

**MINUTES OF MEETING  
OF THE  
BOARD OF COMMISSIONERS**

**August 21, 2025**

A Meeting of the Rhode Island Housing and Mortgage Finance Corporation (the “Corporation” or “RIHousing”) Board of Commissioners was held on Thursday, August 21, 2025, at 9:30 a.m. The meeting was held at the main office of the Corporation, 44 Washington Street, Providence, RI 02903, Conference Boardroom, and via telephone conference call.

Carol Ventura, Executive Director, opened the meeting and introduced Terry Lehane, Director of Information Technology, who summarized the parameters of the meeting.

Mr. Lehane stated that (i) this 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 in the meeting, all callers would be muted during the meeting. Mr. Lehane also asked that, to prevent any feedback or background noise, telephone participants should mute their telephones if they are not speaking. Additionally, Mr. Lehane announced that if, during the meeting, anyone had technical difficulties with audio or accessing the call, they should call (401) 429-1430.

Kelly Kenyon LeValley, Deputy General Counsel, then provided additional guidance for the meeting. Ms. LeValley stated that the meeting was being held in person, with all members of the Board of Commissioners appearing in person and specific RIHousing staff participating via teleconference. Members of the public were invited to access the meeting in person or via teleconference, according to their preference. Furthermore, 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. LeValley stated that Chairwoman Goddard would preside over the meeting and requested that any Commissioner or staff wishing to comment state their name prior to speaking and telephone participants to mute their phones when not speaking. She then invited Chairwoman Goddard to call the meeting to order.

A quorum being present, Chairwoman Goddard introduced herself and officially called the meeting to order at approximately 9:31 a.m. The Chairwoman then invited Ms. Ventura to proceed with the roll call of Commissioners in attendance.

Ms. Ventura conducted a roll call of Commissioners participating in the meeting. Commissioners participating were: Deborah Goddard, Secretary, Rhode Island Executive Office of Housing; Rebecca Webber, Designee for Jonathan Womer, Director of the Department of Administration; Kevin Orth, Maria Barry, and Stephen P. McAllister.

RIHousing staff participating were: Carol Ventura, Executive Director; Kara Lachapelle, Chief Financial Officer; Dean Harrison, Assistant Director of Real Estate Development; Brett Pelletier, Chief Administrative Officer; Kelly Kenyon LeValley, Deputy General Counsel; and Terry Lehane, Director of Information Technology.

Steve Richard, Counsel to the Corporation, as well as members of the public were present.

### **Approval of Minutes of Board Meeting held on June 30, 2025**

Chairwoman Goddard asked for a motion and a second for the approval of the minutes of the Board of Commissioners meeting held on June 30, 2025. A motion was duly made by Commissioner Designee Webber and seconded by Commissioner McAllister.

There being no comments or discussion, Chairwoman Goddard conducted a voice vote of the Commissioners.

The Commissioners unanimously voted to approve the minutes.

Chairwoman Goddard then officially stated for the record that the following was unanimously adopted:

VOTED: That the minutes of the Board Meeting held on June 30, 2025, are hereby approved.

### **Chairwoman's Remarks**

Chairwoman Goddard mentioned that RIHousing is wrapping up its fiscal year and beginning a new year. The Chairwoman said that she looks forward to being with Agency for a full fiscal year. There is a lot of work to be done with a major shift as the SFRF and ARPA funds will be ending. It's going to be a challenge and require a lot of adaptation from everyone, but she is up to the challenge.

Commissioner Designee Craven arrived at this point at 9:33 a.m. and subsequently stated for the record that he would like to vote in favor of the previous Approval of Minutes of Board Meeting held on June 30, 2025.

### **Executive Director's Review of Recent Activities and Trends**

Executive Director Carol Ventura welcomed attendees and noted the copy of the 2025 Quarter 2 programming report that was provided and commenced with the presentation.

Ms. Ventura began by sharing that the report was an overview of the financial performance of the Agency focused on key indicators of RIHousing's profitability and operating efficiencies. The Corporation is performing above expectation on three (3) of the four (4) categories. RIHousing's equity to assets capital adequacy is below S&P's recommended levels. However, that is mitigated by low-risk assets and utilizing programs such as MRBs and FHA risk share. A table displaying income and expense growth was included as part of the presentation. A major portion of revenue is being driven by low prepayment speeds and high interest rates. Ms. Ventura specified that not included in the chart is the grant revenue such as State Fiscal Recovery Funds administrative fees. Those funds are offset by expenses for administering the program.

Kara Lachapelle, Chief Financial Officer, added that staff are working on the year-end financial audit and RIHousing will have final numbers to report soon.

Next, Ms. Ventura addressed the development production and preservation goals for the calendar year. She noted that RIHousing anticipates closing 12 new production deals resulting in 759

apartments, and six (6) preservation transactions preserving more than 600 units. Staff expect to bring 17 projects to completion in 2025 providing over 663 apartments and 53 single family homes. Projects are moving along; there have been a few delays but nothing substantial or serious. Staff have noted possible tariffs impact around material, but nothing reported to date. In terms of production, nine (9) deals closed in the second quarter: five (5) new production transactions, two (2) combo preservation deals with new construction components, and two (2) preservation transactions. The deals were advanced by nine (9) different developers, five (5) non-profits and four (4) for-profit developers. Ms. Ventura remarked financing of those deals can be extremely complicated and said that the Village at Manville that closed in June included 10 different financing protocols.

Commissioner Orth referenced the headings on the tables of unit and development goals and wanted to know if those goals are actual numbers and are calendar year, or fiscal year goals. Ms. Ventura responded that the numbers reflect the period from January 1<sup>st</sup> to December 31<sup>st</sup>. As the goals were projections, Commissioner Orth wondered if RIHousing had the actual goals. Ms. Lachapelle explained that the first table of the chart displays the Corporation's goals and below that, the actual number is highlighted under the CY Completions column.

Page 4 of the presentation outlined the average standard timelines for LIHTC and non-LIHTC closings. Also listed was a five-year production status of projected completed projects and the actual percentage completion rates for fiscal years 2021 to 2025. Ms. Ventura noted that 2024 was a big year for closings, with a projection of over 1000 units to be developed. For 2025, RIHousing estimates closings while occur for the projected development of 759 units.

Commissioner Barry referenced the CY 2024 4% tax credit completion of projects noting that it's an outlier with a lot of units to manage. She wondered if there's anything else that can be done to assist the developers. Ms. Ventura stated that there were a lot of resources available in 2024, and the developers have stepped up bringing new clients into Rhode Island. Everyone was very responsive, but she did not know of any significant delays. Dean Harrison, Assistant Director of Real Estate Development, said that staff are not seeing any issues on the construction side. For some of the projects closed in 2023, there were some shortages and difficulty acquiring supplies. However, those are caught up and so far, there's been no issue with the tariffs. RIHousing is preparing for that eventuality by inserting language to address that situation. Furthermore, Ms. Ventura mentioned that RIHousing deployed ERA2 funding that had a spending deadline of September 2025. There were two projects that RIHousing was concerned about, but it appears that they have picked up on their submission of construction draws.

