

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
May 10, 2023

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on May 10, 2023 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.

James Comer, Deputy Executive Director, opened the meeting and introduced Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

Mr. Rotella stated that (i) this meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting and (ii) except for specific RIHousing staff participating telephonically in the meeting, all callers would be muted during the meeting. Mr. Rotella also asked that to prevent any feedback or background noise, telephone participants to please mute the telephone if not speaking. Additionally, Mr. Rotella announced that if during the meeting anyone had technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Next, Corinne Myers, General Counsel, provided additional guidance for the meeting. Ms. Myers stated that members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. Myers also stated that Committee Chairman Orth would preside over the meeting and requested that any Commissioner or staff member state their name prior to speaking for the benefit of listeners and to mute the phone when not speaking. She then invited Committee Chairman Orth to call the meeting to order.

A quorum being present, Committee Chairman Orth introduced himself and officially called the meeting to order at approximately 9:41 a.m. Committee Chairman Orth then invited Mr. Comer to proceed with the roll call of Commissioners in attendance.

Mr. Comer conducted a roll call of Commissioners participating in the meeting. Commissioners participating were: Committee Chairman Orth; Sara Cabral, Designee for Elizabeth Dwyer, Interim Director of the Department of Business Regulation and Maria Barry.

Chairman Pryor was also present.

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

Members of the public were also present via teleconference.

Committee Chairman Orth acknowledged that the meeting's agenda was quite robust and stated that he would move the meeting along as quickly as possible. However, the Committee Chairman did want to ensure that the transactions received due consideration.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on April 12, 2023

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on April 12, 2023. A motion was duly made by Commissioner Designee Cabral 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 April 12, 2023.

The Commissioners unanimously voted to approve the minutes with two (2) votes in favor, Commissioner Barry abstaining and zero (0) nay votes.

Ms. Myers then stated that the following was adopted:

VOTED: That the minutes of the Credit Committee Meeting held on April 12, 2023, are hereby approved.

2. Recommendation for Reservation of Low Income-Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Central Street Development (Pawtucket and Central Falls)

Prior to the presentation, Committee Chairman Orth asked Anne Berman, Director of Real Estate Development to provide a brief overview of the transactions being presented.

Ms. Berman said that the agenda is quite overwhelming but was excited to bring to the Committee proposals encompassing diverse financing options in various communities throughout the State.

Continuing, Ms. Berman said that staff received nine (9) applications for 9% LIHTC requesting \$12 million in funding. As RIHousing has approximately \$3.2 million to allocate, the Agency is oversubscribed four (4) to one (1) for the tax credits. Of the nine (9) applications received for 9% tax credits eight (8) passed threshold. A review committee that included Committee Chairman Orth is recommending three (3) projects for approval. Additionally, staff received 57 applications for a myriad of funding sources, which eight (8) are tax exempt projects, seven (7) for preliminary approval of new development projects and one (1) for firm approval of financing. In total the eight (8) projects will utilize \$83 million of tax-exempt bonds to leverage more than \$105 million of 4% LIHTC equity.

Additionally, staff is recommending funding for a number of other projects that don't fit into the two standard categories and do not require project specific board actions. In total, RIHousing is awarding more than \$101 million of funding to 21 projects. More than 350 of the units will be available for households with incomes below 30% of area median income (AMI) or \$26,000 for a 3-person household.

Since the majority of the funding recommendations are for preliminary approval, staff will be collaborating with the developers to move their projects through the due diligence phase and to firm approval as efficiently as possible. In general, the current underwriting for each of the projects conforms to RIHousing's requirements. Furthermore, RIHousing actively monitors the developers and projects during the entire phases of financing and construction to safeguard they are viable and will come to fruition.

Ms. Berman did point out that the new projects currently fail one of the bridge loan tests. In order to minimize the agency's exposure, staff will be focusing on three (3) primary objectives address risk:

1. Making sure that no less than 15% of equity is paid in at closing
2. Limiting the size of the bridge loans to the minimum required to meet the 50% test; and
3. Ensuring that staff is actively engaged in the review of the plans and specifications, and is closely monitoring construction

Finally, Ms. Berman thanked the entire Development team for their efforts over the past several months. The present RFP was the largest ever undertaken for the Corporation and staff performed a herculean and admirable job in processing and reviewing the applications. She expressed her appreciation to the entire Development Division.

Committee Chairman Orth thanked Ms. Berman and suggested that a high level summary spreadsheet of the transactions depicting how the funds were allocated and the number of units proposed for each category would be helpful. The Committee Chairman also suggested a public presentation for transparency and to advertise the amount of funding invested in housing endeavors.

