

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

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, August 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; Stefan Pryor; Jonathan Womer, Director of the Department of Administration; Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation and Maria Barry.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Anne Berman, Director, Real Estate Development; Brett Pelletier; Chief Administrative Officer; Michael DiChiaro, Director, Leased Housing & Rental Services; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were also present.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on June 12, 2024

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on June 12, 2024. A motion was duly made by Chairman Pryor 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 June 12, 2024.

The Commissioners voted to approve the minutes with four (4) votes in favor, Commissioner Barry 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 June 12, 2024, are hereby approved.

2. Recommendation for Approval of Transfer of Physical Assets (TPA) for St. Elizabeth Place (Providence)

Committee Chairman Orth introduced Anne Berman, Director of Real Estate Development who presented the request.

Ms. Berman said that the request was administrative. She then noted that the request was for approval of the transfer of the limited partnership interest of St. Elizabeth Assisted Living (the “Development”), a 69-unit assisted living 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 St. Elizabeth Assisted Living, L.P. (the “Limited Partnership”). The current general partner of the Limited Partnership is SEAL Melrose, Inc. (the General Partner”), which holds a .01% interest. MELROSE SEA, LLC, a New York limited liability company wholly owned by U.S.A. INSTITUTIONAL TAX CREDIT FUND XLVIII L.P., a Delaware limited partnership, is the sole Limited Partner (the “Limited Partner”) that holds a 99.9% interest in the Limited Partnership. The Limited Partner seeks to withdraw from the Limited Partnership and transfer its interest to The Saint Elizabeth Community (“TSEC” or the “Transferee”), a Rhode Island non-profit corporation that is the sole owner of the General Partner.

The Transferee will assume all existing obligations encumbering the Development. The initial compliance period ended in December 2018, and the financial benefits of the tax credits and depreciation losses have been substantially realized by the Transferor. Once the transfer is complete, TSEC intends to work with RIHousing on a future refinance of the Development.

The Development provides 69 units of assisted living, 48 of which are restricted under the low-income housing tax credit program and benefit from Medicaid Waivers from the Rhode Island Department of Health. The current property manager is the Transferee, The Saint Elizabeth Community, which

delivers assisted living and nursing home services to multiple facilities across the state. No change in the management agent is contemplated.

Committee Chairman Orth thanked Ms. Berman for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Approval of Transfer of Physical Assets (TPA) for St. Elizabeth Place (Providence).

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

Committee Chairman Orth then asked Ms. Berman to expound on the TPA process and fees assessed to the borrower.

Mr. Berman explained that for the past 20+ years, the fee has been \$1,500. Staff is in the process of promulgating revised rules for the process and the fee proposed is \$5,000. The biggest change outlined is that RIHousing will still require board approval for changes to the general partner, but the limited partner changes will be addressed at the staff level. Development will continue to require submission of pertinent documents and the Asset Management team will review the information.

Commissioner Orth asked if Ms. Berman felt that the risk warrants review once the limited partner has contributed all its capital. Ms. Berman felt that the review was prudent and helpful.

There being no other discussion, Ms. Myers then conducted a voice vote of the Commissioners for Approval of Transfer of Physical Assets (TPA) for St. Elizabeth Place (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) for St. Elizabeth Place (Providence) was approved.

### 3. Recommendation for Approval of Final 2025 Qualified Allocation Plan (QAP)

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

Ms. Berman said that at its June 20, 2024, meeting, the Credit Committee of the RIHousing Board of Commissioners approved a draft 2025 Qualified Allocation Plan (“2025 QAP”), which will govern the allocation of low-income housing tax credits (“LIHTC”), and authorized publication of notices advertising a public hearing on the draft 2025 QAP and opportunity to submit comments. On June 21, 2024, RIHousing published notices in the Providence Journal and Noticias Rhode Island, and on RIHousing’s website.

A public hearing was held on July 23, 2024, via video conference with approximately 18 attendees. The public comment period ended on July 24, 2024. As of July 24, 2024, four (4) parties submitted written comments, which are summarized below.

Ms. Berman then expanded on the following changes to the draft 2025 QAP, as summarized below, to address public comments and to correct some clerical errors.

