Zones
- Employer Support
- Public Private Partnership
- Areas with market rents above 80% AMI

In January of 2021, RIHousing issued an RFP for WHIC Program funds. In response to the RFP, RIHousing received 11 proposals requesting \$12,323,529. The WHIC Program applications were then reviewed in accordance with the threshold criteria set forth in the RFP:

- Applications must be complete, including all attachments.
- The applicant must be an eligible applicant for the funding source being requested.
- Properties and activities proposed for consideration must be eligible for the funding source being requested.
- At least 20% of the project units must be affordable to residents earning less than 100% of the AMI.

- A project must include at least 10 apartments.
- The applicant must demonstrate site control of the development.
- The developer must demonstrate capacity to complete the proposed project.
- Proposals must be financially feasible as presented.
- Projects must be ready to proceed within 24 months of firm financing commitment.
- Proposed assistance amounts must meet all appropriate funding source requirements.
- Proposals must meet all applicable construction and rehabilitation guidelines.

Eligible WHIC Program applications deemed to have met the threshold requirements were then reviewed by RIHousing staff and scored based upon the criteria outlined in the WHIC Program Guidelines. While not a threshold component, a discount to the current market rents was also considered as part of the review of overall eligibility for WHIC Program funds.

RIHousing program staff met with senior staff and reviewed the applications based on threshold eligibility and scoring. As a result of that review, four WHIC Program proposals seeking resources in the amount of \$5,860,000 were recommended for commitment. The recommended developments will help build or preserve 301 units and create 74 workforce-assisted units. Three projects are located in Providence and one is in West Warwick.

After the presentation, Ms. Ventura asked for a motion and second for the Approval of Workforce Housing Innovation Challenge Program Awards.

A motion was made by Mr. Retsinas and seconded by Ms. Lachapelle.

A conversation ensued with Commissioner Orth commenting on the various applications received for the Workforce Housing awards and wanted to know if any of the proposed projects incorporated innovative and/or unique partnerships with employers or government entities. Ms. Berman replied that there were a few interesting proposals that included some innovation, but they did not meet threshold criteria.

Commissioner Orth then asked what lessons staff has learned during this process and what they would change moving forward. Ms. Berman said that staff will work on emphasizing the discount to market aspect, and the importance that market rents serving families below the 80% AMI level do not meet the spirit of the program. Another possible takeaway is limiting occupancy (e.g., not including college students).

Trustee Retsinas asked Ms. Berman if she has a breakdown of the applicants submitted by for-profit and non-profit sector. Ms. Berman noted that all the applicants were for-profit entities with no joint ventures presented.

Trustee Ventura mentioned that one of the goals of the program is to build relationships and partnerships with nontraditional developers to establish additional affordable housing. If one considered the lower per unit cost of the projects, it is a successful program. Additionally, the City of Providence did discount land. A good example is the I 195 project previously approved

under this program where the City of Providence provided a heavy discount to facilitate the project's success.

Ms. Ventura also said that if the Trustees need to determine what is a viable program for the future, then consideration should be given to where to deploy needed resources. Investing in permanent supportive housing is also a worthy option.

Trustee Retsinas acknowledged that sentiment and said that investing in Workforce Housing is essential, he was not asking to replace the program, but expand resources. Ms. Ventura stated that this program is advantageous as it builds relationships and partnerships with new organizations. Mr. Comer then expounded on the concept by noting that this program will evolve over time as applications are received and reviewed. The Workforce Housing Program challenges staff to work with nontraditional partners and allows RIHousing to grow.

Ms. Berman remarked that since the program was initiated, she has had several conversations with a developer who has piqued the City of Warwick's interest in financing a project under this program.

Commissioner Orth underscored that in future rounds staff should work to ensure that some of the other goals of the program are met.

