

**Rhode Island Housing and Mortgage Finance Corporation**  
**Minutes of the Meeting of the Credit Committee**  
**February 7, 2024**

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, February 7, 2024 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 Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

Mr. Rotella 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. Rotella also asked that to prevent any feedback or background noise, telephone participants to please mute the telephone if not speaking. Additionally, Mr. Rotella announced that if during the meeting anyone had technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Next, Corinne Myers, General Counsel, provided additional 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 also 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 9:35 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; Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation and Jonathan Womer, Director of the Department of Administration. Stefan Pryor and Maria Barry were absent.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Brett Pelletier, Chief Administrative Officer; Michael DiChiaro, Director Leased Housing and Rental Services; Dean Harrison, Assistant Director of Real Estate Development; Seth St. Jean, Senior Real Estate Development Officer; Trevor Cain, Real Estate Development Officer; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were present via teleconference.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on November 8, 2023

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on November 8, 2023. A motion was duly made by Commissioner Designee Cabral and seconded by Committee Chairman Orth.

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 November 8, 2023.

The Commissioners voted to approve the minutes with two (2) votes in favor, Commissioners Womer abstaining, and zero (0) nay votes.

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

VOTED: That the minutes of the Credit Committee Meeting held on November 8, 2023, are hereby approved.

2. Recommendation for Firm Approval of Financing for Potters Tigray Apartments (Providence)

Committee Chairman Orth announced that Seth St. Jean, Senior Real Estate Development Officer, would present the request.

Mr. St. Jean began by noting the request was for firm approval of: (i) a RIHousing tax-exempt construction loan in an amount not to exceed \$8,700,000; (ii) a taxable permanent loan in an amount not to exceed \$475,000; (iii) a Capital Magnet Fund (“CMF”) Loan in an amount not to exceed \$250,000; (iv) a Development of Affordable Housing – 2 (“DAH-2”) Loan in an amount not to exceed \$4,550,000; and (v) a Community Revitalization Program (“CRP”) Grant in an amount not to exceed \$2,000,000 for Potters Tigray Apartments (hereinafter referred to as the “Development”). 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 18, 2023 (“Preliminary Approval”).

The 57-unit development is comprised of two separate components located on scattered sites in South Providence. One component of the Development, known as Potters Avenue, is an existing post-year-15 LIHTC project in need of some capital improvements. There are 37 existing units in 16 buildings that range in size from one to four bedrooms. These units are slated to undergo a moderate rehabilitation of \$3,540,000, or \$96,000 per unit. The Developer also owns multiple vacant sites located in South Providence on which they intend to construct an additional 20 apartments in 11 buildings. The 20 new units will range in size from one to three bedrooms and are proposed to serve tenants earning between 30% and 60% of area median income (“AMI”).

Together, the two components will be a single economic unit known as Potters Tigray Apartments. The “Tigray” in the Development’s name is in honor of Asata Tigray, a housing advocate who has worked in this neighborhood for decades. The collective capital stack for the Development is anticipated to consist of (i) the permanent loan from RIHousing contemplated herein, (ii) proceeds from the tax-exempt financing and sale of 4% low-income housing tax credits (“LIHTC”), (iii) the CMF Loan, (iv) DAH-2 Loan, (v) the CRP Grant, (vi) existing replacement and operating reserves from Potters Avenue, (vii) rollover of existing soft debt on the Potters Avenue properties, and (viii) Providence Redevelopment Agency funds.

As part of the approval process, staff has determined that the Development and sponsor meet RIHousing's requirements for rollover of existing debt.

- Current on first mortgage or in compliance with forbearance agreement;
- No outstanding monitoring findings and no history of significant monitoring findings;
- Demonstrated, responsible long-term ownership and management of the property;
- An equity pay-in schedule satisfactory to RIHousing;
- Maximization of amortizing debt able to be supported by the property; and
- Borrower-provided guarantees to cover any deficit shortfalls.

