

**Rhode Island Housing and Mortgage Finance Corporation**  
**Minutes of the Meeting of the Credit Committee**  
**June 8, 2022**

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, June 8, 2022 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 the meeting was being held in person with all members of the Credit Committee appearing in person and specific RIHousing staff participating via teleconference. Members of the public were invited to access the meeting in person or via teleconference according to their preference. Additionally, 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.

A quorum being present, 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 and RIHousing staff in attendance.

Ms. Ventura conducted a roll call of Commissioners participating in the meeting. Commissioners participating were: Committee Chairman Orth and Elizabeth Tanner, Director of the Department of Business Regulation. Maria Barry was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Anne Berman, Director of Real Estate Development; Dean Harrison, Assistant Director of Real Estate Development; Seth St. Jean, Real Estate Development Officer; Jeffrey Swanson, Senior Real Estate Development Officer; Caroline Dylag, Real Estate Development Officer; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Stefan Pryor, Commerce Secretary and Hannah Moore, Chief of Staff, Executive Office of Commerce were also present. Members of the public were also present via teleconference.

Committee Chairman Orth announced that as the agenda was quite robust, he would do his best to keep the meeting moving. The number of transactions presented for approval was impressive and the Committee Chair expressed his delight with the recommendations.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on May 11, 2022

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on May 11, 2022. A motion was made by Commissioner Tanner and seconded by Committee Chairman Orth.

There being no discussion, Corinne Myers, General Counsel conducted a voice vote of the Commissioners for the approval of the minutes of the Credit Committee Meeting held on May 11, 2022. The commissioners unanimously voted to approve the minutes.

Ms. Myers then stated that the following was unanimously adopted:

VOTED: That the minutes of the Credit Committee Meeting held on May 11, 2022, are hereby approved.

2. Recommendation for Firm Approval of Financing for Copley Chambers I (Providence)

Committee Chairman Orth introduced Caroline Dylag, Real Estate Development Officer, who made the presentation.

Ms. Dylag said that the request was for RIHousing taxable construction-to-permanent financing in an amount not to exceed \$3,000,000, of which \$2,310,000 will remain as permanent financing for Copley Chambers I (hereinafter referred to as “Copley” the “Development”). Marathon Development, LLC is the developer (“Marathon” or the “Developer”). The Development received preliminary approval for this financing from the Board of Commissioners on April 21, 2022 (“Preliminary Approval”).

Copley is the proposed rehabilitation of a blighted vacant historic building located at 206 Broad Street in the Upper South Providence neighborhood. The building is officially listed on the National Register of Historic Places. Constructed in 1913 as one of the first apartment buildings in the city, the building is now in shell condition. Marathon proposes to convert the structure into a mixed-use building with 26 affordable apartments and a first-floor commercial space occupied by supportive service providers. Communal amenities will include a community room and laundry facility. No onsite resident parking will be available.

The 26 apartment units will be comprised of five efficiency units, 18 one-bedroom units, and three two-bedroom units. Two of the dwelling units will be ADA compliant. The Development has secured 8 project-based vouchers from the Providence Housing Authority. The dwelling units will be restricted to individuals or households earning between 30% and 80% of area median income.

Marathon will rehabilitate the Development using this financing and proceeds from the sale of Federal Historic Tax Credits, a Building Homes Rhode Island (“BHRI”) loan from the State of Rhode Island Housing Resources Commission, Acquisition and Revitalization Program (“ARP”) funds, and a deferred developer’s fee. In addition to receiving preliminary approval in April, the BHRI loan and

ARP funds have already been secured. The overall development costs are slightly lower than were projected at preliminary approval.

In closing, Ms. Dylag stated that staff recommends providing firm approval of \$3,000,000 in taxable construction financing for Copley Chambers I, of which \$2,310,000 will remain as permanent debt, subject to certain conditions.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Copley Chambers I (Providence).

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

Following the motion, Committee Chairman Orth asked if anyone had any questions or comments.

Commissioner Tanner inquired about the level of risk associated with the development as the developer is new to affordable housing ventures. Ms. Berman responded that the developer has a large portfolio throughout New England and is well versed in the business.

Ms. Ventura also noted that RIHousing has partnered with this developer for a CARES Act project in Hopkinton and is confident in their ability.

Committee Chairman Orth also asked if staff is comfortable with the level of risk as the appraisal and RIHousing's projection for the development differ by 10%.

Ms. Dylag confirmed that staff is comfortable that the numbers are reasonable and can be relied upon. Ms. Berman further explained that the rents are supportive of the appraisal and that RIHousing is being conservative in its approach. Ms. Berman confirmed that staff is satisfied with the numbers.

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

Ms. Myers then officially stated that the recommendation for Copley Chambers I (Providence) was unanimously approved.

3. Recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for Bourne Mill III (Tiverton)

Committee Chairman Orth announced that Seth St. Jean, Real Estate Development Officer would give this presentation.

Mr. St. Jean began by saying that the transaction was for firm approval of the reservation of up to \$1,298,500 of 2021 and/or 2022 Low-Income Housing Tax Credits ("LIHTC") and firm approval of a taxable first mortgage loan in an amount up to \$4,375,000 for Bourne Mill III (the "Development"), a 59-unit rental housing development to be located in Tiverton, Rhode Island. The Armory Revival Company is the developer (the "Developer"). The Development received preliminary approval from the Board of Commissioners in May 2021 ("Preliminary Approval").

The proposed Bourne Mill III project will consist of 59 units of mixed-income rental housing in a single newly constructed four-story building located on the site of the redeveloped Bourne Mill

complex in Tiverton, RI. The proposed building will be constructed on a vacant infill lot and will complement the restored adjacent Bourne Mill apartments in scale. The Developer envisions a campus-style setting with synergies between the new building and Bourne Mill. Bourne Mill III will benefit from cross amenities with Bourne Mill, including a walking trail, waterfront access, a dog park and a walking/exercising park. Additionally, Bourne Mill III residents will be able to use the Bourne Mill fitness center, billiards room, and community room.

Since Preliminary Approval, the Developer has added a solar component that will make the building net zero when complete. In addition, due to industry wide construction cost increases, the overall construction budget has increased by 30%. To compensate for some of the increase, the Developer has increased their deferred fee by \$450,000 and will provide a seller loan related to the acquisition costs.

The Developer will complete the new construction of the Development using the proceeds from the sale of 9% LIHTCs, a taxable permanent loan, Building Homes Rhode Island loans from the State of RI Housing Resources Commission (the "BHRI Loans"), a RI Rebounds Production Fund loan, a Housing Production Fund loan, a seller loan, several energy related incentives and rebates, a Zero Energy for the Ocean State ("ZEOS") grant, and a deferred developer fee. RBC Community Investments ("RBC") will be the syndicator purchasing the 9% LIHTCs at \$0.905 per credit resulting in total syndication proceeds of \$11,750,250.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for Bourne Mill III (Tiverton).