Section III(B) Scoring Page 31-32	Updated Point Allocation Summary to reflect changes in overall points based on changes outlined below
Section III – General Points (D) Page 37	Added reference to the Developer’s Handbook for 50% plan and specification criteria
Section III – General Points (D) Page 37	Reduced points for applications submitted without plans and specifications
Section III – Comprehensive Community Development Page 38	Added a requirement for engagement and coordination with the HEZ
Section III – Comprehensive Community Development Page 38	Modified language regarding MOUs for potential commercial leases
Section III – Comprehensive Community Development Pages 37 and 40	Increased point allocation and modified language regarding MOUs for supportive service provision
Section III – Community (B) Page 40	Changed the word “properties” to “buildings” to clarify intent
Section III – Efficiency Pages 41 and 47	Reinstated points for exceeding NGRID’s RNC Tier II and Energy Star 3.1 revision 8 standards because the new state energy code has not yet been adopted

Following the update on the changes, Ms. Berman gave a rundown of the public and written comments received.

1. Summary of Public Comments

**Commenter 1**

**Commenter 1, the Rhode Island Public Expenditure Council (“RIPEC”), provided written comments, which are summarized and addressed below:**

**Comment 1**

**Commenter 1 suggested that the 2025 QAP “reinststitute the cap on total development costs (TDC) per residential unit as a threshold requirement for developments.” Commenter 1 noted that TDC caps were in the QAP from 2020-2023 and that two projects awarded 9% credits in 2024 were above the \$450,000 TDC cap in the 2023 QAP. Commenter 1 also noted that the median selling price for a single-family home in RI is \$450,000.**

The impact of the pandemic on the construction industry has been well documented. In 2021 and 2022, there was a 28% increase in housing costs. While the increase has moderated, costs were up 6.85% in 2023 and certain supply chains remain volatile. In response to this dynamic economic environment, the proposed 2025 QAP includes points for 50% plans and specifications at the time of application, which should lead to better construction pricing and more cost certainty. In general, cost containment and cost-effectiveness are important components of staff review. For example, staff conducts an extensive design review to eliminate elements that add cost but no value, ensure that the housing is durable and has a long useful life

cycle to reduce operating costs, and ensure energy efficiency to reduce tenant utility costs and meet State goals regarding climate change.

No change is recommended.

#### **Comment 2**

**Commenter 1 suggested that the 2025 QAP “[i]ncentivize mixed-income housing by prioritizing developments that include middle-income and market-rate residential units.” Commenter 1 further suggests that the current points for the development of mixed-income housing in the Comprehensive Community Development section should be moved to a new Subsection E under General Points, and the weight of the element should be increased from 3 to 10 points.**

RIHousing agrees that housing at all price points is needed to address the state’s housing shortage. However, the purpose of the low-income housing tax credit (“LIHTC”) is to develop affordable housing. The LIHTC subsidizes the acquisition, rehabilitation or construction of affordable housing by providing a tax incentive in exchange for limiting the incomes of the households leasing units and the rents that can be charged for those units. While the current criteria provide an incentive to develop market rate housing if it can be self-supporting and does not require cross subsidy from the affordable units, such incentive should be balanced with the intent of the LIHTC.

Therefore, no change is recommended in either the points allocated or the location of the criteria in the 2025 QAP.

#### **Comment 3**

**Commenter 1 suggested that (i) the penalties for project cost overruns be increased and (ii) the penalties be assessed for all financing proposals, not just 9% LIHTC projects). Under the Negative Points section, the current penalty for cost overruns is 5 points. Commenter 1 is recommending that the penalty be increased to 20 points.**

For clarification, the current negative point category assesses a penalty if the TDC increase results in a lower overall score but waives the penalty assessment if any gap is addressed through non-State funds, such as higher equity or a deferred developer fee. As noted in Comment 1, the proposed 2025 QAP includes points for 50% plans and specifications at the time of application, which is designed to provide better construction pricing and thereby reduce cost increases between preliminary and firm commitment.

We believe that the current penalty points are acceptable and reasonable and that cost overruns are sufficiently addressed by other changes, so no change is recommended.

#### **Comment 4**

**Commenter 1 recommends a reduction in “the emphasis on the provision of housing for households with incomes at or below 30% of area median income (AMI).” Commenter 1 further notes that the points for this category increased from 6 to 25 points in the 2024 QAP and while a worthy policy goal, such emphasis requires a higher level of capital subsidy.**

The State of Rhode Island Consolidated Plan prioritizes the development of permanent supportive housing for extremely low-income (“ELI”) households. The LIHTC program is a valuable tool for financing affordable housing for the ELI population. Because ELI units are

difficult to develop and often do not generate enough income to cover their operating costs, most developers will not build ELI units unless there are incentives like tax credits.