Since Preliminary approval, there have been several significant changes. The Developer substituted three parcels on scattered sites for three other lots more proximate to the Development. Total development costs have been reduced, primarily due to an approximately \$2,000,000 reduction in the acquisition costs based on an as-is appraisal with a corresponding reduction in soft debt rollover. In addition, the final equity yield was lower than originally expected. Finally, the Developer received an award from the Providence Redevelopment Agency in the amount of \$700,000.

National Equity Fund, Inc. ("NEF") will be the syndicator purchasing the 4% LIHTC and is paying \$0.92 per credit, which constitutes a decrease of \$317,370 total LIHTC proceeds since Preliminary Approval. Webster Bank, which is NEF's upper-tier LIHTC investor, will provide an initial construction loan in an amount not to exceed \$8,000,000 (the "Webster Bank Construction Loan"). The Webster Bank Construction Loan will be paid off and replaced by RIHousing's construction loan when the bonds are issued, which is expected at 50% completion.

Finally, Mr. St. Jean said that staff requests approval of (i) a tax-exempt construction loan in an amount not to exceed \$8,700,000; (ii) a taxable permanent loan in an amount not to exceed \$475,000; (iii) a CMF Loan in the amount of \$250,000; (iv) a DAH-2 Loan in the amount of \$4,550,000; and (v) a CRP Grant in the amount of \$2,000,000 for Potters Tigray Apartments, subject to certain conditions.

Committee Chairman Orth thanked Mr. St. Jean for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Potters Tigray Apartments (Providence).

A motion was duly made by Commissioner Womer and seconded by Committee Chairman Orth.

Following the presentation Committee Chairman Orth asked if anyone had any questions.

Commissioner Designee Cabral refenced the change in acquisition costs and asked why that occurred. Mr. St. Jean said that due to the as-is appraisal amount being lower than anticipated, the developer adjusted and swapped a different parcel for the site. As S.W.A.P. owns (3) three other properties that are closer to the price, the decision was made to build on those lots. The Commissioner then asked if that substitution requires zoning changes and approvals. Mr. St. Jean confirmed that it does not necessitate any zoning approval.

Committee Chairman Orth speculated that if the acquisition cost decreased then then the debt would decrease.

Mr. St. Jean explained the financing regarding the existing \$3 million rollover debt and how the rollover debt will decrease to \$1.5 million which remains with RIHousing. He also said that the

remaining \$1.5 million debt will be forgiven by the City of Providence. Basically, the outstanding interest will be forgiven.

Committee Chairman Orth asked how much the total debt is. Mr. St. Jean replied that it's \$3 million.

Committee Chairman Orth thanked Mr. St. Jean for the explanation and recommended that staff disclose the rollover debt and debt that is expected to be forgiven in the request. Clarification of that issue would be beneficial for transparency purposes.

The Committee Chairman also inquired if the Design and Construction department has reviewed and justified the high costs for the significant rehab that is required. Dean Harrison, Assistant Director of Real Estate Development, verified that Asset Management has reviewed the proposal and determined the costs are justified.

Additionally, as the development is a scattered site, the Commissioner wanted to know if the property was financially sustainable and can support additional debt. St. Jean confirmed both facts. Michael DiChiaro, Director of Leased Housing and Rental Services substantiated that as it's a scattered site, it does not allow for economy of scale, but his department keeps close tabs on the development and said that the expenses are within a reasonable range.

Committee Chairman Orth mentioned that the rents are lower and expenses higher and asked Mr. DiChiaro if that is feasible. Mr. DiChiaro responded that staff vigorously monitors and reviews rents and expenses and said that they are within acceptable ranges. Also, there is a plan in place to increase rents after closing.

Ms. Ventura verified that S.W.A.P. has a critical mass of properties in that corridor and as they self-manage the properties, is well positioned to maintain the properties.

Committee Chairman Orth did agree that it's a great project.

There being no further questions, Ms. Myers then conducted a voice vote of the Commissioners for Firm Approval of Financing for Potters Tigrat Apartments (Providence)).

The commissioners unanimously voted to approve the motion.

