

**Rhode Island Housing and Mortgage Finance Corporation**  
**Minutes of the Meeting of the Credit Committee**  
**November 6, 2024**

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, November 6, 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 Val Lingasami, Assistant Director of Information Technology, who outlined the parameters of the meeting.

Val Lingasami 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. Ms. Lingasami also asked that to prevent any feedback or background noise, telephone participants to please mute the telephone if not speaking. Additionally, Ms. Lingasami announced that if during the meeting anyone had technical difficulties with audio or accessing the call, they should call (401) 429-1430.

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 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 9:36 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; Brett Pelletier, Chief Administrative Officer; Christine Hunsinger, Chief Strategy and Innovation Officer; Anne Berman, Director, Real Estate Development; Dean Harrison, Assistant Director of Real Estate Development; Corinne Myers, General Counsel; and Val Lingasami, Assistant Director of Information Technology.

Stefan Pryor arrived at 9:40 a.m.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on September 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 September 11, 2024. A motion was duly made by Commissioner Designee Cabral 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 September 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 September 11, 2024, are hereby approved.

2. Recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for Parcel 9 Phase II (Providence)

Committee Chairman Orth announced that this item was withdrawn from the agenda.

3. Recommendation for Approval of Transfer of Physical Assets (TPA) and Prepayment for Williams Woods Apartments (Providence)

Committee Chairman Orth announced that Dean Harrison, Assistant Director of Real Estate Development would give the presentation.

Mr. Harrison began by noting that the request was administrative. He then said that the request was for approval of the sale of Williams Woods Apartments (the "Development"), a 65-unit affordable housing development for individuals and families located in Providence, and the prepayment of the existing first mortgage loan and the Targeted Loan (collectively, the "Loans") on the Development.

Under RIHousing Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, 825-RICR-30-00-3 (as amended, the "TPA Regulations"), project owners must obtain RIHousing's approval and comply with RIHousing's administrative procedures for the transfer of physical assets and prepayment of the mortgage before conveying, assigning, or transferring any ownership interest in a multifamily housing project.

The owner of the Development is Williams Woods Limited Partnership, a Massachusetts limited partnership (the "Owner"). The current general partner of the Owner is Williams Woods Winn Limited Partnership, which holds a .001% interest in the partnership. The current investor limited partners in the Development are PHA Opportunity Corporation and Winn Partnership Holdings LLC, as both Special Limited Partner and Investor Limited Partner. The Owner intends to sell the Development to Williams Woods Apartments, LLC, a California limited liability company (the "Buyer"). The principals of the Buyer are Robert Budman (51% interest), Jake Walker (25% interest), and Patrick Late (24% interest), all of whom are affiliated with BLVD Capital.

The Buyer will pay the sum of approximately \$8,000,000 to purchase the Development and will finance the acquisition with a new first mortgage from Fannie Mae issued by JLL Real Estate Capital, LLC in the approximate amount of \$6,592,000 and an estimated \$2,008,400 in cash. The Owner is proposing to use approximately \$3,100,000 to prepay the Loans in full. RIHousing has determined that there is a prepayment penalty associated with the first mortgage loan payoff in the approximate

amount of \$317,985. The initial compliance period for the Development ended in December 2020, and the financial benefits of the tax credits and depreciation losses have been substantially realized by the Owner. The Buyer will assume all other existing obligations encumbering the Development, including all affordability restrictions.

The current property manager is WinnResidential, who has a strong track record of management at the Development. WinnResidential also has significant experience as a third-party management agent in Rhode Island and is among the largest managers of affordable housing in the U.S., with over 48,500 units under management. No change in the management agent is contemplated.

Finally, Mr. Harrison said that RIHousing recommends approving the sale of Williams Woods Apartments and the prepayment of the existing first mortgage loan and the Targeted Loan, subject to certain conditions.

Following 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) and Prepayment for Williams Woods Apartments (Providence).

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

A brief discussion then ensued. Commissioner Designee Webber inquired about the prepayment penalty. She wanted to know if the amount was based on a percentage of the total value of the mortgage. Mr. Harrison explained that the amount is based on calculations provided by Finance that include values for loss of income that RIHousing would have incurred during the course of the loan. Those funds are then returned to RIHousing for future use.

Committee Chairman Orth wanted to know if the targeted loan comprised any and all accrued interest. Mr. Harrison verified that information.

There being no further questions or comments, Ms. Myers conducted a voice vote of the Commissioners for Approval of Transfer of Physical Assets (TPA) and Prepayment for Williams Woods Apartments (Providence).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Transfer of Physical Assets (TPA) and Prepayment for Williams Woods Apartments (Providence) was unanimously approved.