The current points reflect the challenge and importance of developing ELI housing. No change is recommended.

#### **Comment 5**

**Commenter 1 recommends an overall reduction in the priority given to the social objectives that are supplemental to the production of affordable housing. Commenter 1 suggests that the scoring under the Comprehensive Community Development section of the 2025 QAP be modified to mirror the scoring under the Priority Projects Fund and the overall points in this category be reduced from 27 to 7.5.**

IRC Section 42(m)(1)(B)(i)(III) requires that a preference for an allocation of credits must be given to developments serving the lowest-income residents. Rhode Island has a strong track record of allocating tax credits and underwriting transactions using prudent decision-making. We believe that the components included in the Comprehensive Community Development section are important components in any LIHTC deal as they help to ensure stability for residents and meet the goals of the State's Consolidated Plan.

Therefore, no change is recommended.

#### **Commenter 2**

**Commenter 2, Barbara Sokoloff Associates, provided written comments, which are summarized and addressed below:**

#### **Comment 1**

**Commenter 2 recommends that the restriction only allowing one transaction with a preservation component per 9% LIHTC round be deleted. Commenter 2 notes that with less ancillary funding available in the upcoming round, it is unlikely RIHousing will have sufficient resources to fund 4% LIHTC preservation projects, leaving 9% LIHTC as the only funding path available for preservation projects. With the addition of a preservation unit total development cost per unit scoring metric, new construction and preservation are now on equal footing for scoring.**

Given the shortage of newly produced affordable housing across the State and the small state allocation of 9% LIHTC, limiting the number of preservation deals funded annually under the program is prudent. The addition of a new scoring metric for preservation deals will act as a guide and may inform future changes to the QAP. In addition, the new State LIHTC may provide additional resources for 4% preservation transactions, reducing the need for other soft resources.

Therefore, no change is recommended.

#### **Comment 2**

**To receive points for inclusion of certified Minority or Women-owned Business Enterprises, development team should be defined in this context as developer, general contractor, architect and property manager.**

RIHousing agrees and confirmed that these four professional groups were included in the posted document.

#### **Comment 3**

**Commenter 2 disagrees with awarding an additional point for having 50% plans and specifications. With more applicants than funding awards, and without a pre-application process to vet projects, many applicants will incur costs developing 50% plans for a project that will not be funded. Awarding an additional point for 50% plans divides the applicant pool into haves and have nots; applicants with the financial resources to pay for 50% plans (or access to ARPA predevelopment grant funds), and those without access to these financial resources.**

Over the past three funding cycles, most developers have experienced cost increases between preliminary and firm commitment, which is often caused by plans not being developed enough to provide accurate pricing. The cost increases subsequently delay the project from moving to construction. In addition to the \$10 million of ARPA predevelopment grants awarded to projects in the pipeline, RIHousing offers a predevelopment loan to assist non-profit developers.

However, after further review, a one-point differential may not be incentive enough, and staff recommends reducing the points for "...master, preliminary and final plan approval for a development or for a development with "by right" approval and plans that are only schematic" from 5 to 4 points.

#### **Comment 4**

**Commenter 2 noted that they are seeing similar pricing between non-elevator suburban/garden-style buildings and elevator/podium buildings. The additional cost of an elevator/multi-story construction is offset by the cost of multiple foundations, multiple roofs, internal roads, etc. Commenter 2 suggests one TDC per unit for all new construction building types or, in the alternative, a flattening of the differential between building types.**

RIHousing staff is currently undertaking its annual review of building costs and TDC by building type, so it is currently unable to evaluate the cost differential as of mid-July. The proforma issued for the 2025 LIHTC funding round will reflect the current TDC by building type. No change is recommended.

#### **Comment 5**

**As discussed in the public hearing, Commenter 2 requested that to receive points for being located in a HEZ community, the project should have some defined, documented participation/coordination with the HEZ. Simply being located in a HEZ community without the project taking advantage of any HEZ resources should not score points.**

RIHousing agrees with this comment and will add the requirement for coordination with the HEZ in order to be eligible for points in this category.

