Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
February 10, 2025

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") Board of Commissioners was held on Monday, February 10, 2025, at 11:30 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 Corinne Myers, General Counsel, who outlined the parameters of the meeting.

Corinne Myers, General Counsel, provided guidance for the meeting. Ms. Myers stated that 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. Myers then stated that Committee Chairman Orth would preside over the meeting and requested that any Commissioner or staff member state their name prior to speaking for the benefit of listeners and to mute the phone when not speaking. She then invited Committee Chairman Orth to call the meeting to order.

Committee Chairman Orth introduced himself and officially called the meeting to order at approximately 11:35 a.m. Committee Chairman Orth 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: Committee Chairman Orth; Stefan Pryor; Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation; and Rebecca Webber, Designee for Jonathan Womer, Director of the Department of Administration. Maria Barry was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara LaChapelle, Chief Financial Officer; Anne Berman, Director of Real Estate Development; Dean Harrison, Assistant Director of Real Estate Development; Lauren Farley, Assistant Director Homes Program; Seth St. Jean, Senior Development Officer; Trevor Cain, Real Estate Development Officer; Antonio Giordano, Real Estate Development Officer; Daniel Pollard, Real Estate Development Officer; Corinne Myers, General Counsel; and Val Lingasami, Assistant Director of Information Technology.

The Committee then discussed the following matters.

1. Approval of Minutes of the Credit Committee Meeting Held on December 11, 2024

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on December 11, 2024. A motion was duly made by Chairman Pryor and seconded by Commissioner Designee Webber.

There being no discussion, Corinne Myers, General Counsel, conducted a voice vote of the Commissioners for the approval of the minutes of the Credit Committee Meeting held on December 11, 2024

The Commissioners unanimously voted to approve the minutes.

Ms. Myers then officially stated for the record that the following was adopted:

VOTED: That the minutes of the Credit Committee Meeting held on December 11, 2024, are hereby approved.

2. Recommendation for Firm Approval of First Mortgage Financing for 23 Central Street (Central Falls)

Committee Chairman Orth announced that Lauren Farley, Assistant Director of Housing Programs would give the presentation.

Ms. Farley said that the request was for firm approval of: (i) RIHousing first mortgage taxable financing in an amount not to exceed $525,000, (ii) a Housing Production Fund loan in an amount not to exceed $2,218,575 (the "HPF Loan"), and (iii) an Acquisition and Revitalization Program loan not to exceed $1,000,000 (the "ARP Loan") for 23 Central Street (hereinafter referred to as the "Development"). Pawtucket Central Falls Development Corporation is the developer (the "Developer").

The Development will consist of 12 newly constructed apartments on two blighted parcels in Central Falls. The unit mix includes three units at 30% of area median income ("AMI"), six units at 60% AMI, and three units at 80% AMI. The 30% AMI units will be earmarked for individuals who have aged out of foster care and may be experiencing homelessness. Foster Forward has committed operating subsidies for those three units and will provide supportive services to these residents. The Development is adjacent to 44 Central Street, which is part of a larger low-income housing tax credit development being newly constructed by the Developer.

Since May 2024, the Developer has finalized their plans and specifications, engaged a general contractor, and completed all the customary due diligence necessary to begin construction. Overall costs have increased by approximately $290,000. To address the increase, the first mortgage has increased, and the Developer received a RIHousing ARPA Predevelopment grant to cover some soft costs.

The Development has been awarded funds from the Rhode Island Department of Housing Priority Projects Fund in an amount not to exceed $1,200,000 (the "PPF Loan"), which is conditioned on the completion of the capital stack.

Finally, Ms. Farley stated that staff requests firm approval of (i) $525,000 in taxable first mortgage financing, (ii) an HPF Loan in the amount of $2,218,575, and (iii) an ARP Loan in the amount of $1,000,000, subject to certain conditions.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of First Mortgage Financing for 23 Central Street (Central Falls.)

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

Commissioner Designee Webber asked if the $1.2 million PPF loan is included in the capital stack. Ms. Farley confirmed that it's part of the capital stack.

Committee Chairman Orth referenced the property at 44 Central Street and asked how it is faring. Anne Berman, Director of Real Estate Development, responded that it is doing very well. Construction is well underway and moving along nicely. Between the construction of 23 Central Street and 44 Central Street, the developments will renovate a critical corner of the area.