There being no further discussion Ms. Ventura instructed Ms. Myers, Acting General Counsel, to conduct a roll call vote of the Trustees, eligible to vote. The Trustees voted as follows:

Trustee Ventura	Aye
Trustee Retsinas	Aye
Trustee Lachapelle	Aye

Ms. Myers, Acting General Counsel, then stated that the following resolution was unanimously approved:

**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 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 development of housing for moderate-income households earning up to 120% of annual median income throughout the State of Rhode Island; and

WHEREAS: the AHT has increased its investment in new affordable housing programming over the last several years; and

WHEREAS: the AHT created the Workforce Housing Innovation Challenge (“WHIC”) Program and has set aside \$8,000,000 to assist in the creation of affordable workforce housing in keeping with its organizational purpose; and

WHEREAS: RIHousing has issued a Request for Proposals under a competitive process to seek applicants for WHIC Program funding;

WHEREAS: staff reviewed the proposals according to the ranking criteria outlined in the Request for Proposals and have determined that four (4) of the proposed developments best meet the objectives of the WHIC Program.

NOW, THEREFORE, IT IS HEREBY

RESOLVED: that the AHT, acting by and through its Trustees, be and is hereby authorized to commit up to \$5,860,000 in WHIC Program funding to the projects listed in the Funding Recommendation at Attachment A, subject to the receipt of commitment of all project financing and compliance with applicable WHIC Program guidelines, including final underwriting and satisfactory staff review of site environmental reports.

RESOLVED: that the AHT, acting by and through its Trustees, be and is hereby authorized to transfer such WHIC Program funds to RIHousing for purposes of funding the awards set forth at Attachment A.

RESOLVED: that the Executive Director, Deputy Executive Director, and Director of Development of RIHousing, each acting singly, be and hereby are authorized and directed to take any and all actions necessary or desirable to carry out the foregoing resolutions.

Attachment A

Funding Recommendation

The attached resolution recommends approval of Workforce Housing Innovation Challenge Program (“WHIC Program”) funds for the following projects totaling \$5,860,000.

Leveraging with Recommended Current Round WHIC Program funds:

WHIC Cost	WHIC Units	Total Units	WHIC Cost per WHIC Unit
\$5,860,000	74	301	\$80,000

Recommendations for approval are as follows:

1. Studley Building – Providence

The property at 82 Weybosset Street is located in an Opportunity Zone and was acquired by Paolino Properties through Studley Bldg. Enterprises L.L.C. on February 17, 2006. The owner intends to undertake a substantial rehabilitation of the property, which will retain a commercial use on the ground floor, while creating 65 rental housing units on floors two through six. ZDS, Inc. has provided 100% completed plans featuring a combination of one-bedroom (5), studio (20), and micro-loft (40) units with net rents ranging from \$1,300-\$1,800 per month. Staff determined that the micro-loft units were not suitable for WHIC Program funds. There will be 14 workforce units comprised of two one-bedroom and 12 studio apartments. The workforce units will be restricted to 100% AMI.

Sources/Uses Chart:

USES	Amount	\$/Unit	% of Total
Acquisition	\$7,500,000	\$113,636	35%
Construction & Contingency	\$12,033,000	\$182,318	56%
Soft Costs	\$1,703,000	\$25,803	8%
Financing Fees	\$420,000	\$6,364	2%
Reserves & Escrows	\$0	\$0	0%
Developer Fee	\$0	\$0	0%
Total Development Costs	\$21,656,000	\$328,121	100%

SOURCES	Amount	\$/Unit	% of Total
Senior Loan	\$10,000,000	\$151,515	46%
Workforce Housing Loan	\$1,120,000	\$16,970	5%
Building Equity	\$7,500,000	\$113,636	35%
Cash Equity	\$3,036,000	\$46,000	14%
Total Sources	\$21,656,000	\$328,121	100%

2. Arctic Mill – West Warwick

The Arctic Mill Development is the adaptive reuse of two separate historic textile mill buildings built in 1854 into a mixed-use complex comprised of both commercial space and residential rental apartments. The existing mill complex is situated along the Pawtuxet River in West Warwick, Rhode Island. The proposed 125,000 sq. ft. development includes 136 apartments, 15,000 square feet of commercial/retail/office space, a restaurant/brewery,

recreational spaces, and water access. 105 of the units will be rented at market rates which are estimated at 98% AMI and 31 workforce units will be restricted to 80% AMI.

