

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
June 10, 2020

The Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing” or “Corporation”) was held on Wednesday, June 10, 2020 at 9:00 a.m. The meeting was held via telephone conference call pursuant to Executive Orders 20-05, 20-25 and 20-35, as may be amended, superseded or extended.

Carol Ventura, Executive Director, introduced Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

Mr. Rotella stated that (i) the meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting and (ii) except for the Committee members, Board of Commissioners (in attendance) and specific RIHousing staff, all callers will be muted during the meeting. 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, Nicole Clement, General Counsel, provided additional information for those participating in the meeting. Ms. Clement stated that (i) pursuant to Executive Orders 20-05, 20-25 and 20-35 (as may be amended, superseded or extended), the meeting was being held via teleconference, (ii) members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and (iii) in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. Clement also stated that Committee Chairman Orth would preside over the meeting and requested that any Commissioner or staff to state their name prior to speaking. Ms. Clement then invited Commissioner Orth to call the meeting to order.

A quorum being present, Committee Chairman Orth introduced himself and officially called the meeting to order at approximately 9:09 a.m. Committee Chairman Orth then invited Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff (in attendance).

Ms. Ventura then conducted a roll call vote of Commissioners and staff participating in the meeting. Commissioners participating via conference call were: Committee Chairman Orth; Chairman Nicolas P. Retsinas; Elizabeth Tanner, Director of the Department of Business Regulations, and Maria Barry.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer; Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Lisa Primiano, Chief Operating Officer; Leslie McKnight, Assistant Deputy Director - Loan Servicing; Eric Shorter, Director of Development; Christine Hunsinger, Assistant Deputy Director External Affairs, Policy & Research; Nicole Clement, General Counsel; Anne Berman, Assistant Director of Development; Michael Liberatore, Senior Development Officer; Eric Alexander, Assistant Director Development/Housing Programs; Michael DiChiaro, Assistant Director of Leased Housing and

Rental Services - Asset Management; Carl Rotella, Director of Information Technology; and Marilena DiCristofano, Assistant to the Executive Director.

Ms. Ventura also noted that Bonnie Nickerson, Director of the City of Providence, Department of Planning and Development, and Ray Neirinckx, Housing Commission Coordinator, State of Rhode Island Office of Housing and Community Development, and members of the Barbara Jordan II Selection Committee were participating in the call. Members of the public also participated in the teleconference.

The following matters were discussed by the Committee.

1. Recommendation for Approval of Developer for Barbara Jordan II Apartments (Providence)

Ms. Ventura began by providing a brief overview of the Barbara Jordan II process. Ms. Ventura stated that in 2018 the U.S. Department of Housing and Urban Development (“HUD”) foreclosed on the original owner of BJII. In June 2018, to ensure the revitalization and redevelopment of BJII, HUD transferred ownership of the property to the Rhode Island Housing Development Corporation (“RIHDC”), a subsidiary of the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”).

Ms. Ventura said that in April 2018 RIHousing engaged Camiros, Ltd to facilitate a community engagement process. Following the seven (7) month engagement process, Camiros Ltd. produced a summary report with a roadmap detailing the community’s concerns and priorities. Camiros then framed the criteria for moving forward with the RFP for the selection of a developer.

Continuing, Ms. Ventura then expressed her appreciation to the selection committee for their time, efforts and invaluable input. The Barbara Jordan II Selection committee consisted of Bonnie Nickerson, Director of the City of Providence, Department of Planning and Development; Ray Neirinckx, Housing Commission Coordinator, State of Rhode Island Office of Housing and Community Development, Jeanne Cola, Executive Director of LISC; Melissa Sanzaro, Executive Director of the Providence Housing Authority; and Raoul Moore, a retired executive with Enterprise Community Investment, Inc. Ms. Ventura was pleased to report that the Selection Committee unanimously recommended the engagement of the partnership of Onmi/Wingate as the developer for Barbara Jordan II Apartments.

Ms. Ventura then introduced Eric Shorter, Director of Development, who presented the request.

Mr. Shorter explained that this recommendation is for approval to designate a developer for the acquisition and redevelopment of Barbara Jordan II Apartments (“BJII” or the “Development”). He remarked that Ms. Ventura provided an excellent overview of the process and proceeded to present the recommendation with pertinent details of the transaction.