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

3. Recommendation for Firm Approval of Acquisition Financing for Marathon Development, LLC (Copley Centre, Providence)

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

Mr. Harrison said that the request was for firm approval of a RIHousing taxable loan in an amount not to exceed \$2,720,000 for the acquisition of land in Providence, Rhode Island to facilitate the development of 178 units of housing to be known as Copley Centre (hereinafter referred to as the "Development"). Marathon Development, LLC is the developer (the "Developer").

Copley Centre is a proposed new mixed-use development in South Providence (the “Property”) consisting of 178 affordable residences coupled with ground floor community amenities, offices, and commercial space. The Developer has entered into an option agreement to purchase 4.17 acres of land on the southern edge of the Rhode Island Hospital complex in Providence. The site has been underutilized for over a decade since the closing and subsequent demolition of the Flynn Elementary School. The site is uniquely situated between the Liston Campus of the Community College of Rhode Island, Rhode Island Hospital, Women and Infants Hospital, Hasbro Children’s Hospital, and multiple medical office buildings to the north and east. As currently projected, all units will be affordable to households between 30% and 70% of area median income. The Developer has submitted a funding application under the current Consolidated Funding Round.

The acquisition loan will allow the Developer to secure site control while they move forward. The purchase price is \$3,400,000. The proposed acquisition financing is 75.5% of the appraised value of \$3,600,000 and 80% of the purchase price.

Staff requests firm approval of a taxable acquisition loan in an amount not to exceed \$2,720,000, subject to certain conditions.

Committee Chairman Orth thanked Mr. Harrison and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Acquisition Financing for Marathon Development, LLC (Copley Centre, Providence).

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

Commissioner Womer inquired if the developer has been in contact with the residents and community to ensure there’s no opposition to the ground floor commercial component. Mr. Harrison explained that the developer has been in contact with different community groups to determine appropriate uses for the commercial space. The developer is looking at health related tenants for that area and the process is still evolving.

Ms. Ventura and James Comer, Deputy Executive Director stated that in the past, the developer has been very successful in the Broad Street area and has done a great job of community engagement and outreach to determine what is needed in the area.

Committee Chairman Orth asked what staff anticipates will be the ultimate funding sources.

Mr. Harrison responded that the developer is seeking additional ARPA, State and City tax credits for financing options. Mr. Harrison said that 4% tax credits are being considered but staff is still reviewing the application to determine final awards. It’s a great property in an excellent location and building on that property is an ideal spot for residents to live and work.

No further discussion was presented.

Ms. Myers then conducted a voice vote of the Commissioners for Firm Approval of Acquisition Financing for Marathon Development, LLC (Copley Centre, Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Firm Approval of Acquisition Financing for Marathon Development, LLC (Copley Centre, Providence) was unanimously approved.

#### 4. Recommendation for Authorization of Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program

Committee Chairman Orth announced that Mr. Harrison, would give the presentation for Authorization of Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program

Mr. Harrison stated that the request was for authorization to administer the Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program (the “Program” or “NOAH Loan”). The Program was created to provide mortgage financing for non-restricted naturally affordable multifamily properties that do not need subordinate debt.

The intention of the Program is to provide financing to housing developers pursuing the acquisition and preservation of existing non-restricted housing with rents at 80% of area median income (“AMI”) or less. In exchange for lending requirements that are less restrictive than the conventional capital markets can provide, the NOAH Loan will require at least 40% of the units in a development to be restricted to households earning no more than 80% AMI for a period of 20 years. In addition, the Program aims to minimize the size of potential rent increases on existing tenants while still balancing the needs of the developer to ensure adequate operating income to consummate a transaction.

The terms of the Program are outlined in an attachment that was included as part of the February 8, 2024 Credit Committee package. Most notably, the loan amount will be limited to the lower of 85% of the as-is value based on an RIHousing-commissioned appraisal or 1.2 debt service coverage. As a demonstration program, staff plans to start with smaller projects to test the market and determine whether further demand for the Program exists.