There being no further questions or comments, Ms. Myers conducted a vote of the Commissioners for Firm Approval of First Mortgage Financing for 23 Central Street (Central Falls).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Firm Approval of First Mortgage Financing for 23 Central Street (Central Falls) was unanimously approved.

3. Recommendation for Firm Approval of Financing for Pocasset Manor (Providence)

Committee Chairman Orth informed the Committee that Daniel Pollard, Real Estate Development Officer would present the request.

Mr. Pollard stated that the request was for firm approval of RIHousing tax-exempt financing in an amount not to exceed $16,000,000, of which $8,550,000 will remain as a permanent first mortgage for Pocasset Manor (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 May 16, 2024 ("Preliminary Approval") as part of a combined preservation deal with another project.

Pocasset Manor is an 11-story, 82-unit senior housing development built in 1982 consisting of 71 one-bedroom and 11 two-bedroom units. Pocasset Manor is in the Silverlake neighborhood in Providence. All 82 units will be restricted to families earning up to 60% of Area Median Income ("AMI").

The initial 15-year low-income housing tax credit ("LIHTC") compliance period ended in December 2021 with the original tax credit investor exiting the partnership in June 2022. Pocasset Manor has a Section 8 Project-Based contract ("HAP Contract"), and as part of this transaction, it has received a new 20-year HAP Contract with rents marked up to the market.

At Preliminary Approval, Pocasset Manor was part of a combined preservation deal with Hillside Village Apartments, another POAH property. POAH has now determined that the two properties should remain as stand-alone developments, primarily due to the rehabilitation requirements of the two sites. The Development underwent a comprehensive rehabilitation in 2005 to increase energy efficiency; therefore, the rehabilitation plan for this refinance is relatively simple and straightforward. POAH anticipates a 12-month construction timeline and a construction budget of $113,000 per unit.

The scope of work includes, but is not limited to, unit upgrades to kitchens, baths, and finishes. Additional communitywide renovations and improvements will include a new roof, full building Wi-Fi, new washers and dryers, and elevator modernization. In addition, POAH received a small Green Resilient Retrofit Program ("GRRP") grant for Pocasset Manor, which will be used for additional green and energy efficiency upgrades.

The syndicator will be Boston Financial Investment Management ("BFIM"), and their investor is Citizens Bank. BFIM is paying $.97 per credit.

The overall capital stack includes (i) a RIHousing first mortgage, (ii) equity from the sale of 4% LIHTC, (iii) deferred developer fee, (iv) a seller loan, (vi) Existing POAH mortgage assumption, (vi) a GRRP grant, and (vii) Cash Flow from operations.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Pocasset Manor (Providence).

A motion was duly made by Chairman Pryor and seconded by Commissioner Designee Cabral.

Chairman Pryor asked Ms. Berman for clarification on the Green Resilient Retrofit Program ("GRRP") for the combined deals. Ms. Berman responded that for the combined deal, the GRRP amount triggered Davis Bacon for the other project and therefore affected Pocasset Manor. When separated, the GRRP award to Pocasset does not trigger Davis Bacon wages.

Committee Chairman Orth noted that the write-up addressed a $5 million note and asked for clarification on that matter. Ms. Berman explained that it was a third-party-related note, and POAH is responsible for it. However, the original note is still due. Furthermore, the loan-to-value is based on the new first mortgage and not the current acquisition cost.

Committee Chairman Orth noted that the NOI is low considering the rent and the unit prices. Ms. Berman said she would review the information and get back to the Committee.

Seth St. Jean, Senior Development Officer stated that Asset Management examined and reviewed all data and was comfortable with the amounts.

There being no further questions or comments, Ms. Myers conducted a vote of the Commissioners for Firm Approval of Financing for Pocasset Manor (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Firm Approval of Financing for Pocasset Manor (Providence) was unanimously approved.

4. Recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for 321 Knight Street (Providence)

Committee Chairman Orth announced that Antonio Giordano, Real Estate Development Officer, would give the presentation.

Mr. Giordano said that the request was for firm approval of (i) the reservation of up to $1,290,000 of 2024/2025 Low-Income Housing Tax Credits ("LIHTC"); (ii) firm approval of taxable first mortgage loan in an amount not to exceed $1,340,000; (iii) an Acquisition and Revitalization Program loan in an amount not to exceed $1,465,953 (the "ARP Loan"); (iv) a Capital Magnet Fund loan in an amount not to exceed $500,000 (the "CMF Loan"); (v) a HOME Investment Partnerships Program loan in an amount not to exceed $1,000,000 (the "HOME Loan"); and (vi) a Community Revitalization Program Loan in an amount not to exceed $2,000,000 (the "CRP Loan") for 321 Knight Street (the "Development"), a 41-unit rental housing development to be located in Providence, RI. S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY) is the developer (the "Developer"). The Development received preliminary approval from the Board of Commissioners on May 16, 2024 ("Preliminary Approval").

