

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
June 12, 2024

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, June 12, 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 9:34 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 Jonathan Womer, Director of the Department of Administration. Maria Barry was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; Kara Lachapelle, Chief Financial Officer; Anne Berman, Director, Real Estate Development; James Dillon, Real Estate Development Officer; Hope Lanphear, Assistant Director, Leased Housing & Rental Services; Susan Halloran, Manager Multifamily Financial Assets; Antonio Giordano, Real Estate Development Officer; Trevor Cain, Real Estate Development Officer; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Deborah Flannery, Deputy Secretary of the Department of Housing was also present as were members of the public.

Chairman Pryor arrived at 9:35 a.m.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on May 8, 2024

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on May 8, 2024. A motion was duly made by Commissioner Designee Cabral and seconded by Commissioner Womer.

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 May 8, 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 May 8, 2024, are hereby approved.

2. Recommendation for Approval of RIH Extremely Low-Income Operating Reserve (HPF-ELI) Awards

Committee Chairman Orth introduced Hope Lanphear, Assistant Director, Leased Housing & Rental Services who presented the request.

Ms. Lanphear said that in June 2021, the State of Rhode Island General Assembly established The Housing Production Fund (“HPF”) by amendment to Rhode Island General Laws Section 42-128, known as the Housing Resources Act of 1998, to provide funding for the planning, production, and preservation of affordable housing. RIHousing was authorized by the General Assembly to administer HPF program funds for a range of housing production initiatives.

Thereafter, in conjunction with the Rhode Island Housing Resources Commission Coordinating Committee, RIHousing established the Housing Production Fund - Extremely Low-Income Operating Reserve (“HPF-ELI”) Program to support units serving households earning 30% AMI or below; and the General Assembly appropriated \$10,000,000 for this purpose. Under the HPF-ELI Program, funds have been awarded to capitalize a project operating reserve to ensure that developers can create and preserve affordable rental housing for families and individuals with extremely low income, including those who are homeless or at risk of being homeless. These funds bridge the gap between residents’ ability to pay 30% of their gross household income toward rent and the established 50% Low-Income Housing Tax Credit (“LIHTC”) rents for the applicable unit size.

Three funding rounds for HPF-ELI have been oversubscribed, and all HPF-ELI funds are now exhausted. The need for operating support for extremely low-income units far exceeds the resources that exist to support them. In light of this reality, RIHousing requests approval for a parallel agency-sponsored initiative to be known as the RIHousing-Extremely Low Income (“RIH-ELI”) program. The fund is anticipated to be capitalized with an initial \$4 million from the RIHousing program budget with future funding subject to availability.

Operating support for studios and one-bedroom units will bridge the gap between a resident’s ability to pay 30% of their gross household income towards rent and the established 50% LIHTC rent. In

order to incentivize the development of larger units for families, operating support for units with two bedrooms or more will bridge the gap between 30% of the resident's gross income and the established 60% LIHTC rent. An estimated 55 units for households earning 30% of the AMI are anticipated to be supported through the first capitalization of this program. Operating reserves are anticipated to be capitalized for an average period of 10 years, though the length of assistance may vary depending on the development status.

Committee Chairman Orth thanked Ms. Lanphear for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Approval of RIH Extremely Low-Income Operating Reserve (HPF-ELI) Awards.

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

Committee Chairman Orth then asked if anyone had any questions.

A short dialogue followed where Chairman Pryor asked Ms. Lanphear to give a brief history of the program. Ms. Lanphear explained the HPF-ELI program was established and initially funded by the General Assembly. The program is now to be funded by RIHousing.

Committee Chairman Orth then asked Ms. Ventura to give a brief chronicle of the NOP and State Rental Assistance Programs and how the HPF-ELI integrates with the various programs.

Ms. Ventura explained that through the years there have been several rental and operating assistance programs. It started with the State Rental Assistance Program created and funded initially for two (2) or three (3) years by the General Assembly and eventually absorbed by the Corporation. The challenge with the program was that the subsidy was project-based and RIHousing underwrote developments based on the availability of that subsidy. However, staff recognized that it was not an optimal program for growth for residents who required services. Therefore, RIHousing created the Road Home Program which provided some services for the residents. As there weren't sufficient rental subsidies in the State, the NOP program was established. That program was broken down to families at or below 40% AMI and extremely low income. The extremely low-income component served individuals at or below 30% AMI, and individuals experiencing homelessness. The State supported that program for three (3) years and was then transferred to RIHousing.