With the approval of the Program, RIHousing will add the Term Sheet to the Developer’s Handbook with further guidance regarding eligibility and selection criteria. It is anticipated that the basic terms of the Program will be as follows:

- Minimum of 5 units in the proposed development;
- Maximum loan amount of \$3,000,000;
- Only single sites are eligible (no scattered site developments); and
- Non-profit and for-profit developers are eligible to participate in the program.

Staff recommends approval of authorizing the administration and award of taxable loans under the Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Authorization of Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program.

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

A brief dialogue followed.

Committee Chairman Orth reminded the Committee of previous conversations regarding the creation and viability of the program. He mentioned that some of the issues previously discussed centered

around utilizing a light touch when monitoring the properties and less oversight and restrictions. The program is for smaller projects that would not utilize tax credits and do not require deep rehab.

Committee Chairman Orth suggested that enabling some level of moderate rehab such as life safety access and energy efficiency issues would be valuable. The Committee Chairman recommended including an as-improved value to the criteria, such as 85 % or 90% of as improved value.

Mr. Comer agreed, saying that as it's a demonstration program staff has the ability to review each application individually to determine merit for improvement. RIHousing could also include oversight of the construction to monitor progress. Mr. Comer agreed the suggestion was worthwhile.

Committee Chairman Orth wanted to clarify if the program was 80% rent restricted and/or income restricted.

Mr. Comer acknowledged that the program is income restricted to 80% AMI and there's a restriction on the rents for residents in the 30%-80% AMI bracket.

The Committee also discussed refining the maximum annual rent increases. Mr. St. Jean remarked that rents typically increase yearly, but there is no explicit maximum amount listed. He mentioned that the 80% AMI rents typically do in increase on a yearly basis.

Ms. Ventura noted that she did not see a yearly rent restriction outlined in the program but will consider that matter prior to formalizing the program to incorporate that language in the term sheet.

Committee Chairman Orth believed that RIHousing should not be put in a position of processing a loan and then the rents increase dramatically. It would be helpful for the development community to know exactly what the terms are for rent increases. Stating that rents should not increase x% over a certain number of years in the term sheets would clarify the issue.

Ms. Ventura said that some oversight, rental restrictions and monitoring agent could be considered.

Mr. Harrison stated that the intent of the program is to not rent burden the developers and/or to displace residents, especially for those that do qualify. Staff does look at those issues and adjusts accordingly. For instance, in the term sheet for Sutton Place, restrictions were included on how much rents could be increased on a yearly basis.

Committee Chairman Orth acknowledged that to be successful, the program needs low cost interest rates and minimal transaction costs. He mentioned that those fees are felt open. He proposed streamlining the documents and have the closings performed in house or institute a cap on those fees. This way, the costs are contained and the developer has a clear understanding of where those fees are capped.

Ms. Ventura said that she will discuss financing options with Ms. LaChapelle, Chief Financial Officer. Mr. Comer did state that other programs RIHousing administers do include fixed legal fees.

Committee Chairman Orth also touched on the interest rate, mentioning that other well established developers are able to access financing from Fannie Mae, Freddie Mac and other institutions. For the NOAH program, the targeted audience might not have that capability. He suggested that the interest rate could be reviewed.

Ms. Lachapelle explained that a funding source does not exist for this type of program. Applicants can seek financing at traditional banks, but RIHousing must make sure that it's able to cover the risk.

As RIHousing would be using its line of credit and/or the Federal Home Loan Bank, Finance wants to safeguard that the program is rolled out conservatively. She did confirm that where the market is presently, the interest rate is priced correctly.

Committee Chairman Orth then questioned how monitoring and compliance would be applied, especially as the program assures a light touch approach from the Corporation.

Mr. DiChiaro said that Asset Management would monitor the compliance issue in a similar fashion as the Workforce Housing program. He stated that his staff will ensure incomes are recertified, review files to confirm residents qualify, perform audits every three (3) years and allow self-certification via the Corporation's portal.

Committee Chairman Orth then recommended staff incorporate in the term sheets that the Corporation will perform a light touch regarding oversight.