321 Knight Street is located at the currently blighted, highly visible corner of Westminster and Knight Streets in Providence. The Development is proposed as a podium-style elevator building with parking, community, and commercial space on the ground level and 41 units on the four floors above. The Development will include 13 one-bedroom,19 two-bedroom, and 9 three-bedroom units. Nine of the one-bedroom units will be prioritized for clients of West Bay RI, which provides support to people with intellectual and developmental disabilities. All local approvals are in place. The units designated for households at 30% of area median income ("AMI") will be subsidized through the HPF-ELI Program. The Developer will utilize income averaging so the Development will be 100% affordable development with rents ranging from 30% to 80% of AMI.

In addition, the Development will be designed to meet ENERGY STAR Multifamily New Construction National Program Requirements, Version 1.1 (Rev. 03) and to achieve the Rhode Island Residential New Construction (RNC) Program's Tier II Path to Energy Efficiency.

Since Preliminary Approval, total development costs have increased by approximately $490,000. The increase can mainly be attributed to construction-related costs. The original schedule of values was based on schematic drawings; however, the latest construction costs are based on nearly final plans, including all site and civil drawings. In addition, a firewall on a neighboring property line was required, which contributed to the higher costs. To address the higher costs, the first mortgage has been increased, and the Developer was awarded an ARPA Predevelopment grant.

The syndicator is the National Equity Fund ("NEF"), which is paying $.90 per credit. The investor is Citizens Bank, N.A. ("Citizens"), which will also be the construction lender.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for 321 Knight Street (Providence).

A motion was duly made by Chairman Pryor and seconded by Commissioner Designee Cabral.

Commissioner Designee Webber commented that the area is such a blighted corner that the development will provide a significant improvement to that neighborhood.

Committee Chairman Orth agreed, saying that it's a nice location for the development and there wasn't much difference from preliminary approval.

Chairman Pryor acknowledged the 30% to 80% AMI population served and inquired what the term was for the loan. Ms. Berman confirmed that the first mortgage has a 40-year term.

Chairman Pryor also asked about the Capital Magnet Fund loan and if the Corporation requires 30-year affordability for eligibility. Ms. Beman responded that it was an interesting question. Under the guidelines, it's 10 years, but RIHousing tries to extend the term to as many years as possible. Additionally, a deed restriction is mandated.

There being no further comments, Ms. Myers conducted a voice vote of the Commissioners for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for 321 Knight Street (Providence).

The commissioners unanimously voted to approve the request.

Ms. Myers then officially stated that the recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for 321 Knight Street (Providence) was unanimously approved.

5. Recommendation for Approval of ERA2-Predevelopment Program Funding Awards

Committee Chairman Orth invited Anne Berman, Director of Real Estate Development, to give the presentation.

Ms. Berman said that the ERA2-Predevelopment Program ("ERA2-PD") is one subpart of the ERA2 Supplemental Development Financing Program (the "ERA2 Development Program"), which is funded through the American Rescue Plan Act of 2021 for the predevelopment, acquisition, and production and/or rehabilitation of affordable housing for households with incomes at or below 50% of area median income ("AMI"). RIHousing was authorized by the State of Rhode Island to implement and administer the ERA2 Development Program using approximately $15,000,000 in funds to be allocated across the ERA2-Production, ERA2-PD, and ERA2 Site Acquisition programs as demand necessitates. As of January 2025, approximately $1,700,000 in ERA2 Development Program funding is available for award.

In November 2024, RIHousing issued a Request for Proposals ("RFP") for ERA2 Development Program funding from qualified applicants. Applicants could apply for ERA2-Production, ERA2-PD, or ERA2-Site Acquisition funding. In response, RIHousing received eight proposals requesting approximately $21,597,094 in ERA2 Development Program funds, including $500,000 in ERA2-PD funding.