Commissioner Barry then looked at the 2023 deals that are 61% complete and wanted to know if those are on track. Ms. Ventura and Mr. Harrison confirmed that fact, noting that there are no hangups and everything is going smoothly.

Continuing, Ms. Ventura stated that in terms of affordability of the portfolio, preservation deals and new production between Q1 2021 and Q4 2024, RIHousing has closed on financing for the preservation of more than 2500 apartments. In 2025, RIHousing closed more than 234 apartments for Q2 with an additional 368 apartments in the pipeline.

Page 6 outlined the multi-family portfolio that is overseen by the Leased Housing and Rental Services division. Since 2022 over 600 new units have been added to the portfolio. Ms. Ventura noted that the organization has preserved more than 2500 apartments that may have been refinanced with other

lenders. Staff work very hard to be competitive with bond and FFB programs. RIHousing is always exploring other options to finance affordable housing.

Also outlined in the report was the status of SFRF expenditures. The provided graph showed that the Corporation was approximately \$12 million below where the Agency would graph expenditure. Ms. Ventura stressed that staff are utilizing ERA2 funding before using other funds. In addition, the graph depicted typical causes of delays such as permitting delays, environmental, supply chain issues, etc. Currently, 34 developers are on track to meet the expenditure deadline, and staff are closely monitoring every project.

Chairwoman Goddard mentioned that environmental costs are up for unexpected site conditions. She acknowledged that one can almost be assured of those site conditions in Rhode Island. The Chairwoman speculated when one would stop being surprised by the situation. She suggested having the developers undergo more pre-testing of environmental conditions. Ms. Ventura stated that staff expect to run into challenges, and due diligence is performed upfront. That is one of the reasons that costs are high.

Chairwoman Goddard remarked that the developers should be the ones anticipating those issues. Ms. Ventura agreed.

Regarding ERA2, approximately \$27 million was made available and RIHousing developed programs to expend the funds with a September 2025 deadline. The Corporation created the Site Acquisition program which allowed staff to quickly acquire properties to develop a robust pipeline. The Pre-development program was formed to assist existing deals with early projects cost. 100% of funds have been committed, and 56% have been expended. RIHousing routinely keeps the Executive Office of Housing and the Pandemic Recovery office apprised.

Slide 9 delineated the Homeownership activity. In 2023 staff closed almost 2000 first mortgages for a volume of over \$690 million. Most of the production in 2023 and 2024 was generated from the \$25,000 downpayment assistance program utilizing SFRF dollars. As the SFRF funds are now expended, RIHousing is employing bond funds for a \$15,000 downpayment program. The Corporation has set a goal of 1600 first mortgages for 2025 and for the first 6 months of the year closed 658 units for around \$267 million in funding.

Moving on, Ms. Ventura highlighted the significant servicing portfolio of single and multi-family loans. The Servicing department oversees a portfolio that is valued at over \$5 billion. REOs are currently at a historic low because of strong loss mitigation programs. The Agency does not know how long those programs will be in effect. Ms. Lachapelle stated that FHA has made changes that are effective by October of 2025 and there may be some additional changes in February 2026.

Chairwoman Goddard questioned what the changes were. Ms. Lachapelle replied that the changes pertain to how many times a borrower can apply for loss mitigation loans and how many months there are in between the loans. Ms. Ventura added that the number of defaults that are re-defaulting is high. Staff are scrutinizing that situation and will consider options if the Agency cannot perform any more loss mitigation.

Chairwoman Goddard remarked that she was interested in a deeper analysis of how the loans were underwritten. Ms. Ventura mentioned that she will work on that.

Commissioner Orth asked, regarding customers who have equity in their homes, if there was some new product RIHousing could develop as a resource for those borrowers. Ms. Lachapelle explained that it depends on who the insurer or owner of the loan is. For FHA and Fannie Mae loans, they have regulations that the Agency needs to follow. FHA is stricter in terms of accessing that equity without selling the property. RIHousing is a bit limited in that area. Once the loss mitigation options are exhausted that's when customers will have to sell their homes.

The report also provided slides on RIHousing's single family delinquency rates. The current delinquency rate is 12.5% and is increasing. Income tax refunds have been a beneficial tool for homeowners to become current in their mortgage payments, however they often redefault. Foreclosure activity was outlined on page 12 highlighting foreclosure trends and spikes since 2008. Also charted was foreclosure activity on loans less than three (3) years old that present more risk to the Agency given the lack of equity in the property.

Ms. Lachapelle noted that the risk is something the Organization is concerned about, but staff is monitoring the situation and offering options to keep borrowers in their homes.

Lastly, Ms. Ventura reported on Leased Housing and the Housing Choice Voucher programs. She remarked that the program is vital to low-income individuals, families and renters to access much needed housing. The chart provided information on number of vouchers deployed since 2019. In 2022, RIHousing implemented a payment standard change where the Agency moved to a maximum of 120% of small area FMR. Providence Housing Authority also implemented the same maximum to assist and support voucher holders in locating apartments.

COVID had a significant impact on the program, and even though it has stabilized, RIHousing is not issuing any additional vouchers. However, the Corporation is adding VASH and DASH vouchers.

In closing, Ms. Ventura said that she will follow up regarding the underwriting of mortgage loans and will relay that information.

### **Firm Approval of Financing for Hillcrest Village Apartments (Providence)**

Chairwoman Goddard invited Dean Harrison, Assistant Director of Real Estate Development, to present the request.

Mr. Harrison then proceeded to give the presentation, summarizing a document from the Board packet for firm approval of RIHousing tax-exempt financing in an amount not to exceed \$35,000,000, of which \$15,000,000 will remain as a permanent first mortgage, for Hillcrest Village Apartments (hereinafter referred to as the "Development"). Preservation of Affordable Housing, Inc. ("POAH" or the "Developer") is the developer. The Development received preliminary approval for this financing from the Board of Commissioners on October 19, 2023 ("Preliminary Approval").

Hillcrest Village Apartments is an existing 6-story 130-unit housing development built in 1979, consisting of 112 one-bedroom units and 18 two-bedroom units. The Development is located in Providence's Mount Pleasant neighborhood. The Development was last recapitalized in November 2006, and the initial fifteen-year low-income housing tax credit ("LIHTC") compliance period ended in December 2021. The original tax credit investor exited the partnership in June 2022.

A Section 8 Project-Based Rental Assistance contract (the “HAP Contract”) is currently in place for all 130 units, which expires in January 2027. POAH is in the process of extending the HAP Contract for another 20 years with rents marked up to market at closing.

POAH forecasts a 12-month construction timeline with a construction budget of approximately \$25,788,461 for a mixed level of renovations, including new kitchen cabinets and countertops, updated lighting, interior doors, VCT flooring, baseboard heater covers, and water-saving water closets. Additional communitywide renovations and improvements will include a new roof, whole-building Wi-Fi, new washers and dryers, a new generator, a DHW heating system, and building security upgrades. In addition, upgrades will be made to the current ADA-accessible units, and three units will be upgraded to conform to the 2% hearing and visual impairment guidelines.