Presently there are 300 existing units under the NOP program and approximately 60 units remaining for the State Rental Assistance and Road Home programs. The HPF-ELI Program was created under the Housing Production Fund and the HRC created a Production and subsidy program that RIHousing continues to administer. Ms. Berman confirmed that the program was part of the Housing Production Fund presented last month where the Board approved awards for the balance of the \$10 million allocated for the program.

Committee Chairman Orth remarked that NOP's expenditure was approximately \$10,000 per year per unit and the ELI program averages approximately \$6,000 per unit per year. It appears that the HPF-ELI program is less expensive to operate. The Committee Chairman wanted to know if the program was targeting the appropriate residents.

Ms. Ventura replied that she believed that the program was targeting the intended population. Ms. Berman also noted that the program expects the owner/operator to be focused on expenses. Ms. Ventura confirmed that the tenants are charged 30% of their income, but if the tenant has no income, the developer must make up the difference.

Committee Chairman Orth noted that under the HPF-ELI, the landlords are being subsidized between 30% and 50% incomes. Ms. Ventura agreed, saying that the owner/developer or service agencies must come up with a subsidy to support housing for those individuals. That subsidy can be CoC dollars or a number of other available programs.

Chairman Pryor referenced the 30% to 50% AMI delta and asked if RIHousing utilized the Statewide average AMI or Metropolitan area AMI standard. Ms. Lanphear confirmed that the metropolitan area AMI is used by the Corporation.

Finally, Committee Chairman Orth acknowledged that RIHousing is moving away from the State Rental Assistance Program and asked why that is the best strategy to utilize. Ms. Ventura responded that the State developed regulations for the Rental program and the HRC created the regulations for the NOP program. The HPF-ELI is RIHousing's program, therefore, staff has more control on how to pivot when circumstances warrant adjustment.

There being no other discussion, Ms. Myers then conducted a voice vote of the Commissioners for Approval of RIH Extremely Low-Income Operating Reserve (HPF-ELI) Awards.

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of RIH Extremely Low-Income Operating Reserve (HPF-ELI) Awards was approved.

3. Recommendation for Approval of Neighborhood Opportunities Program (NOP) Awards

Committee Chairman Orth once again invited Ms. Lanphear to give the presentation.

Ms. Lanphear said that the request was the approval of RIHousing to allocate \$491,046 in Neighborhood Opportunities Program ("NOP") funds.

The State of Rhode Island established the Neighborhood Opportunities Program ("NOP") in 2001 with the goal of increasing the supply of affordable housing for very low and extremely low-income households. Originally there were three (3) program components: (i) Family Housing Funds ("FHF"), which provided affordable housing for households earning no more than 40% of State median income; (ii) Permanent Supportive Housing ("PSH"), which provided affordable housing for disabled and homeless households requiring supportive services; and (iii) Building Better Communities ("BBC"), which provided funding for homeownership opportunities, mixed-use developments, and community development. Operating funds were also available for the FHF and PSH components.

The BBC component was suspended in FY 2007 to provide increased opportunities for rental housing. Since FY 2008, most funds have been provided for operating assistance to support FHF and PSH. The State of Rhode Island Housing Resources Commission funded the program through FY 2011, at which time the State program wound down. Since FY 2012, at the direction of the State of Rhode Island General Assembly, RIHousing has independently funded and administered the NOP Program.

RIHousing issued a Request for Proposals for NOP Program operating support funding in March 2024. Up to \$500,000 in NOP funds have been made available for the renewal of existing NOP projects that require additional operating subsidy to complete or extend their 10-year obligation or

wish to add additional NOP units. RIHousing received eight (8) applications in response to the Request for Proposals, for a total cumulative amount of \$2,201,574 in NOP operating subsidy.

RIHousing staff met to review and score the applications in accordance with the terms of the RFP and NOP program guidelines. Staff is recommending funding six (6) developments for a total of \$491,046; details of which were set forth in an attachment that was included as part of the June 12, 2024, Credit Committee package.

Committee Chairman Orth thanked Ms. Lanphear and asked for a motion and a second to recommend to the Board of Commissioners Approval of the Neighborhood Opportunities Program (NOP) Awards.

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

Chairman Pryor referenced the two (2) applications not approved and the scoring criteria used for the applications. Susan Halloran, Manager of Multi-family Financial Assets said the applications not approved were for House of Hope and SWAP's projects. For House of Hope's project, the owner still has funds remaining that they can utilize. SWAP's Around Friendship and Pine also has a considerable amount of funds in their portfolio that can be used for their project.

