

**Request for Action
by
Board of Commissioners**

Approval of Transfer of Physical Assets (TPA) for Cranston Apartments (Newport)

1. Summary of Issues

This Request for Action (“RFA”) is for approval of the transfer of Cranston Apartments (the “Development”), an affordable housing development located in Newport. The transfer outlined in this RFA is part of a portfolio sale that involves two properties in Rhode Island and two properties in Maine.

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

Cranston Apartments is a 12-unit property serving individuals. The owner of the Development is Statewide Affordable Housing Small Projects, Inc., a Rhode Island non-profit organization (“SAHSP” or the “Transferor”). The board of SAHSP was appointed by Statewide Affordable Housing Inc., which is also a Rhode Island non-profit organization (“SAH”). The Transferor has entered into a purchase and sales agreement with Cranston Apartments LLC, a Rhode Island limited liability company (the “Transferee”), which is a special purpose entity formed by Michael J. Packard for the purpose of financing and redeveloping the Development. Mr. Packard is the sole member and manager of Midland Capital Partners, LLC, which is the sole member of Midland GP, LLC, a Delaware limited liability company (“Midland GP”). Midland GP is the sole member of the Proposed Transferee. State Line Group, Inc., a Rhode Island corporation and an affiliate of the Proposed Transferee, will serve as the developer for this project.

As part of this transaction for the sale of Cranston Apartments, the parties will remit \$105,000 to RIHousing to pay down a portion of the existing RIHousing mortgages encumbering the Development. The Transferee will assume all remaining obligations encumbering the Development. No new financing is currently anticipated.

The current property manager is Phoenix Property Management, Inc., which has managed the Development since its inception. The Transferee and management company are affiliated entities. No change in the management agent is contemplated. The TPA application included a Capital Needs Assessment (“CNA”). The Development is in average condition and the CNA includes plans for future upgrades.

3. Recommendation

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March 20, 2025

The attached resolution approving the transfer of Cranston Apartments, 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,** Statewide Affordable Housing Small Projects, Inc. seeks approval of the transfer of Cranston Apartments to Cranston Apartments 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 ownership interest in the Development from Statewide Affordable Housing Small Projects, Inc. to Cranston Apartments 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 (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 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 transfer and to take such further actions as he or she shall deem necessary or advisable in connection therewith.