The development received a Green and Resilient Retrofit Program (“GRRP”) award from the U.S. Department of Housing and Urban Development (“HUD”) in the amount of \$7,800,000. The GRRP loan will be repaid via 50% of surplus cash; however, it triggers Davis Bacon wages and has added additional architectural and engineering costs to the project.

As a result of the GRRP award, the scope of work changed significantly from preliminary approval. The GRRP allows POAH to undertake an additional \$60,000/unit in construction scope. Energy improvements from the GRRP funding will include a new high-efficiency HVAC system, a strengthened roof to handle the weight of the new solar array, new windows throughout, removal of exterior brick, additional insulation included throughout, and a new energy-efficient paneling system for siding.

Since the acquisition is a related-party sale, the acquisition price cannot be discounted; however, the higher acquisition price is supported by an appraisal.

Since preliminary approval, the developer has secured a LIHTC equity commitment from Boston Financial Investment Management (“BFIM”) at a price of \$0.8750 per credit and a construction loan commitment from Citizens Bank, N.A.

The capital stack is comprised of the following sources: (i) the tax-exempt first mortgage contemplated herein, (ii) cash flow from operations, (iii) LIHTC equity, (iv) a deferred developer fee, (v) the GRRP loan, and (vi) a seller note and sponsor loan. It is anticipated that RIHousing loans totaling approximately \$11,250,000 will be repaid at closing as part of the refinancing.

Staff recommend firm approval of \$35,000,000 in tax-exempt financing, of which \$15,000,000 will remain as a permanent first mortgage, for Hillcrest Village Apartments, subject to certain conditions.

After the presentation, Chairwoman Goddard asked for a motion and a second for Firm Approval of Financing for Hillcrest Village Apartments (Providence).

A motion was duly made by Commissioner Orth and seconded by Commissioner McAllister.

The Chairwoman then welcomed questions. Commissioner Orth pointed out that the Credit Committee engaged in a healthy discussion regarding Hillcrest and Hillside. Topics included high total development costs where the Committee noted that there are no state or RIHousing funds in the transaction. The Commissioner was pleased with the federal funds applied for and the amount of rehabilitation the developer is proposing. Additionally, the large equity bridge loan is mitigated by

Citizen Bank who will be providing the construction loan up to the 50% point. It's a pricy transaction but the Committee felt that it was a deal RIHousing wanted for its portfolio.

Chairwoman Goddard stressed that even though the GRRP increases the construction cost upfront, it has a significant impact on reducing long term operating cost. That is a critical item to be documented. Similarly, regarding the high acquisition cost, it's just paper costs that boost the value of the 4% credits but does not cost the Agency or State anything.

Chairwoman Goddard then conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the resolution.

Chairwoman Goodard then officially announced that the following resolution was unanimously adopted:

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

**Whereas,** Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

**Whereas,** RIHousing intends to issue tax-exempt bonds to finance qualified housing developments throughout the state;

**Whereas,** RIHousing is authorized to issue tax-exempt financing at an economically acceptable rate to promote the acquisition, rehabilitation, or preservation of affordable housing;

**Whereas,** on October 19, 2023, the RIHousing Board of Commissioners granted preliminary approval of tax-exempt mortgage financing to Preservation of Affordable Housing, Inc. (“Applicant”) to acquire and/or rehabilitate the affordable housing to be known as Hillcrest Village Apartments (the “Development”);

**Whereas,** the Applicant is requesting firm approval of tax-exempt mortgage financing for the Development as set forth below:

<u><b>Development</b></u>	<u><b>Applicant</b></u>	<u><b>Tax- Exempt Bonds</b></u>
Hillcrest Village Apartments	Preservation of Affordable Housing, Inc.	\$35,000,000

**Whereas,** said bonds shall have a term not to exceed 40 years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary; and

**Whereas,** the RIHousing Board of Commissioners and staff have reviewed the submission of the Applicant for mortgage financing and determined that the Development qualifies for financing under RIHousing’s enabling legislation, regulations, guidelines, and policies.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** that subject to the special conditions listed below, RIHousing hereby declares firm commitment for tax-exempt mortgage financing for Preservation of Affordable Housing, Inc. or other affiliated entity of the Applicant (the “Borrower”) in an amount not to exceed \$35,000,000 for rental housing known as Hillcrest Village Apartments located in Providence, Rhode Island to be financed in part with tax-exempt bonds.

**Resolved,** that RIHousing hereby declares that this firm commitment of financing for the Borrower constitutes the affirmative official act of RIHousing of its intention to issue bonds to finance, and to reimburse qualified expenditures incurred by the Borrower or RIHousing in advance of the issuance of the bonds, up to \$35,000,000 in mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. The intent to reimburse the aforementioned bond-funded costs is intended to satisfy the requirements of Section 1.150-2 of the United States Treasury Regulations. This resolution shall take effect immediately upon adoption.

**Resolved,** that the Executive Director, Deputy Executive Director, Director of Finance, General Counsel, and Manager of Treasury and Capital Planning (each, an “Authorized Officer”), acting singly be, and each of them hereby is, authorized, empowered and directed to take any and all action necessary to effectuate the purpose and intent of the foregoing resolutions, including, without limitation, (i) the execution and delivery on behalf of RIHousing of all such other agreements, documents, and instruments and the performance by RIHousing thereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate, or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by RIHousing as required hereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate, or advisable, each such determination pursuant to the immediately preceding clauses to be conclusively evidenced by the taking of such action by any Authorized Officer and each such determination is hereby fully and completely approved and adopted as the valid action of and by RIHousing, approved in all respects by the Board of Commissioners.

**Resolved,** that the foregoing resolutions are subject to the following special conditions:

- Syndication equity from the allocation of LIHTC in an amount sufficient to achieve project feasibility;
- Approval by RIHousing of construction loan documents with Citizens Bank, N.A.
- Approval and availability of subordinate financing in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- Approval by the bond underwriter and bond counsel confirming the loans satisfy



- all required bond provisions for the bond issue;
- Final approval of a new 20-year Section 8 Project-Based HAP contract;
- Execution and delivery by the Borrower of a construction completion guaranty in form and substance satisfactory to RIHousing and any lender;
- Approval by RIHousing of design and construction plans, specification and construction documentation;
- Approval by RIHousing of all management related documentation, including the marketing and tenant selection plans;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenant and Regulatory Agreement in form(s) acceptable to RIHousing; 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 each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.

### **Firm Approval of Financing for Hillside Village Apartments (Providence)**

Chairwoman Goddard once again invited Mr. Harrison to give the presentation.

Recapping a document from the Board packet, Mr. Harrison said that the request was for firm approval of RIHousing tax-exempt financing in an amount not to exceed \$13,200,000, of which \$5,300,000 will remain as a permanent first mortgage, for Hillside Village Apartments (hereinafter referred to as the “Development”). Preservation of Affordable Housing, Inc. (“POAH” or the “Developer”) is the developer. The Development received preliminary approval for this financing from the Board of Commissioners on October 19, 2023 (“Preliminary Approval”) as part of a combined preservation deal with another project.