Ms. Halloran then outlined the Corporation's criteria and scoring metrics. She mentioned that the RFP listed general criteria that needed to be satisfied. That criteria included having a prior relationship with the Corporation and that the project must serve the extremely low-income population, etc. Affirmative Action and minority status were also included as well as adequate staffing, the submission of financial statements, budget, number of units served, and overall professional capacity. Staff verified the applications that stood above the others and made recommendations based on that criterion.

Ms. Ventura mentioned that staff would provide a chart outlining the scoring metrics for the Board meeting.

Committee Chairman Orth inquired about the housing choice voucher utilization rate. He wanted to know if there was an opportunity to utilize additional vouchers. Ms. Ventura stated that she wished there was more budget authority to support the number of vouchers available. The reality is that the Corporation is not using all the vouchers it has because the cost of renting apartments is bumping against the budget authority. Unless rents decrease RIHousing is at its max on the budget authority.

Ms. Ventura then announced that the utilization rate was 78%. Committee Chairman Orth wondered if it was feasible to fund an avenue to increase the utilization rate. Ms. Ventura stated that if RIHousing had budget authority that recommendation would be possible. To fund additional vouchers, the Corporation would require additional budget authority. The 78% utilization is taking up the entire budget authority.

Corinne Myers, General Counsel announced that RIHousing has a preference in its Administrative Plan where RIHousing provides preferential points for someone who is participating in an expiring subsidy program or experiencing homelessness. That entitles the individual to a bump up on the waitlist.

Following the comments, Ms. Myers conducted a voice vote of the Commissioners for Approval of Neighborhood Opportunities Program (NOP) Awards.

The commissioners unanimously voted to approve the motion. Ms. Myers then officially stated that the recommendation for Approval of Neighborhood Opportunities Program (NOP) Awards was approved.

4. Recommendation for Revised Firm Approval of Tax-Exempt Financing for The Avenue (Providence)

Committee Chairman Orth announced that Anne Berman, Director of Real Estate Development would give the presentation.

Ms. Berman began by noting that the request was for revised firm approval of RIHousing tax-exempt financing in an amount not to exceed \$16,000,000, of which \$3,400,000 will remain as a permanent first mortgage, for The Avenue (hereinafter referred to as the “Development”). Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONE NB” or the “Developer”) is the developer.

The Development received preliminary approval from the Board of Commissioners on May 18, 2023 (“Preliminary Approval”) and firm approval on January 11, 2024 (“Firm Approval”). While the other RIHousing financing outlined in the Firm Approval remains unchanged, this RFA recommends an increase in tax-exempt financing from \$15,500,000 to \$16,000,000 due to a number of factors discussed below.

The Development consists of two separate components that will comprise one single economic entity. One component, Elmwood Neighborhood Revitalization II (“ENR II”), is an existing post-year-15 low-income housing tax credit (“LIHTC”) project for families. ENR II contains 46 units located on scattered sites in the Elmwood neighborhood of Providence. The units range in size from one to four bedrooms. ENR II has historically run with a 2% vacancy rate. The units need moderate rehabilitation to ensure they are maintained as safe, affordable housing for families in Providence. The second component is the new construction of 39 units of housing on a vacant site located at 434 Atwells Avenue in the Federal Hill neighborhood of Providence. The residential units will be located on floors 2-5 with commercial space and project amenities located on the first floor.

Since Firm Approval, an updated appraisal resulted in a value higher than what was carried in the previous RFA for Firm Approval. While the source of funds to purchase the ENR II properties is a non-cash transaction utilizing the assumption of existing debt, the higher tax basis resulting from the higher value has pushed the cushion to satisfy the IRS 50% bond test down to 50.65%. The recommended increase in the tax-exempt loan adds a cushion of 2% to the 50% bond test, which meets the syndicators’ requirements. In addition, the Total Development Cost (“TDC”) has increased nearly \$751,500 since Firm Approval. These increases can be mostly attributed to the acquisition cost increase and soft cost-related items.

Aside from the recommended increase in the tax-exempt loan, the remaining transaction remains unchanged. The loan documents and due diligence are nearly complete, and closing is scheduled to occur immediately upon approval of the request.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Revised Firm Approval of Tax-Exempt Financing for The Avenue (Providence).

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

There being no questions or comments, Ms. Myers conducted a voice vote of the Commissioners for Revised Firm Approval of Tax-Exempt Financing for The Avenue (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Revised Firm Approval of Tax-Exempt Financing for The Avenue (Providence) was unanimously approved.

5. Recommendation for Preliminary Approval of Financing for Rock Ridge Apartments (Woonsocket)

Committee Chairman Orth announced that James Dillion, Real Estate Development Officer would present the request for Rockridge Apartments.