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

A brief discussion followed where Committee Chairman Orth noted that the construction cost versus the total development cost have increased by 30%. He wanted to know if those increases are due to construction issues or other matters. Mr. St. Jean confirmed that 80% of the increase is construction costs.

Committee Chairman Orth suggested that a policy be instituted outlining steps to address increases. Ms. Berman acknowledged the sentiment but did state that it's difficult to format a policy to fit all situations; the projects are unique and each one has different components. The developer has voluntarily brought in additional funds and staff has been working with the developer and contractor on certain contingencies to alleviate the issue.

Mr. Comer remarked that supply chain issues also have to be taken into consideration. Staff regularly consults internally with the Design and Construction team to strategize on what can be done to meet the needs of the contractors and ease cost burdens.

Ms. Ventura stated that the present market is challenging and extremely unpredictable, even for seasoned contractors/developers. Staff is proactive, examining every financial option and taking everything into consideration to ensure the projects are successful.

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

Ms. Myers then officially stated that the recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for Bourne Mill III (Tiverton) was unanimously approved.

4. Recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for The Millrace District (Woonsocket)

Committee Chairman Orth announced that Jeffrey Swanson, Senior Real Estate Development Officer would present the request.

Mr. Swanson said that the request was for firm approval of the reservation of up to \$1,117,210 of 2021 and/or 2022 Low-Income Housing Tax Credits (“LIHTC”), and for firm approval of: (i) a commitment of a HOME Investment Partnerships Program (“HOME Program”) loan of \$2,000,000, (ii) a Housing Trust Fund (“HTF”) loan of \$1,745,430, and (iii) a Capital Magnet Fund (“CMF”) loan of \$100,000 for The Millrace District (the “Development”), located in Woonsocket, Rhode Island. The Woonsocket Neighborhood Development Corporation d/b/a NeighborWorks Blackstone River Valley is the developer (“NWB RV” or the “Developer”). The Development received preliminary approval from the Board of Commissioners in May 2021 (“Preliminary Approval”).

The Development is proposed as a mixed-use and mixed-income development which entails the adaptive reuse of three historic mill buildings to create 70 units of affordable rental housing and 23,651 square feet of office, retail, and arts fabrication space. The apartments will be considered “live/work” units and be located on the upper building floors. The commercial space will occupy the ground floor of each of the three buildings. Of the 70 rental apartments, 11 will be affordable to households earning 30% of area median income (“AMI”), 31 will be affordable to households at or below 50% AMI, 13 will be targeted to households earning below 60% AMI, and the remaining 15 units will be affordable to households earning below 100% AMI and designated as workforce housing. There will be six efficiency units, 59 one-bedroom units, and five two-bedroom units. The 11 30% AMI units will be paired with 11 Section 811 project-based vouchers.

The Developer has secured an award from the Acquisition and Rehabilitation Program for the commercial space and Building Homes Rhode Island funds for a portion of the residential rehabilitation. NWBRV is also the recipient of an Affordable Housing Program (“AHP”) award from the Federal Home Loan Bank of Boston; Citizens Bank was the sponsor bank for this application. In addition to the \$650,000 AHP award, Citizens Bank will provide the construction loan and permanent loan. As a historic project listed on the National Registry, the Development is eligible to leverage equity from both federal historic tax credits (“FHTC”) and state historic tax credits (“SHTC”). The Development is in a Qualified Census Tract (“QCT”), allowing for a 30% basis boost to the qualified rehabilitation expenses, which will allow the project to generate additional equity.

Since Preliminary Approval, the Developer has initiated the environmental remediation, using U.S. Environmental Protection Agency funds, which will be completed prior to the closing. Due to industry wide construction cost increases, the overall construction budget has increased. In addition to escalating construction costs, the costs between the components were reallocated with the guidance of tax counsel. Overall project costs increased \$3.85 million or 13.6% since preliminary approval. The additional costs are covered through additional LIHTC, FHTC and SHTC equity, as well as awards from the RI Rebounds Production Fund, CMF, and Housing Production Fund.

Mr. Swanson said that staff requests firm approval of a reservation of an amount not to exceed \$1,117,210 of 2021 and/or 2022 LIHTC, and for the firm approval of: (i) a HOME Program loan of

\$2,000,000, (ii) a HTF loan of \$1,745,430, and (iii) a Capital Magnet Fund loan of \$100,000 subject to certain conditions.

Committee Chairman Orth thanked Mr. Swanson for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for The Millrace District (Woonsocket).

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

Following the motion, Committee Chairman Orth asked if anyone had questions.

Committee Chairman Orth acknowledged that even though the deal was complex, minimal or no risk exists for RIHousing. The Committee Chairman said he is looking forward to the project.

Corinne Myers, General Counsel, then conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for The Millrace District (Woonsocket) was unanimously approved.

At this point of the meeting, Committee Chairman Orth announced that Secretary of Commerce, Stefan Pryor was present and in respect of his time, he recommended moving agenda item number 10, Approval of Acquisition and Revitalization Program (ARP) Funding Award, to be reported on next.

The Committee Chairman thanked the Secretary for attending and invited James Comer, Deputy Executive Director to present the recommendation for the ARP award. Following Mr. Comer's comments, Committee Chairman Orth said that Secretary Pryor would share his remarks on the award.

##### 5. Recommendation for Approval of Acquisition and Revitalization Program (ARP) Funding Award

Committee Chairman Orth then asked James Comer, Deputy Executive Director to proceed with the presentation.

Mr. Comer commenced by stating that on March 2, 2021, the voters of the State of Rhode Island passed a state bond referendum authorizing the issuance of \$65,000,000 in bonds to increase the availability of affordable housing and support community revitalization through the redevelopment of existing structures, new construction, and property acquisition. RIHousing was authorized by the Rhode Island Commerce Corporation ("CommerceRI") to implement and administer a program using \$15,000,000 of these funds for the improvement of properties that are blighted or in need of revitalization. The program is known formally as the Acquisition and Revitalization Program ("ARP").

ARP's purpose is to stabilize neighborhoods and communities by strategically targeting foreclosed and/or blighted residential and commercial properties and vacant lots in need of redevelopment. Encouraging redevelopment of vacant, foreclosed and/or blighted properties will revitalize neighborhoods and communities, stabilize the housing market, and improve local economies. The

funding is available to non-profit and for-profit developers, municipalities and public housing authorities.

Pursuant to ARP Summary Guidelines established by RIHousing (“Guidelines”), ARP funding is available statewide but 75% of the funding is set aside for urban communities. The Guidelines restrict the income of households that will occupy the redeveloped residential or mixed-use properties to 120% of area median income (“AMI”). In addition, the Guidelines prioritize redevelopment of commercial properties and vacant lots located in low- and moderate-income census tracts or that serve low- and moderate-income households.