All ERA2-PD applications were reviewed by Development Division staff in accordance with the published Program Guidelines. The most critical elements in the Program Guidelines include:

- Costs must have been incurred after January 1, 2024, and the funds must be expended by September 30, 2025;
- ERA2-PD funding may only be used to support the pro rata cost for the 50% AMI component of a project;
- For projects with units above 50% AMI, the developer must identify the remaining funds that will be used to finance the balance of the predevelopment costs; and

- All projects funded under ERA2-PD must conform to and meet the requirements of either the LIHTC or HOME Program, though they are not required to utilize funding from either of those programs.

Staff recommends authorizing the allocation of up to $250,000 in ERA2-PD funds contingent upon (i) receipt of the ERA2 Development Program funds from the State of Rhode Island; and (ii) compliance with the ERA2-PD guidelines.

Ms. Berman informed the Committee that staff is hopeful that for the Board meeting, they will have another project ready for approval which will help to fully allocate the remaining ERA2 funds.

Ms. Berman stated that as the timeline to spend the funds is limited, staff has been identifying projects where the funds can be expeditiously utilized either through site acquisition or predevelopment production programs. Staff identified a project, but there is a legal issue that will not be resolved before the deadline. However, RIHousing has a robust pipeline to fall back on to allocate a few more projects.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Approval of ERA2-Predevelopment Program Funding Awards.

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

Executive Director Ventura mentioned that the project (183 Washington Street) was a challenging one with several issues to overcome.

Committee Chairman Orth inquired about the issues. Ms. Ventura stated that issues revolved around affordable housing and the homeless, and how the project would benefit the community.

James Comer, Deputy Executive Director, explained that there's a neighbor that has approval over any improvements or construction done in the area. That was an extra step that had to be taken for this project.

Committee Chairman Orth commented that where public engagement is concerned, it's advantageous to have the architect involved in showcasing plans.

Additionally, Committee Chairman Orth said that as there are multiple factors involved in awarding the funds, staff must ensure that they comply with all procedures and decisions on who receives the funds.

Ms. Berman responded that these were rolling applications, and staff based them on specific threshold criteria, especially since the deadline for expending the funds is September 2025. Therefore, Development is focusing on a few critical threshold criteria.

Dean Harrison, Assistant Director of Real Estate Development, said that the process is similar to what is utilized for the SAP program and the Predevelopment program ARPA funds.

There being no other questions, Ms. Myers conducted a voice vote of the Commissioners for Approval of ERA2-Predevelopment Program Funding Award.

The Commissioners voted to unanimously approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of ERA2-Predevelopment Program Funding Awards was unanimously approved.

6. Recommendation for Approval of Transfer of Physical Assets (TPA) for Lincoln Lofts (Lincoln)

Committee Chairman Orth invited Dean Harrison, Assistant Director of Real Estate Development, to give the presentation.

Mr. Harrison began by mentioning that the request was administrative. He said that the request was for approval of the transfer of the sole membership interest in the managing member entity of the owner of Lincoln Lofts, an affordable housing development for families located in Lincoln (the "Development").

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.

Lincoln Lofts is a 45-unit low-income housing tax credit ("LIHTC") development in Lincoln, which involves the historic redevelopment of the Sayles Company Mill Storehouse and Packing Building in Saylesville Village. Affiliates of Dakota Partners, Inc. developed the Development in 2020 using 9% LIHTC, subordinate financing, and a first mortgage from RIHousing.

The owner of the Development is LL Owner, LLC (the "Owner"). The current managing member of the Owner is LL Managing Member, LLC (the "Managing Member"), a Massachusetts limited liability company that holds a .01% membership interest. The Managing Member is wholly owned by DPI, LLC (the "Transferor"), of which Marc Daigle is the manager. The Transferor seeks to transfer their membership interest in the Managing Member to Connolly and Partners, LLC (the "Transferee"), a Massachusetts limited liability company. First Hartford Realty Corporation is the sole member of the Transferee and is a wholly owned subsidiary of First Hartford Corporation, a publicly traded company. The officers of First Hartford Realty Corporation are John Toic, President; Eric Harrington, Treasurer; and David Burns, Secretary. They are the Non-Member Managers of the Transferee.

The Transferee was founded in 2005 by William Connolly and Neil Ellis as a platform to preserve and develop an affordable workforce and mixed-income housing. Andrew Comollo and Eric Kuczarski, the Managing Director and Director of Development, respectively, are seasoned affordable housing professionals. The Transferee is "stepping into the shoes" of several other projects originally developed or envisioned by Dakota Partners, Inc., including The Villages at Manville, which received Firm Approval in December 2024.