Mr. Dillon stated that the request was preliminary approval of a RIHousing tax-exempt loan in an amount not to exceed \$30,000,000, and a Capital Magnet Fund (“CMF”) Loan in an amount not to exceed \$999,000 for Rock Ridge Apartments (the “Development”). The BLVD Group, LLC (“BLVD” or the “Developer”) is the developer.

Rock Ridge Apartments is an existing 152-unit property located in Woonsocket. Originally built in 1971 and financed under the Section 236 program, the Development was refinanced in 2001 with 9% low-income housing tax credits (“LIHTC”) and financing from RIHousing. In 2017, the property was purchased by an affiliate of BLVD and the RIHousing loan was prepaid. 73% of the units are currently covered by a project-based Section 8 Housing Assistance Payments (“HAP”) agreement, and RIHousing is the HAP contract administrator. The Developer is seeking a new 20-year Section 8 HAP agreement.

The Development consists of 14 two-story buildings that contain six to twenty living units, with a separate 15th building that serves as a community building. A new limited partnership, consisting of an affiliate of the Developer as the general partner and a syndicator-sponsored tax credit fund as the limited partner, will purchase and renovate the Development.

Although the Development is in fair condition, the project will benefit from significant rehabilitation to windows, siding, roofing, amenities, unit interiors, and updated building systems with a special emphasis on energy efficiency. The current renovation budget including contingency is \$93,000 per unit. BLVD has completed a capital needs assessment (“CNA”) and Phase 1 Environmental Site Assessment as part of their due diligence, all of which will inform the final scope of work. The current construction budget includes all the required items identified in the CAN.

Staff recommends providing preliminary approval of (i) a tax-exempt loan in the amount of \$30,000,000 and (ii) a Capital Magnet Fund Loan of up to \$999,000 for Rock Ridge Apartments, subject to certain conditions.

Committee Chairman Orth thanked Mr. Dillon and asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Financing for Rock Ridge Apartments (Woonsocket).

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

Committee Chairman Orth inquired how that property has been operating. Ms. Berman noted that the BLVD Group has managed it well since they acquired it in 2017. It's a family development and it's time for an upgrade.

There being no additional comments, Corinne Myers, General Counsel conducted a voice vote of the Commissioners. The Commissioners voted to unanimously approve the motion.

Ms. Myers then officially stated that the recommendation for Preliminary Approval of Financing for Rock Ridge Apartments (Woonsocket) was approved.

6. Recommendation for Approval of Transfer of Physical Assets (TPA) for Brookside Apartments I (East Greenwich)

Committee Chairman Orth asked Ms. Berman to make the presentation.

Ms. Berman stated that the requests for Brookside Apartments I and II were identical and were administrative. She then said that the approval was for the transfer of the sole membership interest in the managing member entity of the owner of Brookside Terrace I (the "Development"), an affordable housing development for families located in East Greenwich.

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.

Brookside Terrace I Apartments is a 48-unit low-income housing tax credit ("LIHTC") development located in two residential buildings and one community building off South County Trail in East Greenwich. The Development was developed in 2020 by affiliates of Dakota Partners, Inc. using 9% LIHTC, subordinate financing and a first mortgage from RIHousing.

The two current investor members of the Owner are Bank of America, N.A. and Banc of America CDC Special Holding Company, Inc. (the "Investor Members"). There will be no change in the Investor Members.

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

Committee Chairman Orth thanked Ms. Berman and asked for a motion and a second to recommend to the Board of Commissioners Approval of Transfer of Physical Assets (TPA) for Brookside Apartments I (East Greenwich).

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

Chairman Pryor asked for the reason for the transfer. Ms. Berman replied that the current owner Dakota Inc. overextended itself and is selling their general interests in eight (8) of their developments to raise capital. Dakota has virtually wound down their construction division and is utilizing a third party.

There being no other questions, Ms. Myers then conducted a voice vote of the Commissioners for Approval of Transfer of Physical Assets (TPA) for Brookside Apartments I (East Greenwich).

The Commissioners voted to unanimously approve the motion.

Ms. Myers then officially stated that the recommendation for the Approval of Transfer of Physical Assets (TPA) for Brookside Apartments I (East Greenwich) unanimously was approved.

7. Recommendation for Approval of Transfer of Physical Assets (TPA) for Brookside Apartments II (East Greenwich)

Committee Chairman Orth acknowledged Ms. Berman who presented the request.