In November 2021, RIHousing issued a Request for Proposals (“RFP”) for ARP funds from qualified applicants. In response, RIHousing received 17 proposals requesting \$27,780,452 in ARP funds. All applications were reviewed by Development staff in accordance with the published Program Review Criteria to evaluate whether the applications contained the required ARP threshold criteria for awards as follows:

1. Applicant must demonstrate that the development activity will commence within six months of approval of funding.
2. Applicant must demonstrate that the development is financially feasible.
3. Applicant must demonstrate the experience and capacity to complete the project and to operate/maintain the project for a minimum 15-year period (as applicable) based upon experience with projects of similar complexity.
4. Applicant must demonstrate the need or demand for the project through market analysis, local demographics, existing demand for the project, etc.

Development staff scored only those applications that passed the threshold analysis and subsequently presented them to an external advisory committee (the “Advisory Committee”). The Advisory Committee approved five applications. On March 17, 2022, four of the applications were recommended for funding and approved by the RIHousing Board of Commissioners. Now that the fifth project’s capital stack is fairly complete, and contingent on the availability of all other funding and compliance with ARP guidelines staff recommends approval of funding for the project known as 111 Westminster Street.

Following Mr. Comer’s presentation, Committee Chairman Orth then invited Secretary Pryor to say a few words.

Secretary Pryor thanked Committee Chairman Orth, Ms. Ventura and the Development team for the opportunity to address the Committee and for their assistance with financing the transaction. He also acknowledged and commended Mr. Comer on his detailed and precise summary of the recommendation.

Secretary Pryor began by expressing his appreciation to everyone involved in the intense process in bringing this award to fruition. Secretary Pryor recognized Ms. Ventura, Commissioner Tanner and all the valued partners for the input and expertise they brought to the table. He also thanked Committee Chairman Orth for his contributions.

Secretary Pryor went on to explain that 111 Westminster Street is a highly visible project that has generated interest from state leadership, lawmakers, the development community and the general public. He commented that the redevelopment of the property is a great example of blight

remediation and optimum use of those dollars. Bringing new life to the “Superman” building has been a huge endeavour that has spanned over seven months of intense negotiations.

The financing structure of the project is extremely complex and the capital stack noteworthy. Secretary Pryor noted that the State contribution for the project is 12% of the project cost, where other projects register 20% of project cost along with leveraging an assortment of other resources to complete the financing structure.

Continuing, Secretary Pryor stated that 111 Westminster Street has received a great deal of public support including unanimous approval of the Senate and city Council President Iglizzi. The City of Providence is an enthusiastic partner, contributing \$5 million to the redevelopment of the site.

In closing, Secretary Pryor said the building has been vacant for over nine (9) years and all stakeholders from State leadership, municipal and legislative members, the Providence Foundation, Downtown Improvement District among various other stakeholders are excited and optimistic that this endeavour will generate much needed affordable housing for the City.

Finally, Secretary Pryor once again thanked the Committee and staff for their support.

Committee Chairman Orth thanked Mr. Comer and Secretary Pryor for his attendance and the presentation and asked for a motion and a second to recommend to the Board of Commissioners Approval of Acquisition and Revitalization Program (ARP) Funding Award.

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

Following the motion, Committee Chairman Orth asked if anyone had questions. None were presented.

Committee Chairman Orth reiterated Secretary Pryor’s sentiment regarding the importance of rehabilitating the building and the willingness of state, public and community members working together to achieve the goal. Committee Chairman Orth did ask staff if the development met threshold criteria, that the project is financially feasible and that RIHousing is satisfied with the developer’s capacity to complete the work.

Ms. Comer confirmed that the development meets RIHousing’s threshold guidelines and staff is confident in the developer’s abilities.

Following the discussion and comment, Corinne Myers, General Counsel, conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Acquisition and Revitalization Program (ARP) Funding Award was unanimously approved.

#### 6. Recommendation for Firm Approval of Financing for Bear Hill Village (Cumberland)

Committee Chairman Orth asked Mr. Swanson to give the presentation.

Mr. Swanson said that the request was for the firm approval of RIHousing taxable permanent financing in an amount not to exceed \$22,640,000.00 for Bear Hill Village in Cumberland (the “Development”). Providence Realty Investment, LLC is the developer (“Developer”).

Bear Hill is a three-story garden-style building originally constructed in 1980. It has 111 one-bedroom and 15 two-bedroom apartments for elderly and disabled households. Amenities include an outdoor communal patio, community room with a kitchen, common laundry room, a library, and management office. The Section 8 HAP contract, which covers 125 of the 126 units, was renewed in August 2021 for 20 years with rents marked up to market.

The Developer acquired the Development in 2010 through an arm’s length transaction. In 2011, moderate rehabilitation was completed utilizing tax-exempt bonds and Low-Income Housing Tax Credits. Prior to closing, the Developer will complete \$75,000 of critical and non-critical repairs identified in the RIHousing-commissioned capital needs assessment (“CNA”). To ensure that the replacement reserve balance remains positive through the first 15 years of the new loan, the Developer will deposit over \$7,700 per unit in the replacement reserve at closing and \$400.00 per unit per annum thereafter. A new CNA will be required at year 10 to ensure that the replacement reserve will stay positive for the next 15 years. If required, the annual deposits to the replacement reserve will be increased at that time. The Developer also seeks to lock in a lower interest rate and complete an equity take-out.

The scope of work to be completed pre-closing includes addressing a variety of accessibility, fire- and life-safety issues, and parking lot sealing and striping. Post-closing the Developer will install a new fire alarm system and replace the elevator controls.

In closing, Mr. Swanson said that staff seeks firm approval of a taxable permanent loan in an amount not to exceed \$22,640,000, which will be funded through the Federal Financing Bank Risk-Sharing Initiative.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Bear Hill Village (Cumberland).

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

A discussion followed with Commissioner Tanner addressing the fluctuating interest rates and how that affects the financing. Ms. Berman said that for this financing, the Federal Financing Bank provides a daily pricing schedule and rate lock options. The developer understands and is aware that the interest rate is subject to change. Ms. Berman and Mr. Swanson estimated that depending on the day of the transaction, the interest has recently been averaging between 5.35% to 5.55%.

Committee Chairman Orth asked how the spread for FFB deals compares to the spread for a taxable loan. Kara Lachapelle, Chief Financial Officer pointed out that RIHousing uses as its baseline the allowable spread for tax exempt financing, which is established by IRS policy and is 150 basis points. RIHousing also charges a 12.5 basis point fee for the risk share portion. Committee Chairman Orth then asked if that basically amounts to a 50 basis-point difference.

Ms. Lachapelle responded that presently the difference is just shy of 50 basis points but it varies depending on loan terms, like whether there is a balloon payment, and the date of the rate lock.