Brookline Bank is the current investor member of the Owner (the "Investor Member"). There will be no change in the Investor Member.

The current property manager is Wingate Management Company, LLC. No change in the management agent is contemplated.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Approval of Transfer of Physical Assets (TPA) for Lincoln Lofts (Lincoln.)

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

Committee Chairman Orth inquired on how the property is performing. Ms. Berman responded that it was doing very well. Susan Halloran, Manager, MF Financial Assets, responded that the operations have improved over the past couple of years due to a change in property management. The transaction is part of Dakota Properties' dissolution and believes the transaction is good for the property.

There being no other questions Ms. Myers conducted a voice vote from the Commissioners for Approval of Transfer of Physical Assets (TPA) for Lincoln Lofts (Lincoln).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Transfer of Physical Assets (TPA) for Lincoln Lofts (Lincoln) was unanimously approved.

7. Discussion:
    a. Pipeline Report:

Ms. Berman mentioned that Development is working diligently on the applications received for the current RFP. RIHousing received 27 applications, and staff is doing a great job reviewing the applications. The Development team expects to bring those applications to the April Board meeting. Additionally, staff are working on some scheduled closings. Construction is going well and there are a few more buildings that will be placed in service soon.

Ms. Ventura invited the Committee to visit RIHousing's website to view the charts that depict all projects and the status of each one.

No votes were taken on this item.

    b. Green and Resilient Retrofit Program (GRRP)

Ms. Ventura stated the GRRP program features several categories and elements that trigger wage requirements ranging from middle to high tier. The topic came up because RIHousing has some transactions that propose utilizing the program. There are benefits to the use of the GRRP program, especially for energy improvements, that balance the higher cost for the deals.

The Executive Director thought it was a good idea to explain the requirements and noted that James Comer would give the presentation.

James Comer, Deputy Executive Director, said that as Ms. Ventura mentioned, staff have a few transitions utilizing the GRRP program. The Green and Resilient Retrofit Program (GRRP) was authorized and funded through the Inflation Reduction Act of 2022 to provide direct loans and grants to HUD-assisted multifamily properties across the nation. GRRP funds can be used for projects that improve energy efficiency and resilience to natural disasters and extreme weather events. Funds can also be used to increase water efficiency, enhance indoor air quality, and generate and store energy, among other uses. GRRP also provides funding to support benchmarking at assisted properties.

Mr. Comer explained that Pocasset Manor and Hillside Village both propose using the GRRP program. RIHousing is working with POAH on an acquisition/rehab project called Hillside Village which received a GRRP Leading Edge award of $2.52MM. Hillside Village is a 42-unit Section 8 development for families in Providence. As part of a LIHTC transaction, the GRRP funds leverage additional LIHTC and energy credits, increasing the overall construction budget by $4 million.

Mr. Comer then touched on the scope of work proposed for the credits. That includes all-new high-efficiency HVAC, working on the building envelope without being full gut, and reinforcing existing trusses to support solar and solar arrays on the roof. Moreover, the owner will remove the building facade and install rigid foam sheathing, excavate the foundation to install rigid foam insulation, and install rigid foam sheathing on the roof.

Furthermore, the additional LIHTCs generated allow for complete exterior redecking, all new windows, expanded scope for the interior including more kitchens, bath flooring and appliances, and additional site work.

Next, Mr. Comer stated that through the GRRP program and scope, RIHousing is targeting a 25%+ net energy reduction and an Enterprise Green Communities 2020 Plus Net Zero certification through improving the thermal performance of the roof, enclosure (siding, windows, and added insulation), and improved air tightness, as well as, replacing existing HVAC equipment with a Variable Refrigerant Flow system for heating and cooling, and replacing gas-fired water heaters with air source heat pump central water heater. A rooftop solar array will be added and will be able to offset 26% of the site's electricity use.

The GRRP scope also includes the removal of gas-fired water heaters and replacing them with air-source heat pumps and central hot water heaters. There's a lot of work proposed to make the development more viable. The downside to the level of improvement is that it triggers Davis Bacon's wages. That means that there is a 35% to 40% cost increase in the construction price. Unfortunately, the GRRP award increases the total development cost to $624K per unit. Apart from the increase in the volume cap on the construction loan, there are no RIHousing or state subsidies in the project other than LIHTC, which comes by right with the issuance of the bonds. Before the GRRP addition, RIHousing's first mortgage was $4.9 million with a unit price of $489,000. With the additional work, the unit price is $605,000.