Hillside Village Apartments is a 42-unit community for families built in 1991 with three 3-story buildings containing a mix of 24 two-bedroom units and 18 three-bedroom units. All 42 units will be restricted to households earning up to 60% of area median income (“AMI”). The Development is located in the Silver Lake neighborhood of Providence. The development was last recapitalized in November 2006, and the initial 15-year low-income housing tax credit (“LIHTC”) compliance period ended in December 2021. The original tax credit investor exited the partnership in June 2022.

There is a Section 8 Project-Based Rental Assistance contract (“HAP Contract”) in place that expires in November 2026. POAH is in the process of extending the HAP Contract for another 20 years with rents marked up to market at closing.

At Preliminary Approval, Hillside Village Apartments was part of a combined preservation deal with Pocasset Manor, another POAH property. Since Preliminary Approval, the Development received a Green and Resilient Retrofit Program (“GRRP”) award from the U.S. Department of Housing and Urban Development (“HUD”) in the amount of \$2,520,000. Since this GRRP funding triggers Davis Bacon wages and is repaid via 50% of surplus cash, POAH has decided that the two properties should remain as stand-alone developments.

As a result of the GRRP award, the scope of work for the Development has changed significantly from Preliminary Approval. The GRRP funding allows POAH to undertake an additional

\$60,000/unit in construction work. Energy improvements from the GRRP funding will include a new high-efficiency HVAC system, a strengthened roof to handle the weight of the new solar array, removal of the current façade and replacement with rigid foam sheathing, foundation rigid foam installation, and rigid foam sheathing on the roof. The remainder of the construction scope includes new kitchen cabinets and countertops, updated lighting, interior doors, VCT flooring, and bathroom upgrades. Additional communitywide renovations and improvements will include new roofs, full building Wi-Fi, new washers and dryers, and clapboard siding.

Staff notes that the acquisition price is high; however, it is supported by an appraisal and cannot be discounted since the acquisition is a related party sale. In addition, the GRRP funding triggers Davis-Bacon wages and requires additional architectural and engineering costs. POAH undertook some value engineering that has been used to lower costs, including lowering construction costs by approximately \$550,000 by reducing some non-GRRP-related scope.

Since Preliminary Approval, the Developer has secured a LIHTC equity commitment from Boston Financial Investment Management (“BFIM”) at a price of \$0.945 per credit and a construction loan commitment from Citizens Bank, N.A.

The overall capital stack includes (i) the RIHousing first mortgage contemplated herein, (ii) equity from the sale of 4% LIHTC, (iii) deferred developer fee, (iv) a seller loan, (v) existing POAH mortgage assumption, (vi) the GRRP funding, (vii) Cash Flow from operations, (viii) a solar tax credit, and (ix) capital contributions.

Staff request firm approval of an amount not to exceed \$13,200,000 in tax-exempt financing, of which an amount not to exceed \$5,300,000 will remain as permanent debt, for Hillside Village Apartments, subject to certain conditions.

Following the presentation, Chairwoman Goddard asked for a motion and a second for Firm Approval of Financing for Hillside Village Apartments (Providence).

A motion was duly made by Commissioner Designee Webber and seconded by Commissioner Designee Craven.

Chairwoman Goddard once again reiterated the benefit of the GRRP award and the matter of the acquisition costs being just administrative.

Commissioner Barry inquired about the difference in pricing on the two (2) deals. Mr. Harrison explained that the time of the credits for the larger building is going to be delayed, therefore that affected the pricing.

There being no further questions or comments, Chairwoman Goddard conducted a voice vote of the Commissioners.

The Commissioners voted unanimously to approve the motion.

Chairwoman Goddard then announced that the following resolution was unanimously adopted:

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

- Whereas,** Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;
- Whereas,** RIHousing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;
- Whereas,** RIHousing is authorized to issue tax-exempt financing at an economically acceptable rate to promote the acquisition, rehabilitation, or preservation of affordable housing;
- Whereas,** on October 19, 2023, the RIHousing Board of Commissioners granted preliminary approval of tax-exempt mortgage financing to Preservation of Affordable Housing, Inc. (“Applicant”) to acquire and/or rehabilitate the affordable housing to be known as Hillside Village Apartments (the “Development”);
- Whereas,** the Applicant is requesting firm approval of tax-exempt mortgage financing for the Development as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax- Exempt Bonds</u>
Hillside Village Apartments	Preservation of Affordable Housing, Inc.	\$13,200,000

- Whereas,** said bonds shall have a term not to exceed 40 years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary; and
- Whereas,** the RIHousing Board of Commissioners and staff have reviewed the submission of the Applicant for mortgage financing and determined that the Development qualifies for financing under RIHousing’s enabling legislation, regulations, guidelines, and policies.

**NOW, THEREFORE, IT IS HEREBY:**

- Resolved,** that subject to the special conditions listed below, RIHousing hereby declares firm commitment for tax-exempt mortgage financing for Preservation of Affordable Housing, Inc. or other affiliated entity of the Applicant (the “Borrower”) in an amount not to exceed \$13,200,000 for rental housing known as Hillside Village Apartments located in Providence, Rhode Island to be financed in part with tax-exempt bonds.
- Resolved,** that RIHousing hereby declares that this firm commitment of financing for the Borrower constitutes the affirmative official act of RIHousing of its intention to issue

bonds to finance, and to reimburse qualified expenditures incurred by the Borrower or RIHousing in advance of the issuance of the bonds, up to \$13,200,000 in mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. The intent to reimburse the aforementioned bond-funded costs is intended to satisfy the requirements of Section 1.150-2 of the United States Treasury Regulations. This resolution shall take effect immediately upon adoption.

**Resolved,** that the Executive Director, Deputy Executive Director, Director of Finance, General Counsel, and Manager of Treasury and Capital Planning (each, an “Authorized Officer”), acting singly be, and each of them hereby is, authorized, empowered and directed to take any and all action necessary to effectuate the purpose and intent of the foregoing resolutions, including, without limitation, (i) the execution and delivery on behalf of RIHousing of all such other agreements, documents, and instruments and the performance by RIHousing thereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate, or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by RIHousing as required hereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate, or advisable, each such determination pursuant to the immediately preceding clauses to be conclusively evidenced by the taking of such action by any Authorized Officer and each such determination is hereby fully and completely approved and adopted as the valid action of and by RIHousing, approved in all respects by the Board of Commissioners.

**Resolved,** that the foregoing resolutions are subject to the following special conditions:

- Syndication equity from the allocation of LIHTC credits in amounts sufficient to achieve project feasibility;
- Approval and availability of subordinate funding in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- Approval by the bond underwriter and bond counsel confirming the loans satisfy all required bond provisions for the bond issue;
- Approval by RIHousing of construction loan documents with Citizens Bank, N.A.
- Execution and delivery by the Borrower and Applicant of a construction completion guaranty in form and substance satisfactory to RIHousing;
- Approval by RIHousing of all management-related documentation, including the marketing and tenant selection plans;
- Final approval of a new 20-year Section 8 Project-Based HAP contract;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenant and Regulatory Agreement in form(s) acceptable to RIHousing; 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, each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.