#### **Comment 6**

**Regarding mixed-use projects, Commenter 2 stated that the proposed changes present challenges in a couple of scenarios. New construction retail commercial space is unlikely to have leases or MOUs at the time of application, particularly if the proposed tenants are small local businesses. A commercial market study documenting achievable rents should be sufficient at application, instead of leases or MOUs. Similarly, proposed community service facility spaces are unlikely to have leases or MOUs at the time of application. Community service facility spaces may be leased for a nominal rent, resulting in no financial impact on the operating budget. In this case, the intent to**

**provide community service facility space at nominal rent should be sufficient at application. Commenter 2 did not suggest any changes to this section.**

The rationale for the proposed change is to address projects that include significant commercial lease payments that increase a project's net operating income (NOI) and, therefore, the amount of debt that can be leveraged. The expectation in these cases is that the developer has identified a tenant for such a space and, therefore, has negotiated basic terms. When the commercial or community space is not anticipated to generate significant income and, therefore, will have minimal impact on the NOI, a master lease between developer and borrower is common practice, and is an acceptable alternative for the application.

In response to this comment, the 2025 QAP has been amended to reflect the two underlined changes: "Commercial income reflected in the operating budget that is being used to leverage the permanent first mortgage, must be demonstrably supported through a lease or MOU outlining terms of a proposed lease (or master lease between developer and borrower); additional point for spaces that create jobs for local community members and/or service the local community".

#### **Comment 7**

**Regarding service provision, Commenter 2 asked for clarification regarding what differentiates a 4-point 3rd party MOU from a 2-point 3rd party MOU?**

The point differential is in reference to the number of hours of service. This has been clarified in the 2025 QAP.

#### **Comment 8**

**Commenter 2 noted that if rehabilitation of vacant buildings is eligible for points, but redevelopment of vacant land is not eligible for points, they suggest replacing the word "properties" with "buildings".**

This clarification has been made in the 2025 QAP.

#### **Commenter 3**

**Commenter 3, Church Community Housing Corporation, provided a written comment, which is summarized and addressed below:**

**The 2 points awarded for developments in areas with high performing schools is woefully inadequate, and now, the HEZ points further reduce their effect since the HEZs are located primarily in low performing school districts. The long-term generational benefits of housing the children of low-mod income families in areas with high performing schools are so great as to justify this being the largest scoring category.**

Developing affordable housing in areas of opportunity, often communities with less than 10% affordable housing, is a primary goal of the QAP. The graduation rate points are an important metric of this goal, as are several other metrics, such as 10 points for communities under the 10% requirement. The QAP attempts to balance many goals and meet the tax code requirements.

No change is recommended.

#### **Commenter 4**

**Commenter 4, ONE Neighborhood Builders, provided written comments, which are summarized and addressed below:**

##### **Comment 1**

**Commenter 4 offered support for the inclusion of up to 4 points when developers offer evidence of Resident Service Coordinators and/or an MOU with a third-party provider of resident services.**

No response/change required.

##### **Comment 2**

**Commenter 4 offered support for the inclusion of 2 points if the development is located within one of RI's fifteen Health Equity Zones. They recommended a revision that would require developers demonstrate a partnership with the backbone organization of the Health Equity Zone in which the development lies.**

This additional modification was noted above under Commenter 2, Comment 5.

##### **Comment 3**

**Commenter 4 supports the inclusion of 2 points for projects that are 100% electric. They recommend allowing points to be pro-rated if some portion of the property is 100% electric. This is particularly relevant for developments comprised of a new construction and rehabilitation project. They also recommend considering an increase in the total points available for projects that meet the stated standard.**

RIHousing currently prorates scoring when reviewing new construction and preservation transactions and will do so under this category. Staff believes the point allocation is appropriate given the pending updated Design and Construction Standards to be released with the 2025 Developer's Handbook, so no change is recommended.

##### **Comment 4**

**Commenter 4 recommends a revision to the inclusion of 2 points for including a certified Minority or Women-Owned Business Enterprise as part of the development team. As this designation is available only to businesses, not nonprofits, it seems to disadvantage nonprofits. A revision could include an opportunity for nonprofits to demonstrate that they've met the intention of this component aside from the official MWDBE designation.**

The goal of the MBE/WBE addition is to increase the roster of development team members who are members of these groups. Non-profit developers do not qualify under federal or state definitions for these groups.

No change is recommended.

##### **Comment 5**

**Commenter 4 recommends RIHousing include points that would incentivize the production of units that meet accessibility standards. They note that RIHousing is developing resources to ensure developers understand and can navigate accessibility standards and think the addition of points to incentivize exceeding minimum standards would align with the broader stated goal.**

The new Design and Construction Standards to be released with the 2025 Developer's Handbook will include more accessibility requirements than previous guidelines. As Commenter 4 noted, RIHousing has engaged a consultant to develop a resource manual for developing accessible housing and retrofitting existing housing to be more accessible. We recommend waiting for that final report and manual to be issued before adding requirements to the QAP so that points and associated costs can be adequately vetted.