Finally, Committee Chairman Orth asked if students are eligible under this program. Mr. Harrison replied that they are not eligible.

Following the questions and comments, Ms. Myers conducted a voice vote of the Commissioners Authorization of Naturally Occurring Affordable Housing ("NOAH") Loan Demonstration Program.

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Authorization of Naturally Occurring Affordable Housing ("NOAH") Loan Demonstration Program was unanimously approved.

#### 5. Recommendation for Firm Approval of Financing for 129-137 Garfield Street (Central Falls)

Committee Chairman Orth again invited Mr. St. Jean to give the presentation.

Mr. St. Jean commenced by saying the request was for firm approval of RIHousing first mortgage taxable financing in an amount not to exceed \$1,232,000 for 129-137 Garfield Street in Central Falls (hereinafter referred to as the "Development"). CIMCO Realty, LLC is the developer (the "Developer").

129-137 Garfield Street is a 13-unit multifamily development which the Developer intends to acquire utilizing RIHousing's Naturally Occurring Affordable Housing ("NOAH") Loan Demonstration Program (the "NOAH Loan Program"). The intent of this demonstration program is to provide cost-effective financing to housing developers pursuing the acquisition and preservation of existing market rate housing to create deed-restricted affordable housing moving forward. The NOAH Loan Program requires that a minimum of 40% of the units in a development are restricted to 80% of area median income ("AMI") for a term of 20 years. The NOAH loan is limited to the lower of 85% of the as-is value based on a RIHousing-commissioned appraisal or 1.2 debt service coverage.

The Development consists of 13 two-bedroom units with rents at or below 80% AMI. In order to generate sufficient net operating income to support underwriting projections, the Developer has submitted a proposal to increase rents for some existing residents. Rent increases will be phased-in to minimize disruption to existing residents and will be dependent on the final determination of the percentage of units to be deed-restricted. Despite any rent increases, the proposed rents remain lower than the maximum 80% AMI rents for restricted units.



Finally, Mr. Harrison said that staff requests firm approval of taxable first mortgage financing in an amount not to exceed \$1,232,000 for the acquisition of 129-137 Garfield Street in accordance with the RIHousing NOAH Loan Demonstration Program Term Sheet.

Committee Chairman Orth thanked Mr. St. Jean for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for 129-137 Garfield Street (Central Falls).

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

A short discussion followed where Committee Chairman Orth asked what the projected increase is for the rents. Mr. St. Jean said that based on the appraisal, the increase will be closer to market rates. In Central Falls, the market rate is significantly lower than the 80% AMI level. Mr. St. Jean said that it would be between a 6% and 15% increase. However, as those projections can change at closing, RIHousing did base its calculation on an up to amount of 85% of as-is value. The amount of the loan could also be lower than projected.

Committee Chairman Orth inquired if there's a cap on the annual rent increases or a set percentage over a certain time. Mr. Harrison stated that staff has not set a standard yet for annual increases. That is due to the challenge that the developers cannot access information on the residents until the property is acquired. Once ownership is established, the owner can review incomes and determine appropriate rent levels.

Committee Chairman Orth queried if language can be included regarding what the increase amount should be. Mr. Harrison confirmed that RIHousing can add that language. Ms. Ventura also said that staff can evaluate that matter and look at the proposed rents.

Commissioner Womer noted that the RFA stated that some of the existing residents will incur rent increases and others will not. He asked why some tenants would have an increase. Mr. St. Jean stated some of the rents are higher than others therefore, the percentage is lower. Moreover, there are residents that have lived there for a long time and that is taken into consideration.

Ms. Ventura acknowledged the sentiment and said that RIHousing does not want to create a program that would displace residents and create hardships.

Following the discussion, Ms. Myers conducted a voice vote of the Commissioners for Firm Approval of Financing for 129-137 Garfield Street (Central Falls).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for the Firm Approval of Financing for 129-137 Garfield Street (Central Falls) was unanimously approved.