**Firm Approval of Final 2026 Qualified Allocation (QAP) Plan**

Chairwoman Goddard again acknowledged Dean Harrison who gave the presentation.

Summarizing a document from the Board packet, Mr. Harrison said that at its June 30, 2025 meeting, the RIHousing Board of Commissioners approved a draft 2026 Qualified Allocation Plan (“2026 QAP”), which will govern the allocation of low-income housing tax credits (“LIHTC”), and authorized publication of notices advertising a public hearing on the draft 2026 QAP and opportunity to submit comments.

A public hearing was held on July 15, 2025, via video conference with approximately 18 attendees. The public comment period ended on July 18, 2025. As of that date, four parties had submitted written comments, which are summarized below.

Staff propose the following changes to draft 2026 QAP, as blacklined in an attachment that was provided as part of the August 21, 2025, Board package and summarized below, to address public comments and to correct some clerical errors:

Section I(D)(8) – Ten Year Placed In Service Restriction (Page 15)	Included reference to IRC Section 42 for information regarding exceptions.
Section I(J) – Affirmative Action/Equal Employment Opportunity (“EEO”) (Page 18)	Revised to acknowledge the possibility of future changes in State law.
Section I(K)(1) – Siting and Marketing Consideration (Page 19)	Revised to clarify RIHousing’s position regarding access to housing on an equal basis without regard to protected characteristics.
Section I(K)(1) – Limited English Proficiency (“LEP”) (Pages 20-21)	Revised to better align with current federal guidance.
Section III(B) – Mixed Income (Page 39)	Revised to correct typo and clarify restrictions for eligible units.

The final 2026 QAP was set forth in an attachment that was included as part of the August 21, 2025, Board packet. The 2026 QAP will become effective upon (i) final approval by the Board of Commissioners; (ii) approval by the Governor; and (iii) posting to the RIHousing website as a guidance document.

## 1. Summary of Public Comments

### **Commenter 1**

**Commenter 1, the Rhode Island Public Expenditure Council (“RIPEC”), provided written comments, which are summarized and addressed below:**

#### **Comment 1**

**Commenter 1 suggested that the 2026 QAP reduce the total development costs (“TDC”) per residential unit threshold and ensure its strict application.**

**Commenter 1 noted that “...the relatively generous TDC cap of \$500,000 is not strictly applied in the draft QAP, which includes eight separate "extraordinary conditions"**

allowing developments to proceed to scoring despite exceeding the cap. Research indicates that strong cost discipline promotes greater affordable housing production, encourages innovation and value engineering, and upholds program integrity and fairness...Lastly, it is unclear how genuinely "extraordinary" some of the listed conditions are. For instance, one of the permitted extraordinary conditions-unsuitable soil conditions-was cited as a factor resulting in cost-overruns over preliminary estimates in four of the last ten LIHTC transactions.

**For these reasons, Commenter 1 recommends that the 2026 QAP lower the TDC caps per residential unit from \$500,000 to the TDC caps outlined in RIHousing's Developer's Handbook and remove all extraordinary conditions.**

RIHousing is mindful of the need to contain costs and believes implementing the TDC caps is the most effective manner to do so. We believe the \$500,000 cap is consistent with current construction cost trends and fair relative to the market. We acknowledge that due to the types of sites available for housing development and the need to accommodate unforeseen increases in hard and soft costs associated with LIHTC development, it is reasonable to have a process to accommodate exceptions. Regarding unsuitable soil conditions, the presence of such in 40% of approved projects would argue for a higher cap rather than treating such conditions as an exception; however, we believe a lower TDC cap with flexibility for exceptions will be more effective at containing costs overall. No change is recommended.

#### **Comment 2**

**Commenter 1 suggested that the 2026 QAP incentivize mixed-income housing by prioritizing developments that include middle-income and market-rate residential units.**

In response to similar comments from Commenter 1 on last year's QAP, RIHousing increased the number of points awarded for the incorporation of mixed/market rate housing from 3 to 5. We understand the need for housing at all price points in our current market and feel this is the appropriate weight for an incentive. While production of housing at all levels is necessary, the LIHTC program is principally intended to produce units serving low-income populations, specifically those households earning less than 60% of Area Median Income, and as such, most of the resources generated by the program are best served for that purpose. Historically, it has been challenging to make the market rate component of mixed income projects pencil out financially, which has at times resulted in LIHTC subsidy supporting those units, an outcome RIHousing wishes to avoid. No change is recommended.

#### **Comment 3**

**Commenter 1 suggested that the 2026 QAP allow the allocation of LIHTCs for the development of new Single Room Occupancy (SRO) units.**

While SRO housing is an allowed use of LIHTC under Section 42 of the Internal Revenue Code, RIHousing moved away from using LIHTC to fund SRO units in 2023 after consultation with partners directly involved in the housing and provision of services to individuals experiencing homelessness and other at-risk populations. Those conversations indicated that providers strongly believed the use of SRO housing was no longer a best practice and did not provide those at-risk households with the best chance of success. In fact, several providers have moved to convert existing SROs to efficiencies or 1-bedroom apartments to more effectively serve at-risk populations. Our conclusion was that SROs, while on their face more cost effective, lacked the

dignity and permanence that should be inherent in housing solutions for our most vulnerable Rhode Islanders. RIHousing is open to further conversations about how SROs or alternative co-living or shared housing opportunities could help address the housing needs of low- or moderate-income Rhode Islanders, however no change is recommended at this time.

### **Commenter 2**

**Commenter 2, ONE Neighborhood Builders, provided written comments, which are summarized and addressed below:**

#### **Comment 1**

**Commenter 2 suggested that the 2026 QAP specifically address certain exceptions to the Ten Year Placed In Service Restriction. More specifically, they pointed to language on Page 15, which states, “To be eligible for the acquisition credit, buildings may not have been placed in service within the last 10 years.” Commenter 2 further noted that “if the chain of title indicates that a building was owned by nonprofits over the last 10 years or if the development is substantially assisted with federal or state housing programs, then the purchase price attributable to the building can qualify for acquisition credits, according to Novogradac and 26 U.S. Code § 42. We recommend that the QAP be updated to reflect these exceptions to the 10-year limit for acquisition credits.”**

As noted, these exceptions are noted in Section 42 of the Internal Revenue Code, and we will include a reference to exceptions in Section 42 for clarity.

#### **Comment 2**

**In reference to the Financing Points, Commenter 2 noted that they “appreciate that unsuitable soils were included in this section as extraordinary conditions that would allow a development to exceed the TDC cap. This section also states that one of the acceptable extraordinary conditions includes, “Excessive environmental remediation defined in a remedial action work plan required by either the Environmental Protection Agency, the RI Department of Environmental Management, or the Coastal Resources Management Council” (p. 36). We incur significant costs associated with additional testing, sampling, monitoring, and reporting requested by RIDEM to develop the remedial action work plan. For one of our housing developments, the process of developing the remedial action plan cost over \$100,000 due to repeated requests for additional testing, monitoring, and sampling from RIDEM. We thus recommend that the costs associated with developing a remedial action plan be considered an acceptable extraordinary condition.”**

The proposed list of Extraordinary Conditions was not meant to be all-inclusive. The application can address additional requests for a cost to be considered an extraordinary condition. No change is recommended.