Mr. Shorter said that BJII is an existing scattered site family housing development consisting of 74 units in 26 walk-up apartment buildings on multiple streets in 2 areas of South Providence. The first area, referred to as the “north area” and comprised of 18 buildings, is primarily bounded

by Pine, Somerset, Hayward and Pearl Streets. The second area, the “south area,” is comprised of 8 buildings and is focused primarily along Taylor Street.

In April 2018, RIHousing engaged Camiros, Ltd. (“Camiros”), who partnered with Borderless Studio LLC, to conduct a community engagement process. The BJII community engagement process (the “Community Engagement Process”) was designed to foster a meaningful dialogue with residents, anchor institutions, neighborhood organizations and other stakeholders located in the upper south side of Providence to create a vision for the redevelopment of BJII. These stakeholders participated in a full range of public engagement activities over a seven-month period. At the conclusion of the Community Engagement Process, Camiros issued a Community Engagement Process summary report, which helped shape the criteria in the RFP to select a developer.

In June 2019, RIHousing issued an RFP to designate a qualified developer for the redevelopment of BJII. The RFP was posted on the RIHousing website, the State of Rhode Island purchasing website, a RIHousing website specifically dedicated to BJII and sent to approximately 578 recipients, including developers and participants in the community engagement process via an email announcement. The RFP set forth RIHousing’s goal to promote the redevelopment of BJII in a way that will:

- Revitalize vacant, abandoned and blighted properties in the upper south side of Providence;
- Increase the number of housing opportunities including homeownership and rental in the City of Providence;
- Provide housing opportunities for a range of household sizes and incomes;
- Promote the development of commercial and public facilities appropriate for the neighborhood;
- Incorporate best practices regarding safety and accessibility, particularly crime prevention through environmental design (“CPTED”) standards;
- Ensure an affordability period of more than 30 years for all affordable units; and
- Encourage the participation of up to 50% of MBE/WBE Rhode Island based construction firms.

Paramount among the resident and community concerns incorporated into the evaluation criteria for the RFP were the developer’s ability to turn around under-performing properties as well as the quality and responsiveness of the property management entity. Other evaluative factors in the RFP included:

- the developer’s experience and commitment to community engagement and working together with residents and community partners;
- the development team’s past experience with multi-family affordable housing, management, and operational practices;
- the experience and financial capacity of the development team members;

- the availability of debt and equity resources needed for the acquisition and rehabilitation of the properties; and
- the anticipated marketability of the proposal.

As part of the RFP process, an external selection committee (the “Selection Committee”) was created to review the proposals and select a developer. The Selection Committee was comprised of representatives from the City of Providence, Providence Housing Authority (“PHA”), Local Initiatives Support Corporation (“LISC”), the RI Housing Resources Commission (“HRC”), RIHousing staff and a retired executive with Enterprise Community Investment, Inc. Several of the members of the Selection Committee also participated in the Community Engagement Process.

The RFP included threshold criteria and evaluation criteria. The 4 threshold criteria were (i) readiness to proceed (ii) financial feasibility, (iii) development team capacity and (iv) demand/marketability. A project had to meet all 4 threshold criteria in order to be evaluated. RIHousing received 6 responses to the RFP from the following entities: Omni America, LLC, Trinity Financial, Inc., Dakota Partners, Inc., S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY) (“SWAP”), a joint venture partnership proposal from Omni Development Corporation (“ODC”) and The Wingate Companies, LLC (“Wingate,” together with ODC, referred to collectively as “Omni/Wingate”), and a joint venture partnership proposal from WinnDevelopment and Crossroads Rhode Island.

Staff of RIHousing analyzed the RFP responses against the evaluation criteria. Two of the proposals did not pass threshold criteria and were disqualified. The remaining 4 proposals were further analyzed and scored. The 4 proposals were competitively ranked on each evaluation factor. RIHousing staff presented the 4 proposals to the Selection Committee. The Selection Committee subsequently interviewed each applicant over a 2-week period in March 2020. After the interviews, the Selection Committee narrowed the field to the 2 proposals that best met the concerns voiced by the community, the SWAP and Omni/Wingate proposals. SWAP and Omni/Wingate were then given 30 days to respond to questions and feedback from the Selection Committee. RIHousing staff then evaluated the proposal responses and provided their recommendation to the Selection Committee. The Selection Committee evaluated the recommendation and unanimously approved Omni/Wingate as the selected developer for BJII.