4. Recommendation for Approval of Transfer of Physical Assets (TPA) for Deerfield Commons Apartments (North Smithfield)

Committee Chairman Orth announced that Dean Harrison would also present the request for Deerfield Commons.

Mr. Harrison commenced by mentioning that the request was also administrative. The request was for approval of the transfer of the limited partnership interest in Deerfield Commons Apartments (the "Development"), an affordable housing development located in North Smithfield.

Under RIHousing Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, 825-RICR-30-00-3 (as amended, the "TPA Regulations"), project owners must obtain RIHousing's approval and comply with RIHousing's administrative procedures for the transfer of physical assets

and prepayment of the mortgage before conveying, assigning, or transferring any ownership interest in a multifamily housing project.

The owner of the Development is Deerfield Acquisition, LP (the "Owner"). The current general partner of the Development is Deerfield GP, LLC, which holds a .01% interest in the partnership. The two current investor limited partners in the Development are Countryside Corporate Tax Credits XIX Limited Partnership, a Massachusetts limited partnership (the "Withdrawing Limited Partner"), and Michel Properties, LLC, a Massachusetts limited liability company (the "Withdrawing Special Limited Partner" and together with the Withdrawing Limited Partner, collectively, the "Withdrawing LP"). The Withdrawing LP intends to transfer its partnership interests to 190 Deerfield Investor, LLC, a Rhode Island limited liability company (the "Transferee") for the sum of \$78,441. The Transferee will become the replacement investor limited partner and the replacement special limited partner of the Partnership. Both the current general partner and the Transferee are affiliated with Cathedral Development Group, Inc., the original developer.

No new financing is currently anticipated. The Transferee will assume all existing obligations encumbering the Development.

The current property manager is Property Advisory Group, Inc. ("PAG"). The Owner and management company are affiliated entities. No change in the management agent is contemplated. The Development received a 99b on its most recent REAC score, and PAG provided a list of capital improvements made over the past three years.

Staff recommends approving the transfer of the limited partnership interest, 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 Approval of Transfer of Physical Assets (TPA) for Deerfield Commons Apartments (North Smithfield).

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

There being no questions, 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 Approval of Transfer of Physical Assets (TPA) for Deerfield Commons Apartments (North Smithfield) was unanimously approved.

#### 5. Discussion:

Committee Chairman Orth remarked that he requested staff incorporate a very brief presentation on the starter home production program. The Committee Chairman reminded the Committee that the starter homes program was one of the sub-goals of the Strategic Plan.

Ms. Ventura announced that she provided a report that included data on the historical building permit process and production for affordable homeownership in Rhode Island. The report also included data on the production pipeline, the Homeownership Investment Fund (HIF) and Turnkey programs. She invited the Committee to review the information at their convenience.

Ms. Ventura then announced that Anne Berman, Director of Real Estate Development would present a brief review of the programs.

Ms. Berman began by giving a brief history of the two programs. She said that in 2019 RIHousing created the Homeownership Investment Fund (HIF) program. Since 2019 staff has issued four (4) funding rounds and allocated \$5 million dollars for 63 homeownership units, with an additional five (5) attached rental units for a total of 68 units.

In September, RIHousing issued an RFP that incorporated HIF funds supporting homeownership units. The HIF program supports homeownership units up to a maximum of 100% AMI. Staff also actively encourages homeownership units for the 80% AMI population. To date, no applications have been received for the HIF funds. Some applications are in process but have yet to be submitted.

Simultaneously, RIHousing released the Turnkey program. Under the HIF program, staff established an abbreviated list of deliverables commensurate with what is being constructed. Under the Turnkey program, there's a list of deliverables that is provided at the application stage that are consistent with the HIF program. However, under the Turnkey program, the owner does not have to submit any information during construction, and staff does not review plans or specs. RIHousing presumes that the municipalities review plans, and provide building permits and Certificates of Occupancy (CO). Once the owner has received the (CO) and a deed restriction is ready to be recorded, RIHousing disburses the Turnkey funds. One application has been received for that program, for one unit. Under both programs, staff stresses readiness to proceed criteria where the project must close and start construction within four (4) months.

Chairman Pryor inquired when the Turnkey program was established. Ms. Berman stated that the HIF and Turnkey programs were released at the same time in late September. Staff also had an information session in late September.

James Comer, Deputy Executive Director stated that one of the advantages of the Turnkey program for developers is that it can be a development that is already in process. That's where RIHousing comes in with the deed restriction and provides the subsidy. It's more flexible and allows developers who have a gap to qualify for the funds. Mr. Comer confirmed that the process is to provide a lighter touch without excessive monitoring from the Corporation.