Sources/Uses Chart:

USES	Amount	\$/Unit	% of Total
Acquisition	\$850,000	\$6,204	3%
Construction & Contingency	\$22,208,025	\$162,102	76%
Soft Costs	\$1,692,000	\$12,350	6%
Financing Fees	\$180,500	\$1,318	1%
Reserves & Escrows	\$1,020,000	\$7,445	3%
Developer Fee	\$3,373,568	\$24,625	12%
Total Development Costs	\$29,324,093	\$214,044	100%

SOURCES	Amount	\$/Unit	% of Total
Centreville Bank Senior Loan	\$15,300,000	\$111,679	52%
Workforce Housing Loan	\$2,480,000	\$18,102	8%
Federal Historic Tax Credit Equity	\$4,257,000	\$31,073	15%
Rebuild RI Tax Credit Proceeds	\$2,000,000	\$14,599	7%
Private Equity	\$5,287,093	\$38,592	18%
Total Sources	\$29,324,093	\$214,044	100%

3. Strive Lofts - Providence

Strive Lofts is located at 556 Atwells Avenue in the Olneyville neighborhood of Providence and is owned by 556 Atwells LLC, a subsidiary of Churchill & Banks, the developer. The proposal is for the rehabilitation of an existing mill building, which includes 56 residential units and two commercial suites on floors two through four. The first floor will be converted to a parking garage. Construction commenced at the end of 2019 and is projected to be completed at the end of 2021. While not originally anticipated to include restricted workforce units, COVID-related issues and rapidly increasing material costs have resulted in cost overruns, which the developer is proposing to fund utilizing WHIC Program funds. Twenty (20) WHIC units will be rented to tenants between 80% and 100% AMI. The remaining 36 units will be market rate. In addition to office space used to support the property, there will be two commercial office suites of approximately 1,500 square feet each. While the capital stack does not reflect Rebuild RI Tax Credits, the development will receive the credits which will come in over a five-year period after completion and will be used to repay a portion of the owner's equity.

USES	Amount	\$/Unit	% of Total
Acquisition	\$1,200,000	\$20,690	10%
Construction & Contingency	\$8,682,500	\$149,698	75%
Soft Costs	\$435,619	\$7,511	4%
Financing Fees	\$480,000	\$8,276	4%
Reserves & Escrows	\$0	\$0	0%
Developer Fee	\$800,000	\$13,793	7%
Total Development Costs	\$11,598,119	\$199,968	100%

SOURCES	Amount	\$/Unit	% of Total
Senior Loan	\$7,530,000	\$129,828	65%
Workforce Housing Loan	\$1,540,000	\$26,552	13%
Equity	\$1,728,119	\$29,795	15%
Rebuild RI Credits	\$0	\$0	0%
Deferred Fees	\$800,000	\$13,793	7%
Total Sources	\$11,598,119	\$199,968	100%

4. Case Mead - Providence

This proposal contemplates restricting nine existing market rate units as workforce housing in a currently occupied mixed-use building located at 76 Dorrance Street in Providence. The building has ground floor retail and 44 rental units on floors two through five. The building was a mixed-use building with ground floor retail and offices on the upper floors until 2016 when the upper floors were converted to a residential use. The residential units opened for occupancy in March 2018.

The WHIC Program scoring was originally crafted to reward new developments that created residential units at the lowest cost and utilizing the fewest RIHousing resources. Therefore, as an already completed project, Case-Mead is less competitive because it's not eligible for leveraging or cost points. However, the proposed WHIC Program restriction of existing market rate units provides a unique opportunity.

The unit configuration consists of 24 micro-lofts, 14 studios, and six one-bedroom units. Seven (7) studio units and two one-bedroom units will be designated as eligible workforce housing units. The micro-lofts were not considered for WHIC Program funding. Because Case-Mead is a completed building, there is no sources and uses chart. The WHIC award is \$720,000 and will be utilized by the developer to pay down existing debt and/or return equity.

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

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

Ms. Ventura then asked Corinne Myers, Acting General Counsel, to conduct the roll call vote. Ms. Myers conducted a roll call of the Trustees.

The Trustees voted as follows:

Trustee Ventura	Aye
Trustee Retsinas	Aye
Trustee Lachapelle	Aye

Ms. Myers then stated that the motion to adjourn the meeting was unanimously approved. Ms. Ventura thanked everyone for participating and the meeting was adjourned at 11:25 a.m.

Respectfully submitted,

Carol Ventura,
Secretary and Executive Director