Ms. Berman stated that the request was for approval of the transfer of the sole membership interest in the managing member entity of the owner of Brookside Terrace II (the “Development”), an affordable housing development for families located in East Greenwich

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.

Brookside Terrace II is a 48-unit low-income housing tax credit (“LIHTC”) development located in 2 buildings off South County Trail in East Greenwich. The Development was developed in 2022 by affiliates of Dakota Partners, Inc. using 9% LIHTC, subordinate financing, and a first mortgage from RIHousing.

The owner of the Development is BT2 Owner, LLC (the “Owner”). The current managing member of the Owner is BT2 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 its membership interest in the Managing Member to Ophion GP Preservation LLC (the “Transferee”), a Delaware limited liability company. Ophion Preservation LLC, which is owned by entities owned by David Page, is the sole member of the Transferee. Tangram Group LLC (“Tangram”), which is owned by Louis A. Harrison, will serve as the Non-Member Manager of the Transferee.

The two current investor members in the Owner are Red Stone Equity – Fund 68 Limited Partnership and Red Stone Equity Manager, LLC (the “Investor Members”). There will be no change in the Investor Members.

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

Committee Chairman Orth thanked Ms. Berman and asked for a motion and a second to recommend to the Board of Commissioners for Approval of Transfer of Physical Assets (TPA) for Brookside Apartments II (East Greenwich).

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

Ms. Myers then conducted a voice vote of the Commissioners for Approval of Transfer of Physical Assets (TPA) for Brookside Apartments II (East Greenwich.)

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation Approval of Transfer of Physical Assets (TPA) for Brookside Apartments II (East Greenwich) was unanimously approved.

8. Recommendation for Approval of Proposed 2025 Qualified Allocation Plan (QAP)

Committee Chairman Orth announced that Ms. Berman would provide information on the revisions to the proposed 2025 Qualified Allocation Plan. The Committee Chairman asked Ms. Berman to review the changes proposed and the Committee would comment when they had questions to a particular change.

Ms. Ventura declared that there was a lot of engagement with the general public around the revisions for the QAP. She thanked partners, Committee Chairman Orth, Deborah Flannery from the Department of Housing, and Chairman Pryor for their time and suggestions proposed.

Ms. Berman then said that pursuant to the Revenue Reconciliation Act of 1989, each low-income housing tax credit (“LIHTC”) allocating agency must adopt a Qualified Allocation Plan (the “Plan” or “QAP”) that establishes the priorities and criteria for both allocating and monitoring LIHTCs. The allocating agency must conduct a public hearing and a subsequent public comment period on the Plan prior to the Plan being finalized and presented to the Governor for approval.

RIHousing has administered the LIHTC program in Rhode Island under a Plan that was first adopted in January 1990. The Plan was last amended in August 2023. The 2025 Plan is being adopted as a guidance document in accordance with the Rhode Island Administrative Procedures Act. Rather than being filed with the Office of the Secretary of State, the Plan will be immediately available on the RIHousing website.

Staff has proposed the changes summarized below to the following sections of the Plan. These changes seek to amplify and explain our goals and procedures.

SECTION	CHANGE	REASON
Throughout Plan	Ministerial changes	Updates for current year
Section I(B) (Page 8)	Revised small state minimum	Update for current year
Section I(C)(3) (Page 10)	Updated housing needs summary	Updated statistical information
Section III(B) (Pages 31&32)	Updated point allocation summary to reflect scoring changes	Revised scoring summary
Section III(B) (Page 36)	Reduced points for RI based firms from 3 to 2	Given on-going labor shortages and cost implications, developers should have greater flexibility to obtain the

		most cost-effective pricing and available subcontractors
Section III(B) (Page 38)	Revised points for location within a Health Equity Zone	Incentivizes development in historically underserved areas where RIHousing, RIDOH, EOHHS and DHS plan to focus some resources in the coming years to mitigate health and housing disparities
Section III(B) (Page 38)	Added requirement for lease details for commercial income expected to support permanent debt	Intrinsic to confirming underwriting and projected NOI
Section III(B) (Page 38)	Modified mixed income criteria to be above 80% AMI and added language discouraging subsidy for non-affordable units	Above 80% is the standard for mixed income; trying to limit the amount of soft dollars supporting market rate units
Section III(B) (Page 39)	Modified requirements for broadband to eliminate references to The Affordable Connectivity Program which has sunset	Revised due to change in federal requirements
Section III(B) (Page 40) And Section III(C)(4) (Page 48)	Reduced points awarded for an exempt community from 5 to 3	Intended to balance the disparity in cost between building in urban and non-urban communities
Section III(B) (Page 40) And Section III(C)(4) (Page 48)	Revised 5-point metric to a development in an exempt community in a census tract with an average AMI of 80% rather than 100%	Intended to incentivize development in higher income census tracts in exempt communities
Section III(B) (Page 40) And Section III(C)(6) (Page 49)	Reduced points for redeveloping vacant and abandoned property from 5 points to 3 points; deleted references for developing on infill lots	This criterion was added after the Great Recession and there are now many fewer abandoned and blighted buildings; reduction in points is consistent with change in severity of the issue