Committee Chairman Orth also looked at applications under the 223 program, which would be a competitor to the FFB and observed that he had recently seen pricing at about 115 basis points over 10-year Treasuries, equaling about a full point under the RIHousing rate. Ms. Berman responded that the Committee Chairman was correct. Staff has spent a lot of time and effort working with the sponsor to retain this development in the portfolio. RIHousing has fostered a positive business relationship with the developer and is happy that the property will continue to be part of RIHousing's portfolio.

Following the discussion, Corinne Myers, General Counsel, conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Firm Approval of Financing for Bear Hill Village (Cumberland) was unanimously approved.

7. Recommendation for Approval of Prepayment for Mt. Vernon Temple North Apartments (Woonsocket)

Committee Chairman Orth announced that Dean Harrison, Assistant Director, Real Estate Development would present the request.

Mr. Harrison pronounced that this recommendation was for approval of the prepayment of the existing first mortgage and junior loans of Mt. Vernon Temple North Apartments (the "Development"), an affordable housing development for elderly and disabled households situated at two locations within Woonsocket.

The Development consists of 123 apartment units and associated parking. Temple North is a 24-unit development consisting of 12 one-bedroom and 12 two-bedroom units. Mt. Vernon is a 99-unit development located approximately two miles away and contains 49 studios and 50 one-bedroom units. All units receive project-based Section 8 rental assistance. The Development was most recently refinanced in 2005 utilizing the Low-Income Housing Tax Credit ("LIHTC") Program and financing from Rhode Island Housing and Mortgage Finance Corporation ("RIHousing"). The Development's 40-year Regulatory Agreement expires in 2045.

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 Mt. Vernon Temple Associates, Limited Partnership (the "Owner"). The initial LIHTC compliance period is complete, and the limited partner is forcing a sale of the property to maximize their return. The Development is currently being marketed for sale. The Owner is reviewing offers in anticipation of an arm's length transaction wherein the Development will be transferred to a third-party buyer, with a closing to take place approximately 60 days from the date of the purchase agreement. Considering the volatility in interest rates, it is necessary that the Owner receive RIHousing consent to prepay the existing RIHousing debt, to satisfy the time limitations of proposed buyer financing. Sales proceeds will be used to pay off both the first mortgage as well as the principal and accrued interest associated with a junior loan. The loan agreement for the first mortgage and junior loans waived the prepayment penalty after year 15. Accordingly, RIHousing has determined there is no prepayment penalty associated with the loan payoff base.

Because the identity of the purchaser of the Development is unknown, a condition of the prepayment is that the purchaser and new property management company be acceptable to RIHousing in all respects, as RIHousing still retains both a Regulatory Agreement and LIHTC Use Agreement on the Development. It should be noted that the U.S Department of Housing and Urban Development (“HUD”) will also need to approve any new owner and management company as part of the assignment of the Housing Assistance Payment (“HAP”) Contract.

Finally, Mr. Harrison said that no changes to the term or substance of the existing RIHousing Regulatory Agreements are contemplated.

Committee Chairman Orth thanked Mr. Harrison for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Prepayment for Mt. Vernon Temple North Apartments (Woonsocket).

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

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

Ms. Myers then officially stated that the recommendation for Prepayment for Mt. Vernon Temple North Apartments (Woonsocket) was unanimously approved.

8. Recommendation for Approval of Transfer of Physical Assets (TPA) for Hillcrest Village Apartments (Providence)

Committee Chairman Orth said that Mr. Harrison would also give this presentation.

Mr. Harrison began by explaining that the subject transaction along with the recommendations for Hillside Village Apartments and Pocasset Manor Apartments were procedural matters to comply with RIHousing’s TPA regulations. The forementioned recommendations are all related to the same organization, Preservation of Affordable Housing (“POAH”), and follow the same guidelines regarding TPA regulations.

Mr. Harrison then said that the request was for approval of the transfer of the limited partnership interest in Hillcrest Village Apartments (the “Development”), an affordable housing development for elderly and disabled households located in Providence.

The owner of the Development is Hillcrest Preservation Associates Limited Partnership. The current general partner of the development is POAH Hillcrest Apartments, LLC which holds a .01% interest in the partnership. The two current investor limited partners in the Development are PNC Multifamily Capital Institutional Fund XXXI Limited Partnership and the special limited partner Columbia Housing SLP Corporation (collectively the “Limited Partners”). The Limited Partners hold a 99.99% limited partner interest. The Limited Partners intend to withdraw and sell their partnership interests to Preservation of Affordable Housing, LLC (the “Transferee”). Both the current general partner and the Transferee are affiliated with POAH, the developer.

No new financing is currently anticipated. The Transferee will assume all existing obligations encumbering the Development. As part of its application, POAH requested a waiver of the transfer fee associated with their request. Staff reviewed the request to waive the transfer fee and consistent

with its practice of waiving the transfer fee for non-profit sponsors who are applying for the transfer of ownership to take-out the limited partner investors, granted the waiver.

The current property manager is POAH Communities, LLC. The owner and management company are affiliated entities. No change in the management agent is contemplated. The Development received a 93b on its most recent REAC score and POAH provided a list of capital improvements made over the past few years. The transfer will allow the Transferee to buy out the limited partners now that the initial compliance period has ended.

Committee Chairman Orth thanked Mr. Harrison 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 Hillcrest Village Apartments (Providence).

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

Commissioner Tanner inquired what the process fee is for the transactions. Ms. Berman replied that the fee is \$1,500.

Committee Chairman Orth acknowledged that that the property is in good condition and the General Partner is a long standing, seasoned professional entity.

As no other comments were presented, Corinne Myers, General Counsel, conducted a voice vote of the Commissioners. 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 Hillcrest Village Apartments (Providence) was unanimously approved.

9. Recommendation for Approval of Transfer of Physical Assets (TPA) for Hillside Village Apartments (Providence)

Committee Chairman Orth again invited Mr. Harrison to provide details on Hillside Village Apartments.

Mr. Harrison proceeded to say that this request was also purely administrative and was for approval of the transfer of the limited partnership interest in Hillside Village Apartments (the “Development”), an affordable housing development for elderly and disabled households located in Providence.

The owner of the Development is Hillside Preservation Associates Limited Partnership. The current general partner of the development is POAH Hillside Apartments, LLC which holds a .01% interest in the partnership. The two current investor limited partners in the Development are PNC Multifamily Capital Institutional Fund XXXI Limited Partnership and the special limited partner Columbia Housing SLP Corporation (collectively the “Limited Partners”). The Limited Partners hold a 99.99% limited partner interest. The Limited Partners intend to withdraw and sell their partnership interests to Preservation of Affordable Housing, LLC (the “the Transferee”). Both the current general partner and the Transferee are affiliated with POAH, the developer.

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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) for Hillside Village Apartments (Providence).

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

Following the motion, Committee Chairman Orth asked if anyone had questions.