6. Recommendation for Approval of Transfer of Physical Assets (TPA) for The Tower Apartments (Providence)

Committee Chairman Orth announced that Mr. Harrison would also provide information on the transfer of physical assets for the Tower Apartments.

Mr. Harrison explained that the approval is an administrative action. The request was for transfer of the limited partnership interest in the Tower Apartments (the “Tower” or the “Development”), a 192-unit housing development located in Providence.

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.

The owner of the Development is Travelers Aid Housing, L.P. (the “Limited Partnership”). The current general partner of the Limited Partnership is TA Housing Inc. (the “General Partner”), which holds a .01% interest. The current investor limited partner of the Limited Partnership is Santander Bank, N.A. (formerly Sovereign Bank) (the “Limited Partner”), which holds a 99.99% interest. The Limited Partner intends to withdraw and sell its partnership interest to Crossroads Rhode Island, or an affiliated entity (the “Transferee”). The current General Partner is wholly owned by the Transferee.

The Transferee intends to build a new property adjacent to the Tower to be known as Summer Street, which received firm approval for RIHousing financing in November 2023. Since the 15-year Low Income Housing Tax Credit compliance period for the Tower ended in 2019, and the Development is near the end of its useful life, the Transferee intends to relocate the existing residents of the Tower to the new Summer Street property. As part of the Summer Street transaction, the current rental subsidy contracts for the Tower will be assigned to the Summer Street owner. During construction, there will be a Master Lease between the Summer Street owner and the Limited Partnership to ensure that the existing Tower residents remain in place. Upon completion of the new Summer Street property, the existing residents will be relocated to the new building and the Master Lease will be terminated. The current Limited Partner seeks to exit the Limited Partnership prior to the execution of the Master Lease.

Once the new Summer Street property is complete, the Transferee intends to renovate the Tower and convert the units, which are currently Single Room Occupancy units, into 87 apartments, each of which will contain a kitchen and bathroom. The Transferee will assume all existing obligations encumbering the Tower, and the Regulatory Agreement with RIHousing will remain in effect until 2033.

The current property manager is Crossroads Rhode Island. No change in the management agent is contemplated.

Committee Chairman Orth thanked Mr. Harrison and asked for a motion and a second to recommend to the Board of Commissioners the Approval of Transfer of Physical Assets (TPA) for The Tower Apartments (Providence).

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

Ms. Myers then conducted a voice vote of the Commissioners for the Approval of Transfer of Physical Assets (TPA) for The Tower Apartments (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for the Approval of Transfer of Physical Assets (TPA) for The Tower Apartments (Providence) was unanimously approved.

7. Discussion:

a. Review of 5 Year Production Plan

Committee Chairman Orth acknowledged James Comer, Deputy Executive Director who proceeded to give an update on the status of the production plan.

Mr. Comer began by distributing a copy of the 5 Year Production Plan and outlined the major achievements, priorities and projections. Mr. Comer was happy to report that most of the projections outlined have come to fruition. Additionally, most of changes made are positive ones.

He noted that the report encompassed an overview of all funding programs administered by RIHousing, including those which support the Multifamily, Single-Family Homeownership, Continuum of Care and various Supportive Service program areas. The Plan also anticipates changes in areas of need, predicts state and Federal funding several years out, and adjustments for the infusion of SFRF dollars.

The report included charts, graphs and was segmented by programs types, the beneficiaries of the programs and incomes served. In addition, the report provided an overview of the agency's administered funds for fiscal year 2022-2023 along with projections for fiscal years 2024-2027.

Continuing, Mr. Comer said a positive change is the allocation of HOME ARPA funds. That funding is HOME dollars that is tied directly to the American Rescue Plan. The funds are to serve extremely low income and individuals with intellectual development and physical disabilities and those exiting homelessness. Furthermore, RIHousing was able to move \$7 million from the development dollars to a service fund to support the population that requires services.

Regarding homeownership, Mr. Comer mentioned that the First Generation program has been a huge success, therefore staff has allocated \$11 million over the next four (4) years to support that program.