Ms. Berman agreed, saying that staff can provide that summary for the Committee.

Commissioner Barry noted the substantial number of applicants requesting funding and asked if RIHousing has sufficient resources to commit to the projects.

Ms. Berman confirmed that as of the meeting, all the proposals were fully funded. Furthermore, staff has emphasized that the amount approved is the maximum that RIHousing is allocating for each applicant.

Following Ms. Berman's overview, Committee Chairman Orth announced that Stephanie Booker, Real Estate Development Officer would give the presentation for Central Street Development.

Ms. Booker began by saying that the request was for approval of a reservation of 2023 and/or 2024 9% Low-Income Housing Tax Credits ("LIHTC") in an amount not to exceed \$1,126,600, as well as preliminary approval of a RIHousing taxable construction loan not to exceed \$11,000,000, of which \$3,200,000 will remain as a permanent loan, for Central Street Development ("Central Street" or the "Development"). The developer is Pawtucket Central Falls Development Corporation ("PCFDC" or the "Developer").

The Development is a mixed-use, mixed-income project on 12 scattered sites in Pawtucket and Central Falls. 30 units of new construction and 32 rehabilitation units have been proposed. In addition, there are two proposed commercial units that will serve the residents of the Development. More specifically:

- The new construction will create 30 new units, of which 21 will be LIHTC units and 9 will be non-LIHTC units serving households with incomes at or below 80% of area median income

(“AMI”). The 21 new LIHTC units will serve households earning 30% of AMI to 60% of AMI.

- The preservation component will consist of 32 units, of which 22 units will be LIHTC and 10 will be non-LIHTC units serving households with incomes at or below 80% of AMI.
- The two community service facility spaces will house a Homeownership Center and “Tech Hub” for resident and community use. The Homeownership Center will assist BIPOC families in Pawtucket and Central Falls with financial fitness, homebuyer education and affordable homeownership opportunities. The Tech Hub space, operated by the New England Institute of Technology, will connect local residents to high-speed internet as well as provide technical job training skills.

In the overall Development, 14 units restricted for households earning at or below 30% of AMI will be subsidized for youths aging out of foster care, and supportive services will be provided through a partnership with Foster Forward. Foster Forward will ensure that all 14 tenants have operating subsidies in the form of rental vouchers. Supportive services will include case management, resumé building, college prep/education counseling, employment counseling, and customized life coaching.

The Developer submitted its proposal for the Development in response to the Request for Proposals issued by RIHousing in November 2022. The collective capital stack for the Development is anticipated to consist of (i) the permanent loan from RIHousing contemplated herein, (ii) proceeds from the sale of 9% LIHTC, (iii) a Community Revitalization Program (“CRP”) grant, (iv) a Capital Magnet Fund (“CMF”) loan, (v) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds, and (vi) a Middle Income Program loan.

The Funding Committee, which is comprised of senior RIHousing staff and a member of the RIHousing Board of Commissioners, awarded Central Street the highest score in the 2023 9% LIHTC round based on the strength of the application and the criteria outlined in the State of Rhode Island 2023 Qualified Allocation Plan (“QAP”).

Staff requests a reservation of 2023 and/or 2024 9% LIHTC in an amount not to exceed \$1,126,600, as well as preliminary approval of a taxable construction loan in an amount not to exceed \$11,000,000, of which \$3,200,000 will remain as a permanent loan, for Central Street, subject to certain conditions.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Recommendation for Reservation of Low Income-Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Central Street Development (Pawtucket and Central Falls).

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

A brief discussion followed. Committee Chairman Orth asked for a breakdown of costs for new construction and preservation units.

Ms. Booker replied that cost for the new units is \$433,333 and \$184,375 for the preservation units.

Ms. Booker responded that Design and Construction reviews all costs associated for all construction purposes including the creation of new units.

Committee Chairman Orth also reviewed the overall bridge loan matter for most of the transactions. He mentioned that 25% is required upfront which is good but was concerned that there's a fair amount of repayment risk associated with the deals. It is a large risk for the Corporation. The Committee Chairman wanted to know how staff is funding the bridge loans and mitigating risk.

Kara Lachapelle, Chief Financial Officer explained that depending on whether the loan is a tax-exempt or taxable loan determines what mechanism the Corporation uses to fund the project. The Corporation does have lines of credit in place for the loans or will issue taxable or tax-exempt bonds. The tax exempt loan will be bonded noting that staff includes a strong resolution for the repayment of the assets. The rating agencies stress liquidity; therefore, all deals are scrutinized for sufficient collateral to offset the risk. There is some repayment risk, but it's minimal. Staff is in touch with developers throughout the entire process and would know early on if there are issues. In the history of the Corporation, staff has never run into repayment issue.