There being no questions, Corinne Myers, General Counsel, conducted a voice vote of the Commissioners. 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 Hillside Village Apartments (Providence) was unanimously approved.

#### 10. Recommendation for Approval of Transfer of Physical Assets (TPA) for Pocasset Manor Apartments (Providence)

Mr. Harrison also gave the presentation for the transfer of physical assets for Pocasset Manor Apartments.

Mr. Harrison remarked that the request was for approval of the transfer of the limited partnership interest in Pocasset Manor Apartments (the “Development”), an affordable housing development for elderly and disabled households located in Providence.

The owner of the Development is Pocasset Preservation Associates Limited Partnership. The current general partner of the development is POAH Pocasset Apartments, LLC which holds a .01% interest in the partnership. The two current investor limited partners in the Development are PNC Multifamily Capital Institutional Fund XXXI Limited Partnership and the special limited partner Columbia Housing SLP Corporation (collectively the “Limited Partners”). The Limited Partners hold a 99.99% limited partner interest. The Limited Partners intend to withdraw and sell their partnership interests to Preservation of Affordable Housing, LLC (the “Transferee”). Both the current general partner and the Transferee are affiliated with POAH, the developer.

No new financing is currently anticipated. The Transferee will assume all existing obligations encumbering the Development. As part of its application, POAH requested a waiver of the transfer fee associated with their request. Staff reviewed the request to waive the transfer fee and consistent with its practice of waiving the transfer fee for non-profit sponsors who are applying for the transfer of ownership to take-out the limited partner investors, granted the waiver.

The current property manager is POAH Communities, LLC. The owner and management company are affiliated entities. No change in the management agent is contemplated. The Development

received a 97b on its most recent REAC score and POAH provided a list of capital improvements made over the past few years. The transfer will allow the Transferee to buy out the limited partners now that the initial compliance period has ended.

Committee Chairman Orth thanked Mr. Harrison 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 Pocasset Manor Apartments (Providence).

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

Corinne Myers, General Counsel, next conducted a voice vote of the Commissioners. 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 Pocasset Manor Apartments (Providence) was unanimously approved.

#### 11. Recommendation for Approval of RI Rebounds Production Fund Program (RIRPF) Funding Awards

Committee Chairman Orth noted that Ms. Berman, Director of Real Estate Development, would present the recommendation.

Ms. Ventura informed the Committee that the awards for RI Rebounds Production Fund and for the Housing Production Fund Programs are subject to RIHousing receiving duly executed Memorandum of Agreements (MOU). Ms. Ventura specified that if RIHousing does not receive the designated MOUs prior to the Board meeting on June 16<sup>th</sup>, staff will withdraw the recommendations from the agenda and bring them to the Board for approval in August.

Ms. Ventura then invited Anne Berman to present the recommendation. Ms. Berman commenced by recognizing the development officers and ancillary program staff for their work on reviewing and scoring the 52 proposals requesting \$217 million in funding. Ms. Berman stated that it was a herculean charge and staff performed admirably. RIHousing was oversubscribed for the funds four (4) to one (1). The recommendations for the 13 projects will materialize in 550 new units of affordable housing for residents in the 80%, 30% and 64 units for residents above the 80% to just below 120% of area median income (AMI) ranges. She applauded staff for the major undertaking.

Ms. Berman then proceeded with the presentation. She stated that the RI Rebounds Production Fund Program (“RIRPF”) is funded by State and Local Fiscal Recovery Funds (“SLFRF”) appropriated to the U.S. Department of Treasury (“Treasury”) through the American Rescue Plan Act of 2021 for the production of affordable housing for households with incomes at or below 80% of AMI. RIHousing was authorized by the State of Rhode Island to implement and administer RIRPF using approximately \$15,000,000 in funds for the new production of affordable housing for both rental and homeownership opportunities.

In March 2022, RIHousing issued a Request for Proposals (“RFP”) for RIRPF funds as part of a consolidated funding round from qualified applicants. In response, RIHousing received 52 proposals requesting approximately \$33,000,000 in RIRPF funds. All applications were reviewed by Development staff in accordance with the published Program Review Criteria to evaluate whether the applications contained the required RIRPF threshold criteria for awards as follows:

1. Applicant must demonstrate ability to proceed to closing on all financing and begin construction within nine months of commitment.
2. Applicant must demonstrate that the development is financially feasible for (i) the overall development costs of the project and (ii) the long-term operation of the proposal.
3. Applicant must demonstrate that the development has a reasonable likelihood that it will achieve sustainable occupancy of 95% within six months of construction completion. For mixed income proposals that meet the 20% at 50% or 40% at 60% set asides, the applicant must submit a third-party market study that includes an absorption schedule, lease-up reserve and identifies the timeline for achieving 95% occupancy.
4. The developer must have experience in the successful development and operation of affordable housing of similar scope and complexity.

Ms. Berman then announced that Development staff scored only those applications that passed the threshold analysis.

RIHousing staff recommends approval of funding for 13 proposals in the amount of \$14,750,000. All proposals are contingent upon the applicant's ability to secure additional committed funding by December 31, 2022. These RIRPF awards will directly fund 486 units for households with incomes below 80% area median income ("AMI"), of which 168 units will be for households with incomes below 30% of AMI. Including market rate units, these 13 developments will create 550 units of housing.

Finally, Ms. Berman said that allocation of up to \$14,750,000 in RIRPF funds is recommended for approval, contingent on the availability of all other funding and compliance with RIRPF guidelines. Additionally, Ms. Berman clarified that the approval is conditional upon receipt of a duly executed Memorandum of Agreement (MOU) from the State of Rhode Island.

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 RI Rebounds Production Fund Program (RIRPF) Funding Awards.

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

Following the motion, Committee Chairman Orth asked if anyone had questions.

Commissioner Tanner observed that the awards span diverse geographic locations across the State. The Commissioner was pleased to see that spread of development of affordable housing.

Committee Chairman Orth commented that a number of the awards were for projects previously funded. The Committee Chairman understood that there have been construction cost increases to take into consideration but wanted to know if staff thought it was an appropriate use of the RIRPF resources.

Ms. Ventura confirmed that she and the Deputy Secretary of Commerce agreed that it was a reasonable use of the funds. Ms. Ventura noted that it requires skill and flexibility to weave the funding into tax credit deals and there's a great need for such funds to aid affordable housing.

Ms. Berman further elaborated by noting that not all increases are related to construction cost increases. Some of the funding was part of the capital stack. Several of the applications had applied

for HOME and HTF funds but as RIHousing was also oversubscribed for those funds, the RI Rebounds resources were the best option to move the pipeline along.

Committee Chairman Orth also mentioned that 52 proposals were received but only 13 applications were approved. The Committee Chairman wanted to know why the other proposals were not approved.