Both SWAP and Omni/Wingate have a strong presence in the neighborhood as well as reliable past performance as partners on other developments. Both proposals exhibited strong financial viability, however, each will require further refinement to secure preliminary commitment of financing within the next year. Notwithstanding these similarities, there were 2 primary factors that differentiated the Omni/Wingate proposal. The first is the deep property management resume that Wingate brings to the redevelopment effort. HUD had indicated a preference in the selected developer possessing substantive experience owning and/or managing properties of similar size. Wingate has over 30 years of top-to-bottom property management experience. Wingate manages over 15,000 residential apartments in 18 states and 1,500 units in 19 developments in Rhode Island. The second is Omni/Wingate’s transformational design which envisions demolishing all of the existing properties and replacing them with new energy efficient

buildings that provide modern amenities for an enhanced tenant experience. These 2 factors were of paramount importance to the Selection Committee, which was representing the larger stakeholder community.

Additionally, both ODC and Wingate have strong balance sheets and collectively make a strong, attractive partner for any number of syndicators. As a result of the COVID crisis, staff has had several conversations with syndicators who have stressed the importance of strong balance sheets and the ability to have significant liquidity for guarantees as well as, relationships, and track record. Mr. Shorter then said that Bonnie Nickerson and Ray Neirinckx, members of the Barbara Jordan II Selection Committee were present on the teleconference to say a few words regarding the community engagement process.

Mr. Shorter first introduced Bonnie Nickerson, Director of the City of Providence, Department of Planning, who shared her thoughts on the developer selection and community engagement process.

Ms. Nickerson began by saying that Ms. Ventura and Mr. Shorter did an excellent job in summarizing the entire process. She reiterated that what set the Omni/Wingate partnership apart was Omni's approach in rethinking the entire neighborhood development of housing units. Omni/Wingate's strategy to demolish the existing development and rebuild was an innovative conception. Omni focused not only on the physical structure but incorporated resident services and property management. Along with the rebuilding of the development, the strength of the team was impressive, especially the expertise of the architect. The team was uniquely responsive to the community concerns and suggestions. Ms. Nickerson also stated that the Barbara Jordan II project is a priority of the City of Providence and for the Mayor. The Mayor is excited to partner with RIHousing and move forward with the redevelopment.

Next, Mr. Shorter recognized Ray Neirinckx who spoke about his experience as a member of the Barbara Jordan II Selection Committee. Mr. Neirinckx remarked that his relationship with the development goes back to 1980 when his office was involved in the removal of the utility lines to relocate some of the houses. Mr. Neirinckx stated that the entire community engagement process to select a developer was fair and open. He expressed his appreciation to Mr. Shorter and RIHousing for their guidance and looked forward to the funding process for a bond to redevelop the property.

Committee Chairman Orth thanked Ms. Nickerson and Mr. Neirinckx for their insight and asked for a motion and a second to recommend to the Board of Commissioners the Approval of a Developer for Barbara Jordan II Apartments (Providence).

A motion was made by Commissioner Tanner and seconded by Commissioner Barry. Chairman Retsinas recused/abstained from the motion or vote as he is Chairman of the Providence Housing Authority.

Following the motion, Committee Chairman Orth thanked staff, the Barbara Jordan II Selection Committee and all the partners involved in the community engagement process for their efforts and dedication. Commissioner Orth stressed that the entire process was thorough, transparent

and the selection of Omni/Wingate as the developer was unanimous. Commissioner Orth said that he is excited about the project and is looking forward to getting underway with the construction phase of the development.

Nicole Clement, General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Orth	Aye
Chairman Retsinas	Abstained
Commissioner Tanner	Aye
Commissioner Barry	Aye

Ms. Clement stated that the recommendation for Approval of a Developer for Barbara Jordan II Apartments (Providence) was approved with three (3) votes in favor, one (1) abstention and zero (0) nay votes. Chairman Retsinas abstained from the vote.

2. Recommendation for Approval of the Proposed 2021 Qualified Allocation Plan (QAP)

Ms. Berman, Assistant Director of Development, presented the request. Ms. Berman said the changes to the proposed Qualified Allocation Plan (“QAP”) were mostly cosmetic but staff sought to update it for 2021. Ms. Berman then addressed the primary modifications of the draft 2021 QAP.