The Committee Chairman noted that lines of credit and bridge loans are issued by banks. Lately, the country has seen banks default, therefore, Committee Chairman Orth wanted to know if the bridge loans are non-recourse.

Ms. Berman confirmed that the bridge loans are all recourse. Ms. Berman also said that for at least two (2) of the projects the tax credit investor is requiring the construction loan at the beginning of construction. RIHousing's loan is not going to be introduced until 50% of the construction is complete. Additionally, various projects will not reach the construction stage until 12 months from approval, which will allow staff to stagger the funding. Staff evaluates and discusses risk scenarios frequently to offset any potential problem.

The Committee also discussed the possibility that the investor will withdraw from the projects. Committee Chairman Orth felt that was an issue as the value is not in the real estate but with the tax credits. Specifically, as only 15% is required upfront and nothing else until completion.

Commissioner Barry mentioned that it depends on what is happening with the project but typically in this housing market, the risk is offset by the need. It is beneficial to think through the processes to assess all options.

Committee Chairman Orth also wanted to know if HUD overlays its requirements for the equity pay in. Ms. Berman stated at this point of process, as RIHousing doesn't insure the loans, that is not a requirement.

Stefan Pryor arrived at 9:57 a.m.

Commissioner Barry remarked that budget cost aside, interest rates are typically built into the deal. The interest rates have stabilized. Construction costs have not come down much but are moderating. The Commissioner wanted to know how with so many deals pending, staff gets comfortable with funding the projects.

Anne Berman, Director of Real Estate Development replied that RIHousing has a hedge on the interest rate. The construction costs have moderated and, it's really supply chain challenges that the developer has to address. Merchandise can be procured early in the process and held until needed. Based on data from Design and Construction, the costs are reasonable. As part of every underwriting,

staff performs an analysis to determine what is best for the borrower and if there are any undue risks with the undertakings.

Regarding insurance, Ms. Berman said that Asset Management diligently reviews operating expenses. Staff has seen increase in insurance costs, but RIHousing has a database of information in place to monitor costs.

James Comer, Deputy Executive Director spoke to the equity and construction costs presented by the Committee. He stated that the benefit of Rhode Island is that it's a small community and staff has worked with most of the developers, lenders, syndicators and contractors thereby cultivating strong relationships. Most of the partners are willing to work with the Corporation when challenges arise, therefore offsetting some of the risk.

There being no additional comments or 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 Reservation of Low Income-Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Central Street Development (Pawtucket and Central Falls) was unanimously approved.

3. Recommendation for Reservation of Low-Income Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Rosebrook Commons (Middletown)

Committee Chairman Orth again asked Ms. Booker to proceed with the presentation.

Ms. Booker stated that the approval is for a reservation of 2023 and/or 2024 9% Low-Income Housing Tax Credits ("LIHTC") in an amount not to exceed \$1,088,685, as well as preliminary approval of a RIHousing taxable construction loan in an amount not to exceed \$11,895,000, of which \$3,659,000 will remain as permanent debt, and a HOME Investment Partnerships Program ("HOME") loan in the amount of \$1,000,000 for Rosebrook Commons (the "Development"). The developer is Mesolella Development Corp. (the "Developer").

Rosebrook Commons is a proposed mixed-income, mixed-use development located at 1747 West Main Road in Middletown that will be developed in two phases. Phase I, the subject of this RFA, consists of two buildings comprised of 64 residential units and 23,000 square feet of ground floor commercial space. Of the 64 units, 51 will be LIHTC units and the remaining 13 units are slated as middle income with rents up to 120% of area median income ("AMI"). The unit sizes vary from one to three bedrooms. Of the 51 LIHTC units, 13 will be affordable to households with incomes below 30% of AMI and 38 will be affordable to households with incomes below 60% of AMI. The Developer has requested HPF-ELI funds to provide operating support for the 30% AMI units.

As currently contemplated, the Development will be condominiumized so that the commercial space will be a separate condo from the residential units and will, therefore, be financed separately. Accordingly, the commercial space is not reflected in the sources and uses contemplated herein. The entire Development has been granted a Comprehensive Permit and received final plan approval from the Middletown Planning Board on January 9, 2023.

The Developer submitted its proposal for the Development in response to the Request for Proposals issued by RIHousing in November 2022. The collective capital stack for the Development is

anticipated to consist of (i) the permanent loan from RIHousing contemplated herein, (ii) proceeds from the sale of 9% LIHTC, (iii) the HOME loan contemplated herein, (iv) a Middle Income Program loan, and (v) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds.