Ms. Berman said that RIHousing was oversubscribed 4 to 1 for the financing and some of the other applications are receiving HTF, BHRI, Preservation and Capital Magnet Funds. Additionally, 75% of the proposals failed to meet the readiness to proceed criteria and others required huge gap financing in the \$15 million range.

Ms. Ventura said that the primary goal for the funds is to move projects forward to construction as quickly as possible.

Mr. Comer also said that given the present climate, and with the State's budget ready to be released shortly, staff will realize additional funding opportunities for housing.

Commissioner Tanner suggested RIHousing promote the program and provide media coverage on the effectiveness of staff's utilization of the resources. Ms. Ventura agreed and said that Christine Hunsinger, Chief Strategy and Innovation Officer is working on producing media coverage.

Following the discussion, Corinne Myers, General Counsel, conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of RI Rebounds Production Fund Program (RIRPF) Funding Awards was unanimously approved, which approval is conditional upon RIHousing's receipt of the duly executed MOU from the State of Rhode Island.

## 12. Recommendation for Approval of Housing Production Fund (HPF) Funding Awards

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

Ms. Berman said the Housing Production Fund ("HPF") was established by the State of Rhode Island General Assembly in June 2021 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 implement and administer a program using \$10,000,000 of these funds to provide grants or loans for the development of new affordable housing and the preservation of existing affordable units.

In March 2022, RIHousing issued a Request for Proposals ("RFP") for HPF funds as part of a consolidated funding round from qualified applicants. In response, RIHousing received 52 proposals requesting \$217,000,000 of which approximately \$75,820,000 is HPF funds. All applications were reviewed by Development staff in accordance with the published Program Review Criteria to evaluate whether the applications contained the required HPF threshold criteria for awards as follows:

1. Applicant must demonstrate ability to proceed to closing on all financing and begin construction within nine months of commitment.
2. Applicant must demonstrate that the development is financially feasible for (i) the overall

- development costs of the project and (ii) the long-term operation of the proposal.
3. Applicant must demonstrate that the development has a reasonable likelihood that it will achieve sustainable occupancy of 95% within six months of construction completion. For mixed income proposals that meet the 20% at 50% or 40% at 60% set asides, the applicant must submit a third-party market study that includes an absorption schedule, lease-up reserve and identifies the timeline for achieving 95% occupancy.
  4. The developer must have experience in the successful development and operation of affordable housing of similar scope and complexity.

Development staff scored only those applications that passed the threshold analysis.

Continuing, Ms. Berman said that staff recommends approval of funding for seven proposals in the amount of \$10,000,000. All proposals are contingent upon the applicant's ability to secure additional committed funding by December 31, 2022, and compliance with HPF guideline to directly fund 360 units for households with incomes below 80% area median income ("AMI"), of which 74 units will be for households with incomes below 30% of AMI. Including market rate units, these seven developments will create 392 units of housing.

Furthermore, the recommendation is contingent upon a duly executed MOU from the State of Rhode Island. If the MOU is not received prior to the June 16, 2022 Board of Commissioners meeting, the recommendation will be held until the August 2022 Board meeting.

Committee Chairman Orth thanked Ms. Berman for the information and asked for a motion and a second to recommend to the Board of Commissioners Approval of Housing Production Fund (HPF) Funding Awards.

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

Following the motion, Committee Chairman Orth asked if anyone had questions.

Commissioner Tanner commented that she observed that some of the applicants are duplicates. Ms. Berman confirmed her observation, noting that those projects are also receiving other funding resources including CMF funds and BHRI money and several projects are also being recommended for BHRI financing.

Ms. Ventura informed the Committee that the Housing Resources Commission (HRC) is scheduled to meet on June 15<sup>th</sup> to recommend and approve BHRI projects.

Committee Chairman Orth asked Ms. Berman to speak to the reason to split resources when financing a project. He noted that \$160,000 is recommended from the HPF program and \$1.6 million in RI Rebound monies, why wouldn't staff combine the request for \$1.7 million of one funding program. The Committee Chairman said he understood that it could be due to compliance issues but wanted to know if there was another reason for the allocations.

Ms. Berman stated that part of the reason is due to compliance issues and also that there are more RI Rebound funds which are more difficult to utilize with tax credit transactions. Staff was proactively and strategically allocating funds for optimum use of the funding sources. Staff did endeavor to limit the number of funding sources per project as it makes financing the project much simpler.

Mr. Comer explained that it's similar to a puzzle, trying to allocate resources to ensure a successful outcome. Especially as the goal is to get as many projects to completion as possible as well as clearing the pipeline.

Committee Chairman Orth then wanted to know if there was any issue with the 1 to 1 replacement of units for Park Holm. Ms. Berman explained that prior to requesting firm approval, the Developer must supply a plan for their strategy for the 1 to 1 replacement for units not scheduled for this phase. Ms. Berman noted that the sponsor is presently working on that plan and expects that proposal by late fall.

Following the discussion, Corinne Myers, General Counsel, conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Housing Production Fund (HPF) Funding Awards was unanimously approved, which approval is provisional upon RIHousing's receipt of the duly executed MOU from the State of Rhode Island

### 13. Recommendation for Approval of Proposed 2023 Qualified Allocation Plan (QAP)

Committee Chairman Orth said that Ms. Berman would provide information on the revisions to the proposed 2023 Qualified Allocation Plan.

Ms. Berman mentioned that staff initiates changes annually to the Plan but is striving to move to a two year QAP plan. The 2023 proposed changes are to address cost containment issues and federal requirements along with present trends in the construction industry and ongoing challenges with urban, suburban and community needs.

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 September 2021. The 2023 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.

Ms. Berman then said that staff has proposed the changes summarized below to the following sections of the Plan. The changes seek to amplify and explain RIHousing's goals and procedures.

<b>SECTION</b>	<b>CHANGE</b>	<b>REASON</b>
Introduction	Deleted historical information pertaining to the Tax Reform Act of 1986.	Extra information that provides no relevant value to an applicant.

Section I (multiple references to LIHTC Requirements Pages 9-21)	Deleted multiple sections that are commentary rather than required statutory language.	Applicants are reminded that the QAP provides statutory guidance; developers are advised to consult a qualified tax attorney and/or accountant to determine eligibility for the credit.
Section I(C)(2)&(3) (Pages 10-11)	Deleted certain references to annual state specific percentages without minimizing state housing needs.	Some information is dated; deletion does not change intent.
Section I(F) (Page 19)	Deleted Section 911 detail related to subsidy layering.	Detail is included in the Developer's Handbook which is updated annually.
Section I(G) (page 20)	Modified language regarding Single Room Occupancy (SRO) units.	Clarified RI Housing's current policy in regard to SROs.
Section I (O) (Page 25)	Added new section on Non-Profit Right of First Refusal (ROFR).	The new language codifies and preserves the ROFR by qualified non-profits at the close of the compliance period.
Section II(B) (Page 28)	Eliminate the provision of in-person presentation of projects by applicants.	Staff has determined that these presentations don't provide additional information beyond what is provided in the application; elimination of the presentation will reduce the RFP review by approximately 3-4 weeks.
Section III (Pages 31&35)	Eliminate absolute total development (TDC) cap of \$390,000 net of reserves.	Construction costs are currently volatile and unpredictable making it problematic to have a maximum TDC given the various types of building types contemplated annually. The financial leveraging incentivizes cost efficiency.
Section III B (scoring – Page 39)	Add HPF-ELI as an operating subsidy; delete HUD Section 811 Program since all vouchers have been allocated.	Program updates.
Section III B (scoring – Page 39)	Correct typo in Leveraging section D.	Typo correction
Section III B (scoring – Page 40)	Eliminate points for Opportunity Zones (OZ).	Federal program incentives related to OZs have been phased out.