#### **Comment 3**

**In reference to adding 2 points for making no less than 10% of the newly created units accessible, Commenter 2 noted that they “appreciate RIH’s allocation of points for additional accessible units. To ensure that developers better understand what type of accessible units would be awarded, we recommend that the QAP clarify whether additional Type A or Type B units would receive these points. If Type A, we recommend**

that RIH consider increasing this section to 5 points. This would reflect the additional site changes that may be required for more Type A units, such as parking. We also encourage RIH to review Massachusetts' QAP's scoring of accessible units and determine whether any of these provisions would make sense for RI. Massachusetts' QAP provides up to 10 points (of 86 total points for special project characteristics) and an additional per unit subsidy for accessible units above what is required by statute or building code and provides specific examples of what this enhanced accessibility could entail (p. 64). The higher point limit would likely also encourage more developers to meet this threshold, which would support the desired goal: to create more accessible, affordable housing units for Rhode Islanders."

The current standard applied by RIHousing is that 5% of all dwelling units meet accessibility criteria. Bonus points are applied for developments exceeding 10% of Type A RI State Building Code compliant units, twice the required amount. No change is recommended.

#### **Comment 4**

Commenter 2 also noted that "the inclusion of mixed income developments in the QAP is intriguing, and ONB looks forward to continuing to consider mixed income housing. This section says, "Development will have a range of income levels and at least 15% of the units are over 80% AMI units and the developer can demonstrate that the units don't need a capital subsidy" (p. 39). The points for this section then are defined in terms of the "market rate" units. Although, per RI Gen L § 42-128-8.1., rental housing is considered "affordable" for households earning less than 80% AMI, rental housing in Rhode Island can still be deed restricted up to 120% AMI. This wording of "market rate" may inadvertently discourage the development of "middle income housing" for households earning between 80% and 120% AMI, housing that is part of the Housing 2030 and broader Rhode Island housing goals. We recommend changing this language to encourage deed-restricted housing for households earning between 80% and 120% AMI.

Additionally, this section awards up to 5 points for market rate units: 15% of the units are market rate (2 points), up to 20% of the units are market rate (3 points), and more than 30% of the units are market rate (5 points). Is that final category meant to say, "up to 30%" rather than "more than 30%"? If a development had, say, 25% market rate units, it is unclear how many points that development would receive. In addition, if the "more than 30%" is as intended, it would be helpful to clarify and understand this reasoning as this awarding of points would seem contradictory to Rhode Island's housing needs and the state's Housing 2030 Plan.

To provide greater clarity, RIHousing will adjust the language to read "units serving households above 80% AMI" instead of "market rate". Similarly, we will change "more than 30%" to "more than 20%" as it was a typographical error.

#### **Comment 5**

Commenter 2 also stated "[w]e appreciate that RIHousing encourages 30 years of affordability through the QAP. However, we recommend that the QAP consider encouraging even longer affordability to preserve long-term affordability in Rhode Island."



Functionally, very few developments financed via the LIHTC in Rhode Island ever move from affordable to market. They are refinanced after the compliance period and extend affordability at that time. We will research the potential impact of longer affordability covenants as we move forward and assess potential impacts on credit pricing and investment to inform future QAPs. No change is recommended.

### **Commenter 3**

**Commenter 3, Preservation of Affordable Housing (POAH), provided written comments, which are summarized and addressed below:**

#### **Comment 1**

**Commenter 3's recommendations were made primarily to address current practices on 4% deals that, while not addressed in the draft 2026 QAP, are changes that they feel would positively impact the LIHTC program in Rhode Island. More specifically, Commenter 3 notes that the current fee cap of 1% of construction costs for Clerks/Owner's Project Managers ("OPMs") is below market and does not reflect the evolution of that role in recent years. Commenter 3 suggested a separate \$2,000/unit fee cap for rehabilitation projects as well as alternative calculations for smaller projects. Additionally, Commenter 3 noted that aligning Clerk/OPM billing with GC completion may disincentivize the Clerk to provide oversight if it may lead to a delay in GC billing. Commenter 3 suggested that the project sponsor should manage the Clerk/OPM's payment schedule instead.**

Although a change in Clerk/OPM fee caps and payment schedule requirements may impact developments participating in the LIHTC program, as noted by the Commenter, these restrictions are not currently addressed in the Plan. RIHousing recognizes that Clerk/OPM costs have risen, and while further examination of this matter is necessary, any such changes will be more appropriately addressed in other RIHousing guidance documents. No change is recommended.

#### **Comment 2**

**Commenter 3 also noted that RIHousing's practice of reviewing plans at 50%, 90%, and 100% is a time-consuming process. Commenter 3 encouraged RIHousing to condense its design review to focus on two reviews – one at 50%, and one at 90% or 100%, with the expectation that the architect can issue an addendum to address any outstanding issues.**

RIHousing intends to assess the Design and Construction process in the coming year, and while we acknowledge that a change to the design review process will impact developments taking part in the LIHTC program, any such changes will be more appropriately addressed in other RIHousing guidance documents. No change is recommended.

### **Commenter 4**

**Commenter 4, Pennrose, provided written comments which are summarized and addressed below:**

#### **Comment 1**

**Commenter 4 strongly encouraged the 2026 QAP “to encourage and allow developers to generate additional tax credit equity through basis generated by acquisition value (offset by a seller note) or additional deferred developer fee above the allowable paid fee. These costs should not be included in the calculation of the per unit TDC thresholds.**

**These costs should be treated just like capitalized reserves and excluded from the per unit TDC calculation. The additional tax credit equity generated from these costs go towards benefiting the development without a cost to the State of Rhode Island.”**

RIHousing agrees that we need a thoughtful way to account for the inclusion of acquisition costs, which, while seemingly adding to the TDC calculation, are largely paper costs only and reflect no additional investment on the part of RIHousing or others. Currently, our TDC calculations include all sources and uses, as this generates additional LIHTC basis and is required by syndicators/investors in some deals. While at this time, we recommend no changes to the QAP, we acknowledge this issue and believe it warrants further examination. No change is recommended.

#### **Comment 2**

**Commenter 4 also stated that “if TDC per unit increases post award but the developer secured funding from other sources to fill the gap, we believe that the developer should not be penalized.”**

As above, this is an important issue that RIHousing is committed to working through internally. In the context of ongoing conversations about development costs, we want to ensure that we are stewards of RIHousing resources and mindful of the developer's proactive role in offsetting unanticipated costs. We will conduct further research on this issue; however, no change is recommended at this time.

Finally, Mr. Harrison said that staff recommend that the Board of Commissioners approve adopting the 2026 QAP and recommending the 2026 QAP for final approval and endorsement by the Governor.

Following the presentation, Chairwoman Goddard thanked Mr. Harrison and asked for a motion and a second for Firm Approval of Final 2026 Qualified Allocation (QAP) Plan.

A motion was duly made by Commissioner McAllister and seconded by Commissioner Barry.

