

**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, June 29, 2023 at 11:00 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 Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

Mr. Rotella 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, Mr. Rotella said that to prevent any feedback or background noise, telephone participants should mute the telephone if not speaking. Furthermore, Mr. Rotella announced that if during the meeting anyone is having technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Next, Shayla Simmons, Deputy General Counsel of RIHousing, provided additional guidance for the meeting. Ms. Simmons 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. Simmons 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 11:00 a.m. Ms. Ventura then conducted a roll call of Trustees participating in the meeting. Trustees participating were: Carol Ventura and Kara Lachapelle.

Other RIHousing Board of Commissioners and staff participating were: James Comer, Deputy Executive Director; Anne Berman, Director of Real Estate Development; Dean Harrison, Assistant Director, Real Estate Development; Lauren Farley, Senior Program Manager Development; Shayla Simmons, Deputy General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were also present on the call.

Approval of Minutes of the Affordable Housing Trust Fund Meeting of April 10, 2023

Ms. Ventura entertained a motion and a second for the approval of the minutes of the Affordable Housing Trust Fund meeting held on April 10, 2023.

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

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

VOTED: That the minutes of the Affordable Housing Trust Fund Meeting held on April 10, 2023, hereby are approved.

1. Firm Approval of Financing for Wickford Village (Wickford)

Ms. Ventura introduced Anne Berman, Director of Real Estate Development who gave the presentation.

Mr. Berman said that the request was for firm approval of Affordable Housing Trust Fund (“AHT”) taxable second mortgage financing in an amount not to exceed \$950,000 for Wickford Village (hereinafter referred to as the “Development”). North Dartmouth Properties, Inc. is the developer (the “Developer”).

Located in North Kingstown, Wickford Village is a 129-unit development consisting of 70 one-bedroom units, 27 two-bedroom units, and 32 three-bedroom units. The Development was originally constructed and financed in 1976 and has received Section 8 rental assistance through a Housing Assistance Payment (“HAP”) contract for all 129 units. The Development was refinanced in 2006 using tax exempt bonds and 4% Low Income Housing Tax Credits (“LIHTC”) as well as a deferred AHT loan. A significant rehabilitation was undertaken subsequent to that refinance.

The Development has passed the 15-year LIHTC compliance period and the investors, Nationwide Affordable Housing Fund 32-Apollo Tax Credit Fund, L.L.C. and RBC Community Investments Manager II, Inc. (the “Investors”), are seeking to exit the partnership. The Investors have agreed to a purchase price for their interests of \$855,000, which is well below market value, as well payment of approximately \$15,000 in asset management fees. The current first mortgage, with a current balance of approximately \$7,298,000, and the AHT cash flow loan, totaling \$856,500 with approximately \$684,000 of outstanding interest, will remain in place. The Developer intends to initiate a full refinance with RIHousing once the Investors have exited the partnership, at which time the existing and proposed loans will be repaid.

Finally, Ms. Berman said that staff requests firm approval of up to \$950,000 in taxable second mortgage financing for Wickford Village, subject to certain conditions.

After the presentation, Ms. Ventura asked for a motion and second for Firm Approval of Financing for Wickford Village (Wickford).

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

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

Ms. Simmons 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;

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.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, the AHT does, and is hereby authorized to, commit up to \$950,000 in taxable second mortgage financing to Wickford Village Realty, LP, or an affiliated entity (the “Borrower”), to finance the rehabilitation of the multi-family development known as Wickford Village in North Kingstown.

Resolved, that the foregoing resolution is subject to the following conditions:

- A final appraisal acceptable to RIHousing prepared by an independent appraiser demonstrating that the existing first mortgage loan and the new second mortgage don’t collectively exceed 90% of the as-stabilized value of the property;
- RIHousing Board of Commissioners approval of the transfer of limited partnership interests in Wickford Village Realty, LP; and
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved, that the Executive Director, Deputy Executive Director, and Director of Real Estate Development of RIHousing, each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.

Approval of Homeownership Investment Fund (HIF)

Ms. Ventura invited Ms. Berman to present the request.

Ms. Berman said that the request was for approval to modify and administer the Homeownership Investment Fund (“HIF”) Program (the “HIF Program” or the “Program”). HIF was created to

provide financing to qualified developers to purchase properties and rehabilitate or newly construct homes to be sold to households earning up to 100% of area median income (“AMI”).

In 2018, RIHousing and the Affordable Housing Trust Fund created the HIF Program. Since then, RIHousing has issued Requests for Proposals (“RFP”) in three separate funding rounds and has awarded approximately \$3,000,000 in funding to developers to increase the development of homeownership opportunities for households at or below 120% of AMI.

Based on feedback from developers of first-time homebuyer opportunities, RIHousing staff recommends certain updates to the HIF guidelines. The most significant change is to accept applications on a rolling basis. This modification will expedite the approval and construction of the proposed homes since developers will not need to wait for funding rounds. An additional change is to reduce the maximum sales price to households at or below 100% of AMI rather than 120% of AMI. Developers using the comprehensive permit process and density bonuses appear to be supplying a steady supply of 120% AMI homeownership units which leaves a gap in production for units at or below 100% of AMI.