No change is recommended.

**Public Hearing Comments:**

1. One commenter suggested adding "coordination with HEZ," not just location in a HEZ, as a requirement to receive points under this section. This change was made.
2. One commenter outlined the challenge of pre-leasing small commercial spaces that won't come online for two years. In response, we have added a provision for a master lease between developer and borrower.
3. One participant suggested that the composition of non-profit board members could meet the requirements of MBE or WBE participation in the Development team; however, as noted above under Comment 4 for Commenter 4, we do not recommend this change.
4. One commenter suggested that a 40–50-unit development is too small to support a full time Resident Services Coordinator. In response, the points for this metric have been modified.

Finally, Ms. Berman said that staff recommends adopting the 2025 QAP and recommending the 2025 QAP for final approval and endorsement by the Governor.

A blacklined and clean copy of the Plan was included as part of the August 7, 2024, Credit Committee package.

Following the presentation, a discussion was held regarding the proposed changes.

Chairman Pryor referenced the reinstatement of points for vacant lots with staff clarifying the language that is specific to the physical buildings and not the properties. Chairman Pryor asked Ms. Berman where staff was regarding finalizing the sustainability criteria in the Corporation's guidance documents.

Ms. Berman responded that a meeting with staff and members of the Board was held to discuss the new design and construction standards. There were a lot of resiliency, climate change, energy efficient changes proposed that were added into the design and construction guidelines. The expectation was that the International Energy Code was going to be adopted. However, that has not yet occurred. RIHousing's standards meet those guidelines and staff has confirmed that for new construction the new standards all but require that new buildings be all electric. Nonetheless, in some cases that is not appropriate. In many situations, new construction is easily meeting the Tier II standards and staff is actively encouraging pursuing the new specifications.

The Chairman then asked when the guidance documents of the QAP will be officially posted. Ms. Berman explained that the QAP is part of the Developers Handbook and Section 3 outlines the underwriting guidelines and design and construction standards. The applicants must meet those standards or request a waiver. Staff anticipates that the Developer Handbook will be finalized by the end of August.

Committee Chairman Orth suggested that it would be helpful if staff provided a summary of the changes to the design and construction guidelines at the August board meeting. Ms. Ventura mentioned that Tony A'Vant, Assistant Director of Design and Construction could attend the meeting and give that presentation.

The Committee Chairman then wanted to discuss efficiency in subsidizing market-rate units above 80% AMI. Ms. Berman said that staff will also add language to the application for anyone that has a mixed-income development requesting they demonstrate that the market rate units are self-subsidizing and that any resources provided by RIHousing are specific to the affordable units.

Ms. Ventura took a moment to acknowledge Ms. Berman and the entire Development team for their work in coordinating efforts to produce the 2025 QAP and the revised Design and Construction guidelines. She commended and thanked staff for their efforts.

Continuing, Ms. Ventura mentioned that a comment was received regarding points allocated for market rate units. She stated that the Governor has been extremely vocal in his support of market rate units. Currently, RIHousing has established 3 points for applications that include mixed-income, market rate residential units. To incentivize that process she wondered if the Committee would consider increasing those points to 5.

Chairman Pryor thanked Ms. Ventura for the suggestion and said that it makes sense to increase the points. In previous funding rounds, the Corporation has emphasized extremely low-income units for the most vulnerable population. However, there is a statewide housing challenge that includes all levels of housing including market rate. It's to everyone's benefit to leverage the LIHTC to produce more affordable units and include market-rate units where feasible. It's advantageous and it's in accordance with previous rules and prioritization that also fulfills the Governor's mission. RIPEC suggested increasing the points to 10, however, a 2-point increase is a good compromise. The Chairman recommended that between the meeting and the August board meeting, staff review that matter and consider the adjustment

Commissioner Womer concurred but was curious if RIHousing has any data to support the supposition that in the future the need is for additional mixed-income, lower income, or market rate units. He wanted to know if staff had undertaken an analysis of what RIHousing expects in the future needs of the state. Commissioner Womer would like to see some data prior to the Board meeting to support that the changes will lead to a healthy housing market.

Ms. Ventura stated that staff can provide some data to the Committee prior to the Board meeting. The Executive Director acknowledged that RIHousing has not observed much market-rate housing being developed with LIHTC so the 5 points might be an incentive to developers. Additionally, what rents are achievable in one location such as Newport or Barrington might not be attainable in Central Falls or Pawtucket.