The Funding Committee, which is comprised of senior RIHousing staff and a member of the RIHousing Board of Commissioners, awarded Rosebrook Commons the second highest score in the 2023 9% LIHTC round based on the strength of the application and the criteria outlined in the State of Rhode Island 2023 Qualified Allocation Plan (“QAP”).

Finally, Ms. Booker said that staff requests a reservation of 2023 and/or 2024 9% LIHTC in an amount not to exceed \$1,088,685, as well as preliminary approval of a taxable construction loan in an amount not to exceed \$11,895,000, of which \$3,659,000 will remain as permanent debt, and a HOME loan in the amount of \$1,000,000 for Rosebrook Commons, subject to certain conditions.

Committee Chairman Orth thanked Ms. Booker for the presentation and asked for a motion and a second for Reservation of Low-Income Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Rosebrook Commons (Middletown).

Commissioner Barry recused from the discussion or vote of this application as her employer, Bank of America, may be involved in the financing of the development.

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

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

Commissioner Barry asked who the syndicator was for the deal. Ms. Berman responded that Michel Associates is the syndicator.

Committee Chairman Orth noted that the developer is seeking renters for the commercial space and asked if potential tenants have been identified. Ms. Booker said that the borrower has not yet identified the renters. Ms. Berman replied that the developer is very experienced in the multifamily arena and has no concerns with leasing the commercial space.

Committee Chairman Orth also questioned if the DAH-2 and Middle Income program funds are repayment or grants. Ms. Berman explained that all the funds are loans and staff requires that 50% of cash flow of the DAH-2 funds will return to RIHousing. For the Middle Income it’s 50% of cash flow until borrower repays the first soft loan and then it’s 50% for the next phase. The loans are structured at 0% interest rates. Ms. Berman said that repayment is due on maturity of the loan or earlier if the property is sold however, it can be assumed by a new owner.

Committee Chairman Orth also briefly touched on the bridge loans and wanted to know if the Corporation has guidelines in place involving the payment of development fees.

Ms. Berman reminded the Committee that staff has limited the requirement to 20% to 25% for the first payment. In certain situations, when the project is at 50% completion, staff will release 50% of the developer fee and issue the final developer fee at completion of the project. It can be a challenge for many of the non-profit developers as most rely on that initial payment. The initial 25% payment allows developers to maintain operating budgets.

Commissioner Barry asked if the middle income units are renting quickly. Ms. Berman replied that it depends on the developer. Some of the owners are more comfortable and familiar with advertising the units, while others might struggle a bit as it's unfamiliar territory. However, Asset Management is available to assist them with advertising and marketing strategy.

Commissioner Barry also queried if the units have more or less amenities. Ms. Berman and Mr. Comer believe that there is no difference in amenities but perhaps a higher level of finish, such as providing a stainless sheen on appliances. Mr. Comer also said that the parameters for utilizing those funds allows more leeway for discretionary use that includes various amenities that benefit everyone.

There being no further questions, Corinne Myers, General Counsel conducted a voice vote of the Commissioners. The commissioners voted to approve the motion with two (2) votes in favor, Commissioner Barry recusing and zero (0) nay votes.

Ms. Myers then officially stated that the recommendation for Recommendation for Reservation of Low-Income Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Rosebrook Commons (Middletown) was approved.

4. Recommendation for Reservation of Low-Income Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Southpoint Commons (Westerly)

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

Mr. Swanson began by noting that the request was a straightforward transaction.

Mr. Swanson said that the request was for approval of a reservation of 2023 and/or 2024 9% Low-Income Housing Tax Credits ("LIHTC") in an amount not to exceed \$1,200,000, as well as preliminary approval from RIHousing of a HOME Investment Partnerships Program ("HOME") loan in the amount of \$1,000,000 and a HOME Investment Partnerships American Rescue Plan ("HOME-ARP") loan in the amount of \$2,000,000 for Southpoint Commons (the "Development"). The developer is Dakota Partners, Inc. ("Dakota" or the "Developer").

Southpoint Commons is a proposed mixed-income development comprised of 72 new construction units on Route 1 in Westerly. The site is controlled by the Developer via a purchase option, and the Developer expects to purchase the property once the U.S. Department of Housing and Urban Development ("HUD") Environmental Review is completed in late May 2023. The site has no frontage to provide access, however, prior to the Developer's purchase of the site, the seller will form a land condominium to provide access via an easement across the adjacent land condominium unit. The improvements will consist of 2 three-story residential buildings and an additional community building containing office space, a clubhouse and other project amenities. There will be 36 one-bedroom, 28 two-bedroom, and 8 three-bedroom units. The project will be affordable to tenants at a range of income levels, with 16 units available to households at or below 30% of area median income ("AMI"), 41 units available to households at or below 60% of AMI, and 15 market rate units.