Commissioner Designee Webber wanted to know if there is a maximum amount for the Turnkey program. Ms. Berman stated that for both programs it's the same. Building for 80% AMI homebuyers it's a maximum of \$190,000. For the 100% AMI buyer, it's \$150,000. The purchase price differs depending on the municipalities and fluctuating interest rates.

Ms. Berman also explained that under the HIF and Turnkey programs, the affordability period is a 15-year deed restriction, speeding up the concept of building generational wealth. RIHousing's traditional programs require 30-to-40-year affordability periods. Ms. Berman was pleased to share that under the Middle-Income program, RIHousing has funded 20 units of homeownership. Under the BHRI 4 Bond program, 17 homeownership units were created.

Committee Chairman Orth asked how the 15-year deed restriction works. The Chairman wanted to know if a buyer decided to sell after 5 years how that would affect the deed restriction.

Ms. Berman informed the Committee that the property remains subject to the deed restriction. The deed restriction has very specific conditions on whom the property can be sold to and at what price.

Committee Chairman Orth asked if the homebuyer could realize a gain if the purchase price is higher in 5 years . Ms. Berman confirmed.

Committee Chairman Orth then asked if the buyer would have to pay back the funds. Ms. Berman explained that they do not have to pay back the funds. The program does allow for some accrual of equity, which is part of generational wealth building.

James Comer remarked that the 15-year period was a result of feedback from developers who said that for prospective tenants and homebuyers with a 30-year deed restriction, there is no way to build up generational wealth, except for the equity at year 30. The program benefits the homeowners who have that residence at year 14.

Committee Chairman Orth suggested that staff review that matter as the benefits accrue to the homeowner at year 14. He recommended looking into that matter and to see if other options are available. Especially as it's a small program and considering the amount it takes to process and ongoing compliance issues. He wanted to know if there's some way to boost the volume of the program, maybe by including municipalities or lenders to increase production.

Mr. Comer stated that RIHousing can market the program to municipalities directly. Staff will reach out to the municipalities and town planners to promote the program and resources available.

Ms. Ventura said that since Ben Frost, President of Proactive Development joined the Corporation, he's been actively engaged in outreach to municipalities.

Ms. Berman mentioned that the compliance for the program is not performed by RIHousing, but by an external monitoring agent. The agent does receive compensation initially paid for the developer. Often that monitoring agent does not charge the next buyer for that time, even though under the deed restriction, they are allowed to charge the buyer.

Ms. Ventura noted that RIHousing offers a purchase price calculator on its website that allows buyers the check what the sale purchase price would be if they sold the property.

Committee Chairman Orth thanked Ms. Berman for the presentation and moved to the pipeline report.

No votes were taken on this item.

#### Pipeline Report:

Ms. Berman said that development staff closed two (2) 4% bond transactions in late October. An additional tax credit deal for new construction and one (1) preservation deal were also closed. Staff expects several further closings, for both LIHTC and Middle-Income funds in November.

Ms. Berman was pleased to share that the transactions that received initial funding approvals in May are moving through their due diligence and appear on track for firm approval in the first quarter of 2025.

There are a few deals that have taken longer than anticipated, however, RIHousing expects to bring a couple of those deals to the board in December and an additional few in January.

Furthermore, RIHousing issued an RFP for the 2025 LIHTC and the Consolidated Funding round on October 17<sup>th</sup> that includes HPF funds, a small amount of DAH, and approximately \$1.4 million for Middle Income, and HOME and Housing Trust Funds. In total, the funds available are about \$18 million of resources.

Ms. Ventura then asked Mr. Comer for an update on the ERA 2 funds. Mr. Comer said that the Department of Housing reached out to RIHousing regarding \$15 million of ERA 2 funds that need to be expended by September 2025. RIHousing has been working to create a few programs to proactively expend funds for qualified developments. The program would allow for acquisition, pre-development, and regular development construction purposes. The ERA 2 funds are difficult to deploy as they can only be utilized for units with 50% AMI or below. RIHousing is looking at projects that it approved but not closed and swapping out some funds that can be expended quickly. Mr. Comer remarked that those RFPs should be up in the next couple of weeks.

Lastly, Ms. Ventura stated RIHousing is looking at existing projects that have elements such as HOME, Housing Trust funds, and others, as a means to place the funds to deploy them before the deadline.

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 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 10:01 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

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Carol Ventura  
Secretary and Executive Director