Section III B (scoring – Page 41)	Modify basis for awarding points to high-performing school districts to high school graduation rates.	The metrics related to graduation rates are clearer, easier to understand and published annually in RI KidsCount Factbook.
Section III B (scoring – Page 42)	Modify points related to mixed income units.	Non-profits have expressed concern that for-profit developers are more likely to undertake mixed income due to risk; reducing points mitigates some of their concerns regarding this disparity.
Section III B (scoring – Page 42)	Delete points related to location within a Policy Map GIS area that met the 3 of 4 of the following: not in a USDA Low food census tract, in a high opportunity area, within ½ mile of a community health center and within ½ mile of a library.	The current criteria are narrow and only 8 census tracts fit these criteria. Not a useful metric for scoring.
Section III B (scoring – Page 42)	Modified points for broadband to reflect Affordable Connectivity Program (“ACP”) included in the 2021 Federal Infrastructure Bill; modified scoring for households that don’t qualify for ACP.	The ACP requires providers to provide \$30/month subsidy for high-speed internet; requires minimum \$9.99/month contribution from residents.
Section III B (scoring – Page 44)	Require municipality to certify to blight.	Puts the one onus of determining blight on the municipality, not RIHousing.
Section III B (scoring – Page 45)	Modification to reflect recent National Grid program for mill rehabilitation projects.	Program update.
Section III B (scoring – Page 46)	Delete points related to utility benchmarking.	Difficult to monitor on an annual basis who is continuing to use utility benchmarking; owners are not providing data to RIHousing, yet all applicants claim points.
Section III C – pages 48-53	Deleted multiple sections that are commentary rather than substantive.	Eliminates repetition for items already detailed in the scoring section.
Section IV	Deleted detail related to underwriting of tax-exempt bond transactions.	Underwriting requirements included in the Developer’s Handbook, which is updated annually.

Section V	Deleted old reference to construction costs per square foot which are no longer utilized.	Document clean-up.
Section VII (pages 56-62)	Deleted language that provided historical information and commentary rather than required statutory language.	Applicants are reminded that the QAP provides statutory guidance; developers are advised to engage qualified property management firms certified as LIHTC-trained.

Staff held two meetings with stakeholders to discuss current trends in the construction industry, market challenges, community needs, scoring categories and point allocation, challenges associated with both urban and non-urban development, as well as differing community needs. Staff also received written comments from individuals unable to join the stakeholder meetings. The 2023 Plan seeks to focus on several areas: the increased cost of development, incentivizing the development of units to serve a broader spectrum of households, and continued alignment of the QAP with the goals of other state planning documents.

A blacklined copy of the proposed Plan was included as part of the June 8, 2022 Credit Committee package.

The 2023 Plan will become final upon (i) the expiration of the public comment period; (ii) final approval by the Board of Commissioners of the 2023 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.

Ms. Berman then said that the public comment period will begin on or about June 20, 2022. A public hearing will be held following the publication of the proposed 2023 Plan, with final submission to the Board of Commissioners expected in August 2022.

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 Proposed 2023 Qualified Allocation Plan (QAP).

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

Following the motion, Committee Chairman Orth asked if anyone had questions.

A brief dialogue followed. Commissioner Tanner referenced the change recommended regarding graduation rates instead of allocating points for high performance areas and asked for a bit more clarification on what factors staff used for determining that information.

Ms. Berman explained that in prior years, staff utilized a more complicated formula reflecting math and reading scores, etc. However, that information was difficult to navigate and interpret. Utilizing the high performance criteria was not as clear as graduation rates. There are clear metrics available in each town and city that identify graduation rates annually. That data is more concise and readily available in the Kids Count Fact Book. Ms. Berman also offered to share a link that provides that data.

Commissioner Tanner wanted to know if the change will impact schools that have recently made new adjustments to their programs. Ms. Berman said that it's too early in the process to tell and it does also include data on charter schools.

Commissioner Tanner then asked for confirmation that the new Federal policy regarding broadband services requires a nominal tenant contribution, and Ms. Berman confirmed.

Following Commissioner Tanner's comment, Committee Chairman Orth reviewed the category for points for broadband services and asked if the modified language is sufficiently clear and understandable for the applicants.

Ms. Berman responded that most of the developers are appreciative of the change. The new requirement is cost effective for developers and they welcomed the modification. Residents will still have access to connectivity services but will have to contribute a small amount for the service.

Committee Chairman Orth asked if the fee was graduated or if the resident would only pay \$10 dollars. Ms. Berman responded that it's graduated because there are some residents that are above the federal poverty level but below the 60% AMI level. The tenant still has to pay the \$10, but it's just a differentiation issue for certain residents. Ms. Berman offered to review the language to ensure that the strategy makes sense.

Mr. Comer explained that the Federal government has acknowledged the necessity for broadband and has provided additional subsidies for the initiative.

Committee Chairman Orth asked if RIHousing is allotting higher points to developers that absorb the residents' portion of the internet service fee. He recommended that allocation, especially as it amounts to approximately \$10 dollars per month.

Ms. Berman and Ms. Ventura noted the suggestion and said staff will take it into consideration.

Commissioner Tanner felt that it would be helpful to set those standards as it leads to better opportunities for residents in the future.

The Committee Chairman also took a moment to assess the previous year's projects and trends where staff has pivoted away from the previous year's QAP. Committee Chairman Orth referenced the numerous deals financed with 4% and 9% credits and the various resources to ensure successful outcomes.

Ms. Ventura stated that staff was able to finance housing in suburban and rural areas. The geographic diversity of projects is commendable. The mindset in the community has changed a bit, allowing concessions for affordable housing. Furthermore, developers are more proactive with working with the planning departments and the municipalities when proposing new developments. RIHousing's efforts to showcase other successful developments has also helped in changing negative outlooks.

Mr. Comer further explained that historically there has been limited feedback and participation when revising the QAP. The past few years, the development community and partner engagement has been outstanding resulting in a lot of constructive feedback. That feedback allowed RIHousing to better align its focus and adjust its guidelines. The response from the community engagement process was exceptional, fostering a great exchange of ideas and recommendations.

