

Request for Action
by
Board of Commissioners

Approval of Transfer of Physical Assets (TPA) for Meadowbrook Apartments

1. Summary of Issues

This Request for Action (“RFA”) is for approval of the transfer of a portion of the shareholder interest in the general partner of Meadowbrook Apartments Limited Partnership (the “Partnership”), the owner of Meadowbrook Apartments (the “Development”), an affordable housing development for families located on Meadowbrook Way in South Kingstown.

The Development consists of 47 apartment units in 6 buildings with associated parking. Originally developed as affordable housing in 1997 utilizing the Low-Income Housing Tax Credit (“LIHTC”) Program and financing from Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”). The Development consists of 17 two-bedroom and 30 three-bedroom apartments. The Development’s initial 15-year compliance period ended in 2012 and the LIHTC restrictions remain until 2027. The Developer recently received approval for 8 Project-Based Section 8 Rental Vouchers and there are currently 30 residents with existing tenant-based Housing Choice Vouchers at the site.

The Partnership has requested RIHousing’s approval to the transfer of 40% of the shareholder interest in Property Advisory Group, Inc., (“PAG”), which is the general partner of the Partnership, to the Robert R. Gaudreau, Jr. Declaration of Trust, dated 10/30/1998 (“RG”) and the Scott Gaudreau Revocable Trust, dated 11/17/2005 (“SG”) (collectively, the “Transferees”). RG and SG currently each own 4.5% of PAG. Under RIHousing’s Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, as amended (the “TPA Regulations”), project owners must obtain RIHousing’s approval and comply with RIHousing’s administrative procedures for the transfer of physical assets before conveying, assigning or transferring any ownership interest in a multifamily housing project.

2. Discussion

PAG, a Rhode Island corporation holds a 20% general partner interest in the Partnership. Each of John B. Bentz, Trustee of the John B. Bentz Declaration of Trust, dated 9/20/2000 and Carol Bentz (collectively, the “Transferors”) hold 20% stock in PAG, and together hold 40% stock in PAG. The Transferors seek to transfer their interest in PAG to the Transferees. Upon completion of the transfer, each of RG and SG will hold a 24.5% interest in PAG.

There will be no other changes in the ownership structure of the Partnership or property management. There are no funds to, or from, the Partnership, general partner or from the Development as part of the transfer. Each of the Transferee and the Transferor will pay all costs associated with the transfer. As shareholders in PAG, the Transferees will assume all applicable existing obligations encumbering the Development.

The staff of the Asset Management Department and Development Division jointly reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements.

2. Recommendation

The attached resolution is recommended for approval.

3. Attachments

- A) Resolution

Attachment A

Resolution of the Board of Commissioners of Rhode Island Housing Mortgage and Finance Corporation

WHEREAS: under Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, (the “TPA Regulations”), project owners must obtain RIHousing’s approval and comply with RIHousing’s administrative procedures for the transfer of physical assets before conveying, assigning or transferring any ownership interest in a multifamily housing project; and

WHEREAS: Meadowbrook Apartments Limited Partnership (the “Partnership”), the owner of Meadowbrook Apartments (the “Development”), seeks approval of the transfer of 40% of the shareholder interest in its general partner, Property Advisory Group, Inc., (“PAG”) from John B. Bentz, Trustee of the John B. Bentz Declaration of Trust, dated 9/20/2000 and Carol Bentz (collectively, the “Transferors”) to Robert R. Gaudreau, Jr. Declaration of Trust, dated 10/30/1998 and the Scott Gaudreau Revocable Trust, dated 11/17/2005 (collectively, the “Transferees”); and

WHEREAS: staff has reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: that the transfer of the shareholder interest in PAG to the Transferors as set forth herein be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by RIHousing of all application materials required in Phases 2 and 3 of the TPA Regulations except for such requirements as may be waived or modified by the Executive Director, consistent with the nature of this transaction and protection of the interests of RIHousing; and
2. Receipt by RIHousing of the transfer Processing Fee, as defined in the TPA Regulations; and
3. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of RIHousing with respect to the Development.

RESOLVED: that the Executive Director, the Deputy Executive Director, or the Director of Development each acting singly, be and hereby is authorized to execute and deliver on behalf of RIHousing all documents necessary or advisable to consummate such transfer and to take such further actions as he or she shall deem necessary or advisable in connection therewith.

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April 15, 2021