

Request for Action
by
Board of Commissioners

**Approval of Transfer of Physical Assets (TPA)
for Redfern Grove Apartments**

1. Summary

This Request for Action (“RFA”) is for approval of the transfer of a portion of the limited partnership interest in Redfern Grove Apartments (the “Development”), an affordable elderly housing development located in East Providence, Rhode Island.

Originally constructed as a low-income apartment development for seniors and handicapped residents in 1980 under the U.S. Department of Housing and Urban Development (“HUD”) Section 8 program, the Development includes a single parcel of land of 3.3-acres located at 2936 Pawtucket Avenue in East Providence, Rhode Island. The Development is comprised of one three-story residential building with 65 one-bedroom and 7 two-bedroom units for a total of 72 apartments. The Borrower entity is 1363 Smith Street Limited Partnership, a Rhode Island limited partnership formerly known as Highland Avenue Associates, LP (the “Borrower”). The general partner of the Development, which has a 24% ownership interest is Affordable Housing Strategies, Inc, an affiliate of Cathedral Development Group, Inc (“CDG”). The limited partners, which own 76% of the Development, are three separate individuals or family trusts.

The Harry D. Hedison Family Trust, a limited partner holding a 26% interest in the Borrower of which Mrs. Hedison was the beneficiary, is looking to transfer, for no consideration, its 26% limited partnership interest to the Hedison Family, LLC, comprised of Mr. & Mrs. Hedison’s adult children, due to the death of Mrs. Hedison.

2. Discussion

The Development was refinanced in 2019 under Rhode Island Housing and Mortgage Finance Corporation’s (“RIHousing”) Federal Financing Bank (FFB)/Risk Share refinance program. A full underwriting of the Development was completed at that time. As part of the refinance, the Borrower undertook approximately \$650,000 of repairs that included siding replacement, asphalt replacement, concrete sidewalks, kitchen cabinets, vanities, water closet replacement, common area improvements and replacement of 2 boilers. In addition, the operating and replacement reserves were recapitalized.

The staff of the Asset Management Department and Development Division jointly reviewed this request under RIHousing’s Rules Relative to Multifamily Loan Programs (the “Regulations”) and determined that the proposed transaction complies with the Regulation’s requirements. The Development received a score of 96 (out of 100) under RIHousing’s risk rating protocol. The debt service coverage was 1.96 in December 2018.). The replacement and operating reserves are adequately funded and cashflow is strong. Annual operating expenses are considered stable and on par with operating expectations.

Craig Management Company, Inc. (“Craig Management”) is the property manager. Roland J. Ferland is the principal and Craig Management manages Redfern Grove and Riverside House Apartments, which are both developments in RIHousing’s portfolio. They are familiar with the federal and state requirements of the Section 8 program.

The transfer of 26% of the limited partner is purely administrative and will have no impact on the operations of the Development.

2. Recommendation

The attached resolution approving the transfer of the limited partnership interest, subject to the conditions contained therein, 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 (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: the Harry D. Hedison Family Trust, a limited partner holding a 26% interest in 1363 Smith Street Limited Partnership, seeks approval of the transfer of its limited partnership interest in Redfern Grove Apartments (the “Development”) to the Hedison Family, LLC; 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 limited partnership interest in the Development from the Harry D. Hedison Family Trust to the Hedison Family, LLC 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 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.