Chairwoman Goddard expressed her gratitude to RIHousing for incorporating elements related to the Governor's Housing 2030 Plan in the QAP. The Chairwoman appreciated staff's thoughtfulness.

Ms. Ventura mentioned that there was a lot of conversation around single room occupancy (SRO) and shared living units. One could argue they are both the same thing. However, it's been RIHousing experienced that large scale SRO developments do not work. Developers such as Church Community Housing later reconfigured those units as they did not work for high acuity residents. Crossroads is also working to reconfigure their tower building for the same reason. As an Agency, RIHousing must state that it's open to all living arrangements, but large-scale SROs have not succeeded. RIHousing does support smaller scale shared living properties.

Following the comments, Chairwoman Goddard, conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

Chairwoman Goddard then announced that the following resolution was unanimously adopted:

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

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has been designated by the Governor as the Tax Credit Allocating Agency for the State of Rhode Island.

WHEREAS, the Revenue Reconciliation Act of 1989, as amended, requires tax credit allocating agencies to allocate low-income housing tax credits (“LIHTC”) according to a Qualified Allocation Plan (the “Plan”).

WHEREAS the Plan must establish priorities and criteria for allocating the tax credits that best meet the housing needs of residents of the State of Rhode Island and must be adopted pursuant to a public hearing and comment period; and

WHEREAS housing needs for the State of Rhode Island have been established pursuant to the Rhode Island Consolidated Plan: 2025-2029 and are incorporated into the 2026 Qualified Allocation Plan (the “2026 QAP”).

NOW, THEREFORE, BE IT:

RESOLVED, that RIHousing adopt the 2026 QAP for the State of Rhode Island in substantially the form attached hereto at Attachment C, and hereby recommends the 2026 QAP be approved and endorsed by the Governor of the State of Rhode Island; and

RESOLVED, that RIHousing develop and distribute a Request for Proposals soliciting applications for 2026 LIHTC pursuant to the 2026 QAP; and

RESOLVED, that the Executive Director, Deputy Executive Director, and Director of Real Estate Development, each acting singly, be, and hereby are, authorized and empowered and directed to take such action as she or he, in her or his sole discretion, shall deem necessary or desirable to effectuate the foregoing resolutions.

**Approval of Fiscal Year (FY) 2026 Operating Budget**

Chairwoman Goddard noted that Ms. Ventura would report on the request.

Summarizing a document from the Board meeting package, Ms. Ventura said that she was pleased to provide the FY 2026 Operating Budget detailing projected revenue and expenses for the upcoming year. A detailed presentation of the FY 2026 operating budget was included as part of the August 21, 2025, Board packet.

Ms. Ventura was pleased to say that the budget demonstrates the corporation's continued financial strength and commitment to housing with net revenue over expenditure (Net Income) projected at \$18.7 million. That is an increase from the FY 2025 budget of \$10.9 million. Ms. Ventura noted that it was a very good year for the Corporation.

Net interest income for projected year FY 2026 is an increase of \$10.6 million over the prior year. RIHousing is achieving that amount through low prepayment speeds and issuing bonds for single-family lending. Single family production is estimated at \$600 million, of which 75% is funded through bond financing and 25% through direct sales to Freddie/Fannie or the TBA market.

For multi-family rental development, staff anticipate continued increased activity due to new housing development programs created by the State from ARPA funds as well as other federal programs that the Corporation administers. Development will continue to work on disbursement of SFRF funding awards, and estimate mortgage production of \$156 million for construction, permanent and conduit debt lending.

Similarly, fee income is expected to increase in 2025 due to an increase in loan servicing fees which is attributed to RIHousing's growth of single and multi-family portfolios.

Ms. Ventura next said that the program budget was outlined on page 3 of the report that included program descriptions.

In addition, RIHousing will continue to fund critical housing programs that include rental assistance, community development programs and downpayment assistance. A few of those programs such as NOP and State rental Assistance are legacy state programs, created by the state and then administered by RIHousing. Staff have added a budget line item of \$1 million for a program to assist holders of Federal Emergency Housing Vouchers to transition to stable housing as the Federal program ends. Staff will work one on one with the 100+ families impacted to address those needs.

RIHousing proposes to continue to support LISC through the Organization's NDF program that provides capacity support for non-profit developers. Also, the agency proposes to support community development initiatives and continued investment in healthy housing to link services with affordable rental opportunities.

RIHousing anticipates continued strong execution of homeownership programs and will continue to fund the Down Payment Assistance and the Home Secure programs. Staff will continue to pursue the most effective financing strategies to achieve low interest rates, such as tax-exempt, taxable, and variable rate bonding or sold in the TBA market if appropriate.

Ms. Ventura stated that the Corporation will continue to fund the ZEOS program in collaboration with OER. The Executive Director hoped that OER will continue to receive federal funding for the program.

Operating expenses reflect an increase of \$4.1 million over FY25 relating to building maintenance, consulting for lean initiatives, software and technology costs. Personnel expenses also include an increase in medical expenses, and a merit increase for eligible staff.

Ms. Ventura paused at this point of the meeting and invited Kara Lachapelle, Chief Financial Officer, to report on some of the details of the budget.

Ms. Lachapelle referred to page 5 of the report that was the summary of revenue and expenses. She spoke to the larger line items of the budget. Ms. Lachapelle stated that Net Interest Income for FY26 (the spread between our mortgage rates and our borrowing rates) reflects an increase of \$10.6 million from the FY25 budget. That is due to low prepayment speeds and financing of Homeownership loans through the issuance of bonds over the past several years, providing an ongoing annuity. That annuity is used to subsidize the rates for new borrowers.

Continuing, Ms. Lachapelle stated that the net interest income is made up of 35% of single family and 65% of multi-family loans. Fee income is comprised of 50% loan servicing and fee income from loans the Agency originates, along with fee income for the administration of federal programs. The gain on sale of loans is for single family loans, which are the loans sold directly to Fannie Mae and Freddie Mac or sold in the TBA market. In the present high-interest rate market, it's not advantageous to sell the loans, but staff routinely review those options.

The loan loss and expense line item showed an estimated increase in RIHousing's volume of loans; therefore, staff have anticipated an increase in losses. It's not an actual loss, but a precautionary allocation.

Operating expenses showcase increases in information technology costs, security, and deferred office maintenance expenses. The Corporation had some larger capital items in the past year that are starting to wrap up. Those included HVAC systems for the Earle building and roof repairs.

Finally, Ms. Lachapelle stated that the report included graphs and charts that highlighted revenue and expenses by division as well as a five-year historical trend for revenue and expenses.

Ms. Lachapelle then welcomed questions.

Following the presentation, Chairwoman Goddard asked for a motion and a second for Approval of Fiscal Year (FY) 2026 Operating Budget.

A motion was duly made by Commissioner Designee Webber and seconded by Commissioner Barry.

Commissioner Orth remarked that staff are working on final numbers for 2025 but in reviewing the information he noted that RIHousing is projecting net revenue of approximately \$25 million dollars. He remarked that it was discussed that the board and executive team explore net revenue for the year and how those funds should be spent and what the priorities are. The budget does include funding for programs of approximately \$7 million and he wanted to know how the rest of the dollars will be allocated.