The Developer submitted its proposal for the Development in response to the Request for Proposals issued by RIHousing in November 2022. Development Division staff carefully reviewed construction costs and total development costs given that previous Dakota projects have experienced cost increases

between preliminary and firm approval. The RIHousing Design & Construction staff concluded that proposed construction costs for Southpoint Commons in this application are “reasonable” based on today’s environment and compare to similar recently priced projects. The collective capital stack for the Development is anticipated to consist of (i) a permanent loan from a third-party lender, (ii) proceeds from the sale of 9% LIHTC, (iii) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds; (iv) the HOME loan contemplated herein; (v) the HOME-ARP loan contemplated herein, and (vi) a deferred developer fee.

The Funding Committee, which is comprised of senior RIHousing staff and a member of the RIHousing Board of Commissioners, awarded Southpoint Commons the third highest score in the 2023 9% LIHTC round based on the strength of the application and the criteria outlined in the State of Rhode Island 2022 Qualified Allocation Plan (“QAP”).

Staff requests a reservation of 2023 and/or 2024 9% LIHTC in an amount not to exceed \$1,200,000, as well as preliminary approval of a HOME loan in the amount of \$1,000,000 and a HOME-ARP loan in the amount of \$2,000,000 for Southpoint Commons, 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 Recommendation for Reservation of Low-Income Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Southpoint Commons (Westerly.)

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

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

Chairman Pryor asked how staff allocates credit or discounts market rate units for a proposal and how it is incorporated in the QAP.

Ms. Berman stated that there are points awarded for 9% deals for units that are above 80% AMI. Staff does ensure that the rents are commensurate with the market.

Chairman Pryor asked if the standards for efficiency and productivity awards in the QAP also speak to market rate rents. Ms. Berman confirmed the fact that the award is for the overall residential units. For this project, the units are a little below market rate providing a cushion for the developer. Additionally, the units are integrated throughout the development.

Committee Chairman Orth announced that there is a policy for total maximin score for the inclusion of market rate units and range of income. The developer can achieve points for the market rate units with the understanding that they will lose the tax credit equity.

Mr. Swanson replied that this project has achieved three (3) tiers of affordability. 15 units are designated for the 30% or below AMI sector and 42 units are reserved for the 60% AMI population or below and 15 are unrestricted. Mr. Swanson said that staff is seeing multiple tiers of affordability in most of their projects.

Chairman Pryor referenced the fee structure for this deal, such as the deferred developer fee, and asked how staff makes those decisions to be fair and equitable to all.

Mr. Comer explained that it depends on the individual transaction. If there's a gap in financing and the developer wants to step in a fill that gap, then staff works with the developer to determine what is best for the project to be viable.

Chairman Pryor also asked if there's a tradeoff for a non-deferred fee. Mr. Comer said that it's a balance of what the developer is doing and if there's another resource that can be utilized to make the deal work.

Chairman Pryor wanted to ensure that all developers are treated equitably. Mr. Comer said that he would share the policy with the Committee.

Committee Chairman Orth asked if the lender has been identified. Mr. Swanson stated that there is a lender and he furnished that information. However, the borrower has reserved the right to go back to market for more advantageous pricing.

Committee Chairman Orth also wanted to know if a geo tech report was performed.

Mr. Swanson confirmed that there is a report and it is required as part of the application process. The geo tech findings have been reviewed and are reflected in the budget.

Following the 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 Reservation of Low-Income Housing Tax Credits (LIHTC) and Preliminary Approval of Financing for Southpoint Commons (Westerly) was unanimously approved.

5. Recommendation for Preliminary Approval of Financing for Reynolds Farm Senior Housing II (North Kingstown)

Committee Chairman Orth noted that Mr. Swanson would also present the request for Reynolds Farm.

Mr. Swanson said that the request was for preliminary approval of a Housing and RI Housing tax-exempt construction loan in an amount not to exceed \$7,500,000, a taxable permanent loan equal to \$200,000, a HOME Investment Partnerships Program ("HOME") loan equal to \$1,000,000, and a Housing Trust Fund ("HTF") loan equal to \$1,340,000 for Reynolds Farm Senior Housing II (the "Development"). Valley Affordable Housing Corp. ("VAHC