Section III(B) (Page 41) And Section III(C)(7) (Page 49)	Deleted points for meeting Tier II energy efficiency and revised standards	The RI Energy Code is being updated and Tier II is the standard
Section III(B) (Page 43)	Reduced points for destruction of field, forests etc. from 5 to 3 points	Intended to balance the disparity in cost between building in urban and non-urban communities
Section III(C)(3)(b) (Page 46)	Added information regarding HUD Floodplain Management and Protection of Wetlands rules effective January 2025	Intended to encourage applicants to consider and refer to these rules when developing their plans

Staff held two (2) meetings with stakeholders to discuss continued challenges with the cost of construction, the value of including supportive services as well as operating assistance for extremely low-income households, community needs, scoring categories and point allocation, areas of opportunity and graduation rates, challenges associated with both urban and non-urban development, as well as differing community needs. In general, stakeholders voiced few concerns about the current QAP, though total development costs, fluctuating interest rates, and continued increases in construction costs continue to be a challenge for developers.

A blacklined copy of the proposed Plan was included as part of the June 12, 2024, Credit Committee package.

A robust discussion followed the presentation.

Ms. Berman skipped the administrative changes and proceeded to explain the pertinent changes presented. She then said that in Section 3, page 26 staff added another metric relative to the total development costs of preservation units. She noted that preservation units are less expensive, therefore, staff will add a TDC unit max into the developer’s handbook.

Committee Chairman Orth asked if a transaction proposed a combination of new construction and preservation and whether staff would review those separately and use a weighted average. Ms. Berman confirmed that fact, noting that RI Housing scores them based on the building type.

On page 31, staff also revised language for market-rate units, emphasizing that gap financing cannot be used to support market-rate units in a mixed-income development. Committee Chairman Orth suggested clarifying that language further to emphasize **affordable** housing gap funding. Especially as other programs can utilize gap funding to subsidize above 80% AMI units. Ms. Berman agreed and said she would modify the language.

The next revision was on page 36 where staff added points for the inclusion of minority and women-owned businesses or employing members as part of the development team to incentivize the growth

of those businesses in the affordable housing arena. Ms. Berman stressed that it was an important issue on the national level and discussed at various conferences throughout the country.

Chairman Pryor inquired if RIHousing has checked with the State's guidelines regarding minority and women-owned standards. Ms. Berman and Ms. Ventura stated that they did not believe they had reviewed those standards but would certainly follow up on the matter. Ms. Berman acknowledged that Design and Construction does track MBE, and WBE participation on the sub-contract and workers side of the issue. Commissioner Womer stated that the Department of Administration tracks that information and recommended reaching out to that department.

Chairman Pryor also wondered if RIHousing utilized the state's definition for MBEs or the federal definition. Ms. Berman said that she believes it's the state's definition but will confirm that fact. The Chairman specified that the State's definition included Portuguese Americans as MBEs. Commissioner Worner said that the definition varies depending on the programs.

Committee Chairman Orth mentioned that there are a lot of Women Owned Business Enterprises and women-led development groups. The Chairman recommended adding points for disadvantaged business enterprises or adding that group to the list to encourage more diversity in that arena. Ms. Berman said she would confer with the Legal Department on how to address that issue.

Next, staff modified points in the readiness to proceed and permitting section to allow higher points for projects that have plans and specs that are 50% complete or higher. The modification recognizes that having plans that are at least 50% complete can help reduce the number of instances where developers return to the Corporation for additional funding. The change will increase costs for developers. However, RIHousing has provided \$10 million for pre-development grants that many developers have received.

Ms. Berman noted the suggestion from the Committee Chairman regarding including points for fixed rail and transit locations. Points were also added for incentivizing investors to develop within Health and Equity zones to mitigate health and housing disparities. Ms. Berman underscored that RIHousing strives to work in urban and non-urban areas to create parity.

Furthermore, RIHousing added a requirement regarding commercial income that to qualify under the program, if one has a lease or commercial endeavor to support the development, there needs to be concrete documentation to support the debt assumptions.