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.

Rhode Island Housing and Mortgage Finance Corporation (“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 2019. The 2021 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
Section I(A)	Modified program overview language	Eliminated some program history that was not relevant; clarified difference between 9% and 4% LIHTC

Section I(B)	Updated annual allocation	To reflect most current available data
Section I(C)(2)-(3)	General information updated; housing needs updated	To reflect the proposed consolidated plan for 2020-2024, current information and current state data
Section I(D)	Clarify lock-in information for applicable tax credits	Confirm fixed 9% rate; delete language no longer applicable
Section I(E)(3)	Clarify rent restrictions associated with average income requirements	Reflect recently released HUD average income rent data
Section II(A)	Update funding round schedule	Update for current year
Section II(B)	Additional guidance for applicants	Ensure applicants are familiar with most current requirements of the QAP and Developer's Handbook
Section II(C)	Added a HUD Foreclosure and Community Impact set-aside	To incentivize re-development of HUD foreclosed properties consisting of 74 units or more of family housing with significant community impact
Section II(C)	Minimum score requirement for set-aside application	To eliminate unfair advantage of a set aside
Section III(A)(1)	Add clarifications and detail to Developer Team Capacity Threshold Criteria regarding LIHTC experience	Provide guidance to assist applicants in providing necessary supporting information to meet Threshold Criteria requirements
Section III(A)(2)	Add clarifications and detail to Financial Feasibility Threshold Criteria review to assist applicants' understanding of RIHousing review	Provide guidance to assist applicants in providing necessary supporting information to meet Threshold Criteria requirements
Section III(B)	Clarification of financial leveraging	Explicitly identify hard debt in this category
Section III(B)	Comprehensive Community Development: Add a point for the provision of free broadband access to each residential unit	Minimize the digital divide and ensure connectivity for residents of LIHTC units
Section III(B)	Efficiency: Clarify eligibility for RNC Tier II and Energy Star points	Provide guidance to assist applicants in providing necessary supporting information
Section III(B)	Efficiency: Modify points for Photo Voltaic or other renewable sources.	Ensure that more than a token investment is made in exchange for being awarded points under this category.
Section III(B)	Negative Points: add negative points for failure to comply with	Ensure that applicants are held responsible for commitments

	previous commitment (and awarding of points) for Utility Benchmarking Services	made under previous scoring rounds.
Section III(C)	Updates narrative detail to the criteria in the scoring section	Clarifications and discussion of the scoring criteria
Section VII	Changes to the compliance monitoring requirements	To comply with Treasury Regulations
Section VII(B)	Updates to Certifications and Reporting Requirements	Clarifications and clean-up in regard to average income

The Plan underwent substantial changes in 2019 with subsequent minor changes in 2020. The 2021 Plan seeks to build on those changes with a focus on 3 areas: enhancing developer capacity, providing access to high-quality housing for low- and moderate-income households and increasing energy efficiency. Virtual and telephonic meetings are scheduled with stakeholders in the month of June and feedback from the community will be solicited during the public comment period.

The proposed Plan is attached as Attachment B, which attachment is included as part of the June 8, 2020 Credit Committee package.

The 2021 Plan will become final upon (i) the expiration of the public comment period; (ii) final approval by the Board of Commissioners of the 2021 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 22, 2020. A public hearing will be held no sooner than thirty (30) days following the publication of the proposed 2021 Plan, with final submission to the Board of Commissioners expected in August 2020.

Committee Chairman Orth then asked for a motion and a second to recommend to the Board of Commissioners the Approval of the Proposed 2021 Qualified Allocation Plan (QAP.)

A motion was made by Commissioner Barry and seconded by Commissioner Tanner.

A brief discussion followed with Committee Chairman Orth mentioning that a fair amount of thought was given to the Barbara Jordan set aside. Commissioner Orth asked Ms. Berman how often that process has been done and if it sets a precedent for the future. Ms. Berman deferred to Mr. Shorter who mentioned that RIHousing rarely engages in providing set asides for projects. This is probably the first time it has been utilized. Staff is requiring a minimum point score and the proposal must be competitive along with being fair to all applicants. Mr. Shorter explained that as Rhode Island receives only the small state minimum in credits that the set aside was not taken lightly.