Additionally, Ms. Ventura said that developers would acknowledge that the scoring process is open and transparent allowing developers to see exactly where they stand and where to improve.

Ms. Berman also mentioned that the service provision has been a great feature. It allows the developers to think strategically and holistically about housing and including the 30% AMI population. Moreover, RIHousing has allocated all of its 811 vouchers which is an added bonus.

Committee Chairman Orth asked staff to review the scoring spread to ensure there is no bias when allotting credits, specifically for deals that incorporate both the 4% and 9% credits.

Ms. Berman informed the Committee that RIHousing has circulated a plan to develop a policy to codify what the policy should be for the combined deals.

Committee Chairman Orth recommended defining and inserting into the QAP policy a requirement that 4% deals require a certain minimum scoring. He believes that would be a good practice to initiate for the QAP. Staff can review options to determine what a reasonable scoring should be.

The Committee Chairman also commented on the diverse deals along with age restricted projects and small households and noted the strong demand for smaller units, wondering what constitutes small. Ms. Ventura said that she would confer with Ms. Rainone, Director Government Relations & Policy to review that language.

Ms. Berman mentioned that within the next 5 to 10 years, there will be more residents over the age of 65, and that the trend is for smaller units. The data indicates that the need is for the older segment of the population and homeless necessitating one to two bedroom apartments.

Committee Chairman Orth observed that there were no three-bedroom units built this round and noted that there is no incentive for the larger units and suggested revisiting the matter. Ms. Berman agreed, saying that staff has the opportunity prior to the finalizing the QAP to revisit the issue and consider allocating bonus points for larger units.

The Committee Chairman also touched on some of the more expensive projects, with a limited number of affordable units included in the transactions. He remarked on the hefty amount of subsidy required to complete the capital stacks. Committee Chairman Orth's concern was regarding the elimination of the total development cost cap. He felt that staff should not eliminate that requirement but increase the amount to accommodate escalations in construction costs.

Committee Chairman Orth advised placing a cap on the number of credits allowed for the affordable units and a general cap on the non-soft dollars per affordable unit. The Committee Chairman mentioned designating a \$35,000 cap per affordable unit and \$125,000 State of Rhode Island subsidy cap.

Ms. Ventura stated that might not be feasible as the amounts are a bit low but will research the matter.

Ms. Berman said that some developers are more sophisticated than others in maximizing financing techniques. If construction includes efficiencies, one- and two-bedroom units across the development, they should be the same across the 4% and 9% deals. Proportionally, they should be the same when financing a combined deal, and that could alleviate the issue.

Furthermore, staff will reach out to housing colleagues to ascertain what their policy is in terms of total development cap and compare practices.

Committee Chairman Orth remarked that Massachusetts (MA) still includes a total development cost of a high of \$399,00 down to \$259,000 per unit. Also, NCSHA's best practices recommends total development cost containment. Committee Chairman does want staff to have flexibility but also wants to ensure that costs are reasonable.

Mr. Comer did confirm that the QAP scoring does reward developers for keeping cost down.

Committee Chairman Orth then referenced the affordability set asides, observing that they are relatively low and most were mixed income. He advised incentivizing owners/developers to create more housing for the 50% to 60% or below AMI population.

Ms. Berman responded that RIHousing incentivizes the 30% AMI or lower category. Committee Chairman Orth recognized that incentive but said there are no more 811 vouchers available.

Ms. Ventura stated that staff is exploring other strategies to address the lack of 811 units and will target and prioritize project based developments. Ms. Ventura also said she believes that a top priority for the state is assistance for the 30% AMI market.

The Committee Chairman also addressed the right of first refusal language included in the draft QAP and asked how that specific terminology was determined.

Ms. Berman explained that is a national issue and staff researched other HFA's such as Virginia and MA as well as conferring with LISC on the matter. The verbiage for that directive is derived from language that Virginia Housing Authority utilizes.

Also discussed was the projected concern that 2020 and 2021 deals would return for additional credits due to cost increases. Ms. Berman confirmed that Development has been explicit in delivering the message that there are no additional funds available for cost increases.

Commissioner Tanner inquired on how staff advises new developers/applicants who believe they are ready for the next level on becoming a developer on how to move forward in getting into the affordable housing industry.

Ms. Ventura said that message is communicated via one on one meetings with all new and potential developers. However, Ms. Ventura said there is no formal material available.

Ms. Berman further expounded by saying that staff has weekly conversations with new developers to educate, review and provide training. Staff strongly encourages potential developers to start on a smaller scale and to take advantage of RIHousing's expertise and training sessions.

Ms. Ventura said that RIHousing and community partners also offer capacity building for the non-profit industry. In addition, LISC has training programs that are comprehensive and highly educational.

Mr. Comer informed the Committee that RIHousing partnered with LISC in designing an intense and comprehensive three part training program for developers. More than 50 individuals participated in the training and feedback received was extremely positive. The next session is scheduled this month with the final class occurring in early fall.

Ms. Berman further expounded by saying that this year's developers' workshop focuses on the One Stop Application process. Staff also plans to partner less sophisticated developers with seasoned professionals to foster opportunities for partnerships and education.

Committee Chairman Orth wanted to know if the workshop is a step by step instructional training. Ms. Berman said that the workshop is more of a big picture session to address market issues, trends and best practices.

Committee Chairman Orth recommended also scheduling an instructional step by step workshop to ensure successful applications. Commissioner Tanner thought the suggestion was worth consideration. She mentioned that her office often provides training sessions on how to break into certain businesses that include step by step instructions.

Ms. Ventura replied that RIHousing does promote training opportunities in many areas of the Corporation, including upcoming sessions geared for the RentReliefRI programs. However, for new developers and long standing entities, that is done on an exclusive one to one basis that is focused on specific needs of the individuals to address individual requirements and capacity issues.

Committee Chairman Orth also mentioned that mandatory workshops might be a consideration. Ms. Berman stated that staff strongly encourages developers and partners prior to the preapplication process to meet with loan officers to discuss their projects and any challenges they are experiencing. Ms. Berman also said that she receives calls daily from prospective individuals/developers inquiring on how to get into the industry. Ms. Berman invites the interested parties to meet with staff to explore those opportunities.

Following the discussion, Corinne Myers, General Counsel, conducted a voice vote of the Commissioners. The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of the Proposed 2023 Qualified Allocation Plan (QAP) was unanimously approved.

#### 14. Discussion:

##### a. Pipeline Report

Committee Chairman Orth announced that there was no need for details on the Pipeline. Staff has demonstrated the numerous actions pending and the efforts involved in coordinating the proposals for approval. He commended staff on the accomplishment.

#### 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 Tanner 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 11:10 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted

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Carol Ventura  
Secretary and Executive Director