In accordance with the above proposed changes, RIHousing staff has revised the Program Guidelines set forth at Attachment A which outline details of the Program. Funding under the Program will continue to be provided as a forgivable loan to eligible developers. A deed restriction will be recorded to secure the affordability when transferred to the homebuyer. All HIF 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; financial feasibility; experience and capacity to complete and market for-sale housing; and demand for the housing. After initial review of the applications, RIHousing staff may request clarifying information regarding any deficiencies. 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 recommendations to the Trustees of the Affordable Housing Trust (the “Trustees”) for approval.

Ms. Berman then said that staff recommends approval of the Homeownership Investment Fund Program as modified. 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 and program priorities and evaluative criteria set forth in the Request for Proposals.

After the presentation, Ms. Ventura asked for a motion and second for Approval of Homeownership Investment Fund (HIF).

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

Ms. Ventura wanted to know if any of the projects previously awarded funding have stalled and/or if RIHousing has recaptured any funds. Ms. Berman responded that all the projects previously awarded funding are on track. Four (4) are under construction and the balance complete.

Lauren Farley, Senior Program Manager Development, further elaborated by saying that all the applications awarded funding in January 2022 are either complete or under construction. There were some challenges with the previous funding round, but for this round, the program is working well.

Ms. Berman mentioned that is the reason that staff emphasized the change that projects must be able to commence construction within four (4) months of funding approval. Staff wants to ensure that projects are ready to break ground in a timely manner.

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

Ms. Simmons 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 \$2,000,000 annually for five years, subject to funding availability, for the Homeownership Investment Fund 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 \$2,000,000 annually for five years, subject to funding availability, for Homeownership Investment Fund Program awards and (ii) transfer such funds to RIHousing for purposes of implementing and administering the Homeownership Investment Fund Program structured generally in accordance with the description contained in the revised 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

RIHousing Homeownership Investment Fund (“HIF”)

Program Guidelines

In awarding HIF resources, RIHousing has identified the following priorities:

1. Increase the construction of first-time homebuyer opportunities or households at or below 100% of area median income (“AMI”);
2. Proposals that achieve these goals at the lowest cost.

To best achieve these goals, RIHousing has established four (4) Threshold Criteria, which are more particularly described in Section A below, that must be met before a proposal will be considered for HIF funding:

1. Construction will commence within four (4) months of approval of funding.
2. Applicant must demonstrate that the development is financially feasible.
3. Applicant must demonstrate the experience and capacity to complete and market for-sale housing.
4. Applicant must demonstrate the need or demand for the project through market analysis, local demographics, submission of homebuyer waiting lists, etc.

Proposals will be reviewed in the order in which they are received by RIHousing. Only proposals that satisfy the Threshold Criteria and include the Application minimum requirements (as set forth in Section C below) will be further considered under the Review Criteria (as set forth in Section B below). Any need for clarification or any deficiencies in the proposal may delay full review and any subsequent recommendation. RIHousing will record a fifteen (15) year restriction on properties assisted under the HIF. RIHousing will have an opportunity to provide the construction financing or match any terms provided by other lenders.

Within any six-month period, the maximum number of HIF awards to any one developer will be capped at five (5) for-sale homes, however, this can include duplexes.

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

- Income limits posted on the RIHousing Website - <https://www.rihousing.com/wp-content/uploads/FY-23-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. (Include 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.

A. Threshold Criteria

1. Readiness to Proceed: Applicant must demonstrate that construction of affordable homeownership opportunities will commence within four (4) months of funding. To be awarded and maintain a funding reservation, all applicants must demonstrate readiness to proceed throughout the process.
2.
 - Projects with partial planning or zoning approvals are not eligible for HIF awards.
 - Applicant must have site control to apply for HIF.

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.

3. 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.
4. Development Team Capacity: The developer must have experience in the successful development and sale of affordable homeownership opportunities. The developer will be evaluated 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.
5. 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 HIF funding.

B. Review Criteria

Applications for HIF 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 (building permits not required at time of application). **Projects with partial planning or zoning approvals are not eligible for HIF awards.**
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 funding.
4. The total development cost per unit cannot exceed \$425,000, however, lower cost projects will be prioritized in the event that multiple projects are submitted and/or reviewed simultaneously.
5. The household income levels for proposed units cannot exceed 100% AMI.
6. The maximum developer fee is 5% of total development costs.
7. The requested HIF financing per unit cannot exceed:
 - a. \$190,000 for an 80% AMI home
 - b. \$175,000 for a 100% AMI home

Proposals that pass Threshold and meet the above Review Criteria will be submitted to the Trustees for approval on a first-come, first-served basis until all HIF funding for this round is depleted.

A. Application Checklist (Minimum Requirements)

- Application
- Narrative proposal description
- Project Sources and Uses
- Timeline for closing and commencement of closing
- Letters of funding commitments
- Resumes of key development team members
- Provide proof of organization's creditworthiness
- Evidence of site control including Property Deed and legal description of the property
- Zoning Certificate or Evidence of Zoning showing permitted use
- Design Plans and Specifications
- Signed Schedule of Values prepared by qualified professional
- Evidence of demand or need for the project through market analysis or study, local demographics, waiting list, etc.
- Structural report for existing properties proposed for rehabilitation

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 Ms. Lachapelle and seconded by Ms. Ventura to adjourn the meeting.

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

Ms. Simmons 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 11:08 a.m.

Respectfully submitted,

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