James Comer, Deputy Executive Director noted that requiring a market study component to support that request will be important. Ms. Berman confirmed that RIHousing does require a third-party market study. She said that one of the challenges staff has seen is that syndicators do not like market-rate units as those represent a risk to them from a noncompliance perspective. Ms. Berman mentioned that Commissioner Barry could speak to that aspect. The most successful projects are when they incorporate enough market-rate units to have a condominium. Therefore, the market units are in one development and the LIHTC units are in separate development.

Commissioner Barry agreed, saying that having various income levels is good for the residents and community; however, it can get confusing depending on how the financing and sources are structured. That is something to keep in mind and how everything ties together. Having a market study available is beneficial for a successful outcome. She did emphasize that it is difficult and identifying ways to reduce the number of sources required in a deal may help to minimize and streamline the risk.

Ms. Berman mentioned that the last 80/20 deal that RIHousing underwrote was in 2006 in Johnston. Over the years they have a lot of voucher holders which helps to generate more income and support the development.

Furthermore, Ms. Berman stated that the greatest change seen is with income averaging. Staff has reviewed many transactions that go from 30% AMI to 80% AMI. It's a nice grouping within multiple income levels. Moreover, 80% of rents are not inexpensive, making them almost market rate in many communities.

Commissioner Barry concurred saying that income averaging works.

Committee Chairman Orth mentioned the allocation of 2 points for an all-electric deal and wanted to clarify that the intent is for a development that is all-efficient electric. Ms. Berman said that she believes that is the case but will confirm and tighten the language.

The Committee also addressed the MBE and WBE allocation where staff made it specific that if the developer, the general contractor, architect, property manager or key members of the developer team qualifies, then the points are received.

Mr. Comer stated that the engagement process is useful and there's been excellent participation from the development community. As a result, some thoughtful changes have been made.

Commissioner Womer asked Chairman Pryor if the draft regulations for the state LIHTC would be associated with the federal credits.

Chairman Pryor confirmed that the \$30 million per year tax credits will be eligible for both the 9% and 4% credits.

Ms. Berman explained that the federal LIHTC tax credits are less than the state's. For the 9% credits, Rhode Island receives approximately \$3.6 million which translates to \$36 million over 10 years. That amount averages to 2.5 deals per year.

Chairman Pryor referenced the comment received about the new Design and Construction Standards to be released will include more accessibility requirements than previous guidelines mandated. RIHousing's response to the commentor states that staff recommends waiting for the final report prior to adding the requirements to the QAP so that points can be adequately vetted. The Chairman wanted to know if staff is referring to the next cycle for updating the QAP and not this version.

Ms. Berman noted that RIHousing did incorporate a fair number of accessibility recommendations to the guidelines. As this is new for RIHousing, staff wants to be thoughtful as it could add significant costs for the developments.

Chairman Pryor wanted to know if there was a method in place to assess those costs. Ms. Berman noted that RIHousing's consultant is assisting in identifying those costs.

Following the discussion, Committee Chairman Orth specified that the Committee needed to amend the recommendation for the final QAP to increase points from 3 to 5 to incentivize mixed-income housing by prioritizing developments that include middle-income, and market-rate residential units.

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

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

Following the comments, Ms. Myers conducted a voice vote of the Commissioners for Approval of the Final 2025 Qualified Allocation Plan (QAP) as presented at the meeting and qualified by the comments of the Committee Chairman.

The commissioners unanimously voted to approve the motion.

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

4. Discussion:
  - a. Pipeline Report

Ms. Berman was happy to report that three (3) LIHTC and one (1) non-LIHTC transaction closed in June and July. Additionally, three (3) non-LIHTC transactions closed in the first week of August.

Furthermore, four (4) LIHTC projects that received preliminary approval last May are currently in closing.

Next, Ms. Berman said that construction on existing projects is moving along, and supply chain issues have eased. Electric switch gear and metering matters continue to be a challenge; however, developers are placing their orders early to mitigate those risks.

In closing, Ms. Berman noted that she expects quite a few transactions to close by December generating much-needed units for Rhode Island.

No votes were taken regarding 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 Committee Chairman Orth to adjourn the meeting.

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

The Commissioners unanimously voted to adjourn the meeting at approximately 10:18 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

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Carol Ventura  
Secretary and Executive Director