On page 39, RIHousing (i) revised the mixed-income criteria from 60% non-LIHTC to units 80% AMI units (ii) added language confirming that no soft dollars can be used to support market-rate units. The Committee Chairman reminded Ms. Berman to add the word affordable to the revision. Ms. Berman acknowledged that reminder.

Since the federal Broadband legislation has sunset, the wording was changed to address federal regulations. Committee Chairman Orth asked that the language be modified to read those residents be charged the lesser of \$9.99 or the minimum program requirements for monthly broadband services. Ms. Berman agreed.

Another change addressed was the wording for the delivery of services to be more resident-focused rather than generic services which are difficult to monitor. The concept is to provide direct services

for more hours per week, such as having a resident services coordinator on site for more than 20 hours per week.

On pages 41 and 48 staff reduced points awarded to exempt communities to balance the disparity between urban and non-urban communities. Additionally, the metric for communities in certain census tracts was revised to incentivize development in higher-income census tracts in exempt communities. The average AMI was modified from 100% to 80%. Ms. Berman then clarified the definition of exempt communities for the Committee. The qualifying areas are: Cranston, East Providence, North Providence, Warwick, and West Warwick.

A reduction in points from five (5) to three (3) points was initiated for the redevelopment of vacant properties and staff deleted references to development on infill lots. That was a challenging metric to explain.

As the RI Energy Code is being updated and Tier II is now the standard, staff deleted points allowed for meeting Tier II energy efficiency and revised standards. The Committee Chairman asked if Ms. Berman reviewed the Design and Construction standards to ascertain if that recommendation was included in those standards. Ms. Berman allowed that there is an endorsement for all-electric homes. However, staff is waiting on pending legislation. Additionally, there is the issue of master metered buildings. Presently a developer cannot master meter a building with more than 10 units. The matter requires additional conversation. Ms. Berman acknowledged that the Design and Construction guidelines include a heavy emphasis on electrification and energy efficiency but does not require it.

Committee Chairman Orth said that it will be a requirement in the not-too-distant future, therefore RIHousing should incentivize the matters with points. Particularly for new construction and then change the requirement when needed. Ms. Berman wanted to clarify that the Committee Chairman recommends adding points for all-electric homes. Committee Chairman Orth confirmed that fact saying he advises awarding two (2) points for all-electric homes. Ms. Ventura concurred and remarked that RIHousing will review the design guideline standards and adjust accordingly. Ms. Berman also agreed and will highlight it for public comment and make the changes for the final version of the QAP.

Commissioner Womer confirmed that legislation is pending but was not sure of its status. Chairman Pryor admitted that the legislation is still pending. Chairman Womer then mentioned that EC 4 is a commission regarding sustainability and has regulatory mandates that are relevant to the matter. He suggested staff might want to confer with that Commission.

Chairman Pryor asked Ms. Berman to expound on how the Design guidelines interface with the QAP. Ms. Ventura stated that the guidelines will be rolled out with the new funding round. The guidelines are incorporated in the Developers Handbook and will be finalized soon. A consultant has been engaged to address accessibility issues and two (2) stakeholder meetings are scheduled for review with the goal that it will be completed by the end of August.

Chairman Pryor asked if the Board or Committee could review those guidelines. Ms. Ventura said that she was happy to share the information. In response to the bonus points for electrification, Ms. Ventura clarified that staff would review the standards with the consultants on how to construct a component for that matter.

The Chairman felt that it would be worthwhile for the committee to discuss standards, sustainability, electrification, and accessibility on what is being done and how it relates to the QAP. Ms. Ventura said that RIHousing is on track with accessibility but there's less information on what electrified housing units would require in a multifamily development. Ms. Berman stressed that there is a heavy emphasis on the guidelines, but staff will review those details and regroup on the issue.

Chairman Pryor recommended scheduling a working session to review the matter. Committee Chairman Orth concurred.

Ms. Berman then noted that the last items were the reduction of points for the destruction of fields and forests addressing information for HUD floodplain management, and protection of wetlands, and the inclusion of a reference for assisted living developments.

In closing, Ms. Berman stated that assuming that the QAP is approved, the 2025 Plan will become final upon (i) the expiration of the public comment period; (ii) final approval by the Board of Commissioners of the 2025 Plan (including any changes reflective of public comments received and/or comments from the Credit Committee); (iii) approval by the Governor; and (iv) posting to the RIHousing website.

The public comment period will begin on or about June 21, 2024. A public hearing will be held following the publication of the proposed 2025 Plan, with final submission to the Board of Commissioners expected in August 2024.