Mr. Comer acknowledged that the unit price is high, but the additional work makes the development extremely efficient and a better risk for the Corporation as it provides climate resilience measures. Also, it complies with the Governor's 2030 Plan. Furthermore, it makes the property a better insurance risk.

Ms. Ventura noted that it's a Section 8 family development that, after 15 years, is in tough shape. The improvements will generate an equity rate of $.95, which is very impressive.

Ms. Berman also explained that in addition to the Davis Bacon prevailing wage rates for all construction work, there are Build America Buy America provisions that impact the development.

A brief discussion followed. Commissioner Designee Webber inquired if the owner would go forward with the renovations if the funds were not awarded. Ms. Berman said that it was a great question. She believes that they will move forward, but one of the challenges they face is that for the current investor, this is the last piece of funding required, and they are desperate to close by March 31, 2025. Staff and POAH have not had a conversation about whether they would move forward without the GRRP award. Moreover, it's the federal requirements that trigger higher costs.

Ms. Ventura noted that the extra investment is worthwhile for the investor.

Committee Chairman Orth mentioned that as it was all federal funds, it was not costing RIHousing anything for the investment. Ms. Ventura and Mr. Comer stated that it does increase the volume cap. Ms. Berman said that the Corporation will do the subsidy portion for the risk share approval. Ms. Berman also mentioned that she did not believe there was an additional subsidy layer requirement.

Committee Chairman Orth asked how the Corporation would report the justification for the high unit price. Mr. Comer replied that it's a family property and there's a lot of deterioration that requires a great deal of improvement. In addition, POAH will not receive any funds from the transaction and will invest all the funds into the property. Ms. Beman informed the Committee that some of the high TDC costs are due to the acquisition price, and you cannot reduce the acquisition price based on current IRS guidance. It's really all about the Section 8 contract.

As the unit cost is already over the limit and the addition of the GRRP program escalates those costs, Committee Chairman Orth recommended establishing guidelines for justification of the high price for future deals. Instead of always making an exception on individual deals, having guidelines in place is beneficial. Ms. Ventura agreed with the suggestion.

The Committee Chairman also addressed whether the funds would be treated as a loan or a grant. He suggested clarifying that matter.

Commissioner Designee Webber mentioned that for smaller developments staff are comfortable with the cost associated with the solar improvements/panels and the total costs associated with energy upgrades. Ms. Berman said that as Tony A'Vant, Assistant Director of Design and Construction, was not on the call, she would make sure to have an answer for the Committee at the Board meeting. She did note that staff work closely with the OER department on the ZEOS program for the total cost associated with the program. Mr. Comer said if a developer/borrower receives 26% from the solar improvements, including those panels on the projects is advisable.

Ms. Ventura concurred, saying that there are a lot of residents in her neighborhood that have solar panels.

Regarding the Inflation Reduction Act programs including GRRP, Chairman Pryor asked which federal agency monitors that program. Ms. Berman confirmed that the agency is HUD. The Chairman then asked if HUD had provided any guidance on the matter. Mr. Comer and Ms. Berman affirmed that HUD has not supplied any guidance.

Chairman Pryor asked if there were any observations on the funding freeze and if there were any hiccups that might be forthcoming. Ms. Ventura replied that presently RIHousing is functioning as normal. She did note that she will be in Washington next month and will have more information to share following that meeting.

Committee Chairman Orth remarked that LISC was one of the entities receiving national funds. Ms. Ventura said Jeanne Cola, Executive Director of LISC, is connecting with other housing authorities on that subject.

The Committee Chairman also addressed the $32 million Rhode Island received for the home electrification rebate program for appliances. Presently that program is geared to single-family homes, and the Committee Chairman wondered if that program could be utilized for multi-family developments. Commissioner Designee Webber offered to investigate that matter.

Finally, Ms. Ventura said that staff will bring the transaction for financing for Hillside Village to the Board for approval next week.

No votes were taken on this item.

Adjournment

There being no further business to discuss, Committee Chairman Orth asked for a motion to adjourn the meeting. A motion was duly made by Chairman Pryor and seconded by Commissioner Orth to adjourn the meeting.

Corinne Myers, General Counsel, then conducted a voice vote of the Commissioners. The Commissioners unanimously voted to adjourn the meeting.

The Commissioners unanimously voted to adjourn the meeting at approximately 12:20 p.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

Carol Ventura
Secretary and Executive Director