Nicole Clement, General Counsel, also stated that numerous conversations were had with staff and Mr. Comer, Deputy Executive Director regarding the decision. Ms. Clement emphasized that if the preservation of a development has significant community impact, RIHousing has broad

latitude in determining priorities for the tax credits. Kentucky, Maine and Idaho have all used project set asides for developments with community impact. The Legal Department is reviewing language to outline the specifics of the set aside.

Committee Chairman Orth thanked everyone for their efforts in the process.

Chairman Retsinas asked if there is anything more that can be done to encourage fair housing. Ms. Berman responded that there is always room for improvement. However, the QAP is robust and RIHousing has funded projects across the state. Affordable housing has been constructed in urban and suburban locations while also addressing revitalization issues. There is always room for improvement, but the language in the QAP is successful in promoting fair housing.

The Committee next commended staff for the inclusion of free broadband in the QAP and noted that it's a great idea, especially considering the COVID-19 pandemic and the new way of doing business.

Chairman Retsinas asked if there are any other areas that RIHousing could be improve. Ms. Berman replied that the Design and Construction team is looking at how to build housing to make the buildings safer. Staff is researching whether ventilation of individual units is more efficient than a system designed for the entire property. Staff is also soliciting feedback to ensure that staff is designing buildings that are as safe as possible for the residents.

Nicole Clement, General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Orth	Aye
Chairman Retsinas	Aye
Commissioner Tanner	Aye
Commissioner Barry	Aye

Ms. Clement stated that the recommendation to recommend to the Board of Commissioners the approval of the Proposed 2021 Qualified Allocation Plan (QAP) was unanimously approved.

3. Discussion:

- a. Update of 2017-2018 Capital Magnet Fund (CMF) Awards and 2020 Capital Magnet Fund (CMF) Application

Ms. Ventura recognized Eric Shorter, Director of Development, who proceeded to update the Committee on the status of the two (2) Capital Magnet Fund (CMF) award grants.

Mr. Shorter mentioned that the Capitol Magnet Fund is a flexible tool for staff in producing affordable housing. The 2017 grant contract was signed in May 10, 2018 and the 2018 contract was signed on March 27, 2019. The dates are important because under the funding requirements, RIHousing has two (2) years from the execution of the contract to commit the funds and three (3) years from commitment to disburse the funds and five (5) years to complete the project.

In 2017 all funds were committed for a total of 675 affordable units. In 2018 staff produced 1,042 units and although 2019 is slightly behind schedule with presently 645 units projected, Mr. Shorter believes that by 2021 staff will catch up and hit all the benchmarks of the program.

Mr. Shorter pointed out that one of the requirements of the program is that 21% of the units must be in a distressed area. Of the seven (7) projects funded for 2019 only one is in a distressed location. Staff is confident that moving forward they will perform better in addressing the issue. Mr. Shorter next announced that the application deadline for this year's CMF grant is July 27, 2020. Staff is working with its consultant, Baker Tilly, to assemble a competitive application for this round. The CDFI Fund plans to award up to \$173.8 Million in grants for the CMF FY 2020 Round under this NOFA. Staff's goal is to have the application drafted by end of June and have the month of July to review, refine and reframe the application if required. The Capitol Magnet Fund is a critical resource for affordable housing financing and staff wants to secure those funds for the corporation. Mr. Shorter is confident that the application is going well, and all efforts are in place to ensure a successful outcome.

Chairman Retsinas inquired if staff is still exploring opportunity zones as part of its strategy for constructing affordable housing units. Mr. Shorter replied that staff is always looking for occasions to incorporate opportunity zones. Paragon Mills is one development that is in an opportunity zone.

There were no votes taken regarding this item.

4. Adjournment

There being no further business to discuss, Committee Chairman Orth thanked Mr. Shorter for the update and asked for a motion to adjourn the meeting. A motion was duly made by Commissioner Barry and seconded by Commissioner Tanner to adjourn the meeting.

Ms. Clement then conducted a roll call vote of the Commissioners in response to a motion for adjournment. The Commissioners voted as follows:

Commissioner Orth	Aye
Chairman Retsinas	Aye
Commissioner Tanner	Aye
Commissioner Barry	Aye

Ms. Clement announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 9:52 am.

In closing, Committee Chairman Orth thanked everyone for participating and said that he looks forward to when these meeting can be held in person.

Respectfully submitted

Carol Ventura, Secretary and Executive
Director