

Request for Action
by
Board of Commissioners

**Approval of Transfer of Physical Assets (TPA) for
Babcock Village Apartments (Westerly)**

1. Summary of Issues

This Request for Action (“RFA”) is for approval of the transfer of ownership interests in Babcock Village Apartments (the “Development”), 151 units of family housing located at 122 and 128 Cross Street in Westerly.

Under Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, 825-RICR-30-00-3 (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 and prepayment of the mortgage before conveying, assigning, or transferring any ownership interest in a multifamily housing project.

2. Discussion

The owner of the Development is New Babson Associates Limited Partnership (the “Partnership”). The current general partner is Affordable Housing Strategies, Inc. (the “Current GP”), which holds a 50% interest in the Partnership. The current limited partner is GK Acquisitions, LLC (the “Current LP”), which holds a 50% interest in the Partnership. The managing member of the Current LP is Cathedral Development Group, Inc., an affiliate of the Current GP.

Transfer I

The Current GP intends to transfer its general partnership interest to Babcock GP, LLC (the “New GP”), which has been formed with the Current GP as its initial sole member (the “GP Managing Member”). The limited partner interest of the Current LP will remain unchanged in this initial transfer, which is being referred to herein as “Transfer I.”

Transfer II

Subsequent to Transfer I, the GP Managing Member intends to sell 49% of its interest in the new GP to RI Portfolio AHS Preservation LLC, an affiliate of Belveron Partners (“Belveron”). Simultaneously, the owners of the Current LP intend to sell 49% of their collective interests to RI Portfolio CDG Preservation LLC, which is also an affiliate of Belveron. This set of transfers will result in Belveron affiliates owning 49% of the New GP and 49% of the Current LP.

Belveron is a privately-held company specializing in affordable housing. Currently, they have an ownership interest in almost 30,000 units in 14 states. According to the application, Belveron has

raised more than \$1.2 billion since 2006 to “improve housing opportunities for lower income and working families across the country.”

The management agent is Property Advisory Group, Inc., a Rhode Island corporation affiliated with the Current GP and Current LP. No change in the management agent is contemplated.

3. Recommendation

The attached resolution approving the transfer of the ownership interests, subject to the conditions contained therein, is recommended for approval.

4. 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, 825-RICR-30-00-3 (as amended from time to time, 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;

WHEREAS: New Babson Associates Limited Partnership (the “Borrower”) seeks approval of the transfer of the general partner interest from Affordable Housing Strategies, Inc. to Babcock GP, LLC (“Babcock GP”);

WHEREAS: subsequently, the Borrower seeks approval of the transfer of 49% of the ownership interests in Babcock GP to RI Portfolio AHS Preservation LLC;

WHEREAS: the Borrower seeks approval of the transfer of 49% of the ownership interests in the limited partner, GK Acquisitions, LLC, to RI Portfolio CDG Preservation 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 general partnership interest in the Borrower from Affordable Housing Strategies, Inc. to Babcock GP, LLC be, and hereby is, approved, subject to the following terms and conditions.

RESOLVED: that the subsequent transfer of 49% of the ownership interests in Babcock GP to RI Portfolio AHS Preservation LLC, be, and hereby is, approved, subject to the following terms and conditions.

RESOLVED: that the subsequent transfer of 49% of the ownership interests in the limited partner of the Borrower, GK Acquisitions, LLC, to RI Portfolio CDG Preservation LLC, be, and hereby is, approved, subject to the following terms and conditions.

RESOLVED: that each of the foregoing transfers 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 (see §3.4 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;

2. Receipt by RIHousing of the Transfer Fee and Processing Fee, as defined in §3.4 of 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 Real Estate Development, each acting singly, be and hereby are authorized to execute and deliver on behalf of RIHousing all documents necessary or advisable to consummate such transfers and to take such further actions as he or she shall deem necessary or advisable in connection therewith.