Mr. Comer then stated that one major priority is the creation of starter homes. Rhode Island has a severe shortage of housing, especially starter homes. The Corporation has concentrated on establishing a Turnkey Affordable Homeownership Program to address that issue. Also, RIHousing understands the renters' need for housing and the HOME Investment Partnership Program is important because it provides loans and grants for the development and preservation of rental housing.

RIHousing is also increasing the HIF program. There is a market for more single family homeownership development, consequently RIHousing has increased that support to \$4 million.

Another area that staff is focusing on is the Low Income Housing Tax Credit (LIHTC) legislation that if passed, would increase Rhode Island's share to 12.5%. The boost would be advantageous as it would reduce the 50% test for 4% tax credit deals. That would allow RIHousing to utilize less volume cap, facilitating the production of additional affordable units.

Mr. Comer recognized that in compiling the information for the plan, staff worked closely with each division and department, especially the Finance Division to capture all pertinent details, and ensure that funding for the programs was feasible.

Finally, Mr. Comer thanked Stacy Wasserman, Innovation Program Manager for her work on coordinating the efforts with each department to produce the Plan. Mr. Comer stated that staff will continue to revise the plan to reflect any changes to funding priorities or availability and return in six (6) months to the Credit Committee for a status update.

A brief discussion followed. Commissioner Womer applauded the starter home initiative. He wanted to know how it could be entwined with the First Generation Home Program and the tax credit program to provide borrowers with additional assistance.

Mr. Comer responded that staff works closely with the borrowers and has heard that even though they qualify for the Downpayment Assistance program, there's nothing available in their price range. Mr. Comer said that it will work hand in hand with those programs. Especially as RIHousing already has an audience for the products, where it can market the program directly to those interested borrowers.

Ms. Ventura stated that RIHousing is good at strategizing where it can maximize value. It's extremely difficult to take people from shelters into housing, and it's difficult for first time homeowners to locate a property they can afford. That's why these programs are important.

In closing, Ms. Ventura informed the Committee that Virginia Housing is interested in replicating the Corporation's First Generation program.

There were no votes taken regarding this item.

#### b. Pipeline Report

Committee Chairman Orth asked Mr. Harrison to report on the pipeline activity.

Mr. Harrison was happy to report that the Consolidated Funding Round applications are on target and on schedule. Staff is performing due diligence on the applications to move those deals forward to the May Board meeting.

Mr. Harrison did note that a few of the deals in the pipeline have returned for additional funds. That is due to the increase in interest rates, construction costs and challenges in the supply chain.

RIHousing has 15 projects that are in various stages of completion that are on target for firm commitment. Mr. Harrison emphasized that staff communicates weekly with new developers on the projects to ensure they are on track.

Committee Chairman Orth referenced the deals that were funded in May 2023 and wanted to know how those are faring, he wanted to know if they are on track to closing.

Mr. Comer responded that some projects experienced funding gaps and/or delays in materials but most are on target to close this spring if RIHousing can close the gaps. Staff is prioritizing viable projects and working as quickly as possible to fill the gaps.

Mr. Harison confirmed that for transactions that do not have gaps, developers are focused and working quickly to move to closing. RIHousing works closely with the developers to ensure that there are no surprises forthcoming.

Committee Chairman Orth inquired that when staff reviews transactions that have gasps if staff works on a case by case basis. Mr. Comer confirmed that fact.

Committee Chairman Orth thanked Mr. Harrison and staff for the great work.

There were no votes taken regarding this item.

Mr. Comer informed the Committee that Ms. Ventura was invited and testified at the Senate Budget Committee on January 31, 2024 in Washington DC. During the hearing, Ms. Ventura shared RIHousing's programs, challenges and experiences in advancing affordable housing opportunities for Rhode Islanders.

In closing, Ms. Ventura announced that on Thursday, February 8, 2024, she is testifying at the Senate Finance Committee meeting at the State House.

#### 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 Commissioner Womer and seconded by Commissioner Designee Cabral 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 10:34 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

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Carol Ventura  
Secretary and Executive Director