Committee Chairman Orth mentioned that during the past years, there was a high percentage of awards for studios, efficiencies, and one-bedroom units. The QAP does offer points for three (3) bedroom units but asked if data was available to support what is needed in the market.

Ms. Berman responded that units across all bedroom sizes is needed. A market study is required prior to awarding funds and units are rented before the buildings are complete. A disproportionate number of the recipients are often single adults, consequently that is why there are more one-bedroom units. Ms. Ventura remarked that it speaks to the number of homeless in the state and the need to move them out of shelters into permanent housing. Housing is needed across all ranges and income levels.

Ms. Berman noted that recently staff completed the yearly NCSHA survey and 50% of the units were one-bedrooms. Furthermore, there were a fair number of two- and three-bedroom units.

Chairman Pryor remarked that on page 26, the language states that for the 9% LIHTC any application that requires more than 40% of the annual allocation will be disqualified. The Chairman asked to revisit that topic. On behalf of Ms. Flannery and himself, he asked if that absolute rule was the best strategy to pursue.

The Chairman understood that it's not feasible to utilize all the credits for one or two deals but felt that an applicant should be allowed to apply for what is needed with the understanding that RIHousing might seek alternatives for the funding.

Ms. Ventura responded that the rule has worked well in Rhode Island. However, if the Committee and the Board of Commissioners decides it should not be a hard rule, then she highly recommended including scoring related to the credit amounts. Ms. Ventura reiterated that the system has worked well in the past but is open to the Board's opinion.

Committee Chairman Orth speculated that by having a cap on the level of credits, RIHousing is essentially dictating the size of the development. Basically, the cap is limited to a 40-unit development. By raising the limit, then an 80-unit development is feasible. The Committee Chairman suggested that bigger developments are more popular, but due to the cap, many of the applications received are for smaller projects.

The Committee discussed the advantages and negatives of maintaining the cap, especially as Rhode Island only receives the small state minimum allocation of credits.

Chairman Pryor said that the concept is not to allocate all the 9% credit to one (1) or two (2) projects but it's the absolute disqualification of those applications that is in question. The Chairman then recognized Deborah Flannery, Deputy Secretary of Housing who mentioned that a cap of 40% on one project could suffice in the same manner allowing for a quality project to be scored and then locate alternate resources to complete the financing package. Ms. Flannery appreciated staff's concerns and thought that the concept proposed would allow for larger projects that have merit to be considered.

Ms. Berman understood Ms. Flannery's point and noted that if a developer submitted a proforma that did not meet requirements of the program and had large financing gaps, it would not pass thresholds.

From a transparency position, developers can apply for 40% of credits but must demonstrate how the gaps will be filled. If the TDC cost is \$10 million, it's difficult to score and not financially feasible. The goal is to build units, but it is something to think about.

Ms. Ventura also noted that the other concern is that there would be a loss of development in suburban areas. The distribution of affordable housing would be less.

Chairman Pryor raised that concept for discussion, noting that larger-scale developments could be beneficial but was also aware that RIHousing does not want to mislead developers that such a project is achievable.

Chairman Pryor suggested that staff adjust the wording to read that applications that request more than 40% of the annual allocation are heavily discouraged and it is unlikely that such a project will meet threshold criteria or satisfy the Corporation's requirements. That wording would allow for a quality application to be considered.

Ms. Ventura remarked that for transparency purposes, staff could elect to do the scoring and eliminate the cap. There might a method to build a scoring component for that allocation. She proposed reviewing the matter to formulate a viable solution to satisfy all applicants.

Committee Chairman Orth mentioned that the cap has worked and there was a project in the previous round that was not 40% of the annual cap but 40% of the overall amount of credits. He noted that RIHousing was flexible in that situation. Ms. Berman said that staff can change the cap in the short term. However, RIHousing will explore options and report back to the Committee.

Following the discussion, Committee Chairman Orth thanked Ms. Berman and asked for a motion and a second to recommend to the Board of Commissioners Approval of Proposed 2025 Qualified Allocation Plan (QAP) as presented and discussed at the meeting.

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

There being no additional comments, Corinne Myers, General Counsel conducted a voice vote of the Commissioners for approval of the Proposed 2025 QAP Plan as presented and discussed at the meeting. The Commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of the Proposed 2025 Qualified Allocation Plan (QAP) as presented and discussed at the meeting was unanimously approved.

9. Discussion:
 - a. Pipeline Report

There was no report presented.

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 Chairman Pryor 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 10:59 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

Carol Ventura

Secretary and Executive Director