

**Request for Action
by
Board of Commissioners**

**Approval of Transfer of Physical Assets (TPA) for
Cranston Commons East (Cranston)**

1. Summary of Issues

This Request for Action (“RFA”) is for (i) approval of the transfer of the limited partnership interest in Cranston Commons East (“CCE” or the “Development”) and (ii) approval of the subsequent transfer of the limited partnership and general partnership interests in the Development to a new owner. CCE is an affordable housing development for families located in Cranston. The transfers outlined in this RFA are part of a portfolio sale by Statewide Affordable Housing, Inc. (“SAH”) that involves two properties in Rhode Island and two properties in Maine.

Under RIHousing’s 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

CCE is a 19-unit property serving families. Originally developed in the early 1990s, the Development was refinanced in 2011. The owner of the Development is 1303 Elmwood Associates Limited Partnership (“Owner”). The limited partners of the Owner are Rhode Island Housing Equity Pool, L.P. (“RIEP”) and Community Action and Development, Inc. (“CADI”). The general partner is also CADI, whose members are SAH and Comprehensive Community Action Inc., formerly known as Cranston Community Action Program Committee.

The first transfer contemplated in this RFA (the “Initial Transfer”) is the transfer of the RIEP limited partnership interest to SAH. The Initial Transfer is essential to consolidate ownership and ensure that there are no adverse tax implications for the subsequent transfer of ownership and the forgiveness of certain loans in connection with that subsequent transfer. The transfer of the RIEP limited partnership interest is consistent with the planned dissolution and liquidation of the RIEP as established by that certain September 18, 2014, resolution of the general partner of the RIEP, the RIH Equity Corporation. The RIH Equity Corporation has delegated certain decision-making and corporate authority to RIHousing officers pursuant to a resolution dated September 21, 2023, which would allow such officers to effectuate this transfer.

After the Initial Transfer, all general partnership interests in the Owner will be transferred to 1303 Elmwood GP LLC (the “Proposed GP Transferee”), and all limited partnership interests in the Owner will be transferred to Suffolk Realty Holdings, LLC (“Suffolk” or the “Proposed LP Transferee,” and together with the Proposed GP Transferee, collectively, the “Transferees”). Michael J. Packard is the sole member and manager of Midland Capital Partners, LLC, the sole

member of Midland GP, LLC, a Delaware limited liability company (“Midland GP”). Midland GP is the sole member of the Proposed GP Transferee. Michael J. Packard is also the sole member and manager of the Proposed LP Transferee. In sum, the Transferees are both owned and controlled by Michael J. Packard.

As part of the sale of the Development, the parties will remit \$145,000 to RIHousing to pay down a portion of the existing RIHousing mortgages encumbering the Development. Since the Owner will remain unchanged, all RIHousing encumbrances will remain on the Development, and the new Transferees will assume all obligations. No new financing is currently anticipated.

Phoenix Property Management, Inc. (“Phoenix”) is the current property manager at CCE and will continue to serve in that role following the transfers. Phoenix is an affiliate of the Transferees and is wholly controlled by Michael J. Packard. Phoenix has extensive experience managing affordable housing developments in Rhode Island.

3. Recommendation

The attached resolution approving (i) the transfer of the RIEP limited partnership interest, and (ii) the subsequent transfer of the limited partnership and general partnership interests in the Development, subject to the conditions contained therein, is recommended for approval.

4. Attachment

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, Inc. (“SAH”) seeks approval of the transfer of the limited partnership interest in 1303 Elmwood Associates Limited Partnership (the “Owner”), the owner of Cranston Commons East (the “Development”), from Rhode Island Housing Equity Pool, L.P. to SAH (the “Initial Transfer”);
- Whereas,** SAH also seeks approval of a subsequent transfer of the limited partnership interest in the Owner to Suffolk Realty Holdings, LLC and the general partnership interest in the Owner to 1303 Elmwood GP LLC (the “Second Transfer”); 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 Initial Transfer and Second Transfer of partnership interests in the Development be, and hereby are, 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 Processing Fee, as defined in §3.4 of the TPA Regulations;
 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 any previous actions taken or approvals given by the Executive Director, Deputy Executive Director, or Director of Real Estate Development in connection

with previous transfers of partnership interests in the Owner are hereby ratified and confirmed.

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.