Chairwoman Goddard responded that she has spoken with Ms. Ventura, Ms. Lachapelle and a financial advisor, and the plan is to return to the board in September or October to address that matter. Ms. Ventura also informed the Board that staff are working on a five-year plan for the Agency.

Commissioner Orth mentioned that by reviewing the revenue and expenses by division, it appears that every division is net positive except for Leased Housing and Rental Services.

Ms. Lachapelle responded that Leased Housing is approximately 2% positive in the overall net income category. The fees cover all administrative expenses, but at present they do not cover excesses. Leased Housing also includes Asset Management so it's not just administration of grants. With the additional units and SFRF grants, activity has increased in that area.

Commissioner Orth felt that it should be addressed under the Loan Servicing Division. Ms. Lachapelle explained that in the past, Asset Management was part of Loan Servicing but found that there's more synergy to having it with Leased Housing. Ms. Lachapelle remarked that it can be separated into the two (2) departments, which would help in clarifying where the income and expense reside.

Following the questions, Chairwoman Goddard conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

Chairwoman Goddard then announced that the following resolution was unanimously adopted:

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

**Whereas,** Pursuant to the provisions of the Rhode Island Housing and Mortgage Finance Corporation Act, Chapter 55 of Title 42 of the Rhode Island General Laws, Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") has the authority to adopt an annual budget and disburse funds; and

**Whereas,** the Management Committee of the Board of Commissioners (the "Committee") provided the opportunity for staff to present and discuss the proposed FY 2026 operating budget; and

**Whereas,** staff recommends that the proposed FY 2026 operating budget be presented to the Board of Commissioners for approval and adoption.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** that the proposed FY 2026 Operating Budget of RIHousing as presented to the Committee and as set forth at Attachment A is hereby approved; and

**Resolved,** that the Executive Director, the Deputy Executive Director, and the Chief Financial Officer, each acting singly, be and hereby are authorized, empowered, and directed to take any and all actions they shall deem necessary or advisable to carry out the foregoing resolution.

**Approval of Executive Director's Goals**

Chairwoman Goddard summarized a written request for approval of the Executive Director's performance goals for the fiscal year 2026.

Chairwoman Goddard noted that the goals were discussed with the Commissioners and the Executive Director where they developed eight (8) performance goals for the current fiscal year.

Continuing, the Chairwoman stated that pursuant to the Executive Director's July 2, 2025, employment agreement, the Board will evaluate the Executive Director's job performance annually based on her promotion of RIHousing's public mission under its enabling legislation and achievement of specific goals and metrics set by the Board. The Executive Director and the Management Committee have mutually developed eight (8) performance goals for the current fiscal year. Broadly, the goals address optimizing collaboration with the Executive Office of Housing, program improvement, targeted review of internal organization, and investment efficiency.

The goals are quite inclusive and substantive. In some areas they are quantitative and in others qualitative.

Chairwoman Goddard then asked if anyone had any questions, concerns or thoughts.

Commissioner Orth asked Ms. Ventura what she thought of the goals. Ms. Ventura stated that the goals are great and is looking forward to the opportunity to perform a deep analysis of the LIHTC program to streamline processes to make it a faster process for developers and staff. In addition, it's a good time to review the Design and Construction area and oversight of projects. RIHousing enjoys a positive reputation on how projects are managed, but at times can be a bit heavy handed.

Finally, Ms. Ventura was pleased to announce that on Monday, August 25<sup>th</sup>, the new Director of Real Estate Development will officially join the Agency.

Following the presentation, Chairwoman Goddard asked for a motion and a second for Approval of Executive Director's Goals.

A motion was duly made by Commissioner Barry and seconded by Commissioner McAllister.

Following the comments, Chairwoman Goddard conducted a voice vote of the Commissioners. The Commissioners unanimously voted to approve the motion.

Chairwoman Goddard then announced that the following resolution was unanimously adopted:

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

**Whereas:** the Executive Director's July 2, 2025, employment agreement provides for the evaluation of the Executive Director's job performance annually on the basis of her promotion of RIHousing's public mission under its enabling legislation and achievement of specific goals and metrics set by the Board, *inter alia*; and

**Whereas:** in furtherance of such provision, the Executive Director and Management Committee have identified the goals set forth in Attachment B as reasonably related to and illustrative of the Executive Director's role for the current fiscal year;

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved:** the performance goals set forth at Attachment B are hereby adopted for purposes of the fiscal year 2026 performance evaluation of the Executive Director by the Board; and

**Resolved:** the Board may request that the Executive Director provide any information and documentation that may enable the Board to conduct such evaluation of her job performance; and

**Resolved:** that the Chair of the Board is hereby authorized and directed to take any and all actions she deems necessary and appropriate to carry out the foregoing resolutions.

## ATTACHMENT B

### EXECUTIVE DIRECTOR PERFORMANCE GOALS FY 2026

1. In collaboration with the Executive Office of Housing, produce a clear delineation of the revised roles, responsibilities, and program operations of RIHousing vis-a-vis the Executive Office of Housing along with a plan (to include changes in personnel, fiscal, systems, etc.) and timeline to effectuate such changes
2. Develop policy and/or program response to competition from new entrants to the single-family mortgage origination market
3. Design and conduct a review of the Design & Construction unit including, but not limited to policies, procedures, structure and staffing, with the goals of identifying strengths and weaknesses related to culture, skills, leadership, efficiency and impact of services, and relationship with the developer community
4. With respect to the agency's financial health and resources, manage projects to produce:
  - a. A 5-year projection of revenue and expenses, including reserves, to identify income available for supporting funding programs administered by the agency ("Agency Funded Programs"), to be completed by September 30, 2025.
  - b. An analysis of the net cost of operations for each of the Agency's business lines
  - c. An analysis of the actions and/or policies that would enable the agency to achieve a return on assets of .70% or greater and a net equity to assets ratio of 15.0% or higher, and, consequently, the impact of such changes on potential Agency Funded Programs.
5. Evaluate processes and systems to increase the nimbleness and efficiency of the Agency's housing production program delivery to accelerate the pace of production and ensure the efficient use of resources.
6. Support and oversee the implementation of the Rhode Island Housing Development Corporation proactive development activities.
7. In collaboration with the Executive Office of Housing evaluate the potential to implement Restore-Rebuild with eligible Housing Authorities.
8. Conduct a cost containment analysis on housing production – specifically the LIHTC program to identify cost inefficiencies, causes of high costs areas, inefficiencies or unnecessary expenses in the program.

There being no further business to discuss, Chairwoman Goddard asked for a motion to adjourn the Board of Commissioners meeting. Commissioner McAllister duly made the motion, which was seconded by Commissioner Designee Craven.

Chairwoman Goddard then conducted a voice vote of the Commissioners. The Commissioners unanimously voted to adjourn the meeting.



Chairwoman Goddard then announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 10:28 a.m.

Chairwoman Goddard then thanked everyone for participating in the Board meeting.

Respectfully submitted,

Carol Ventura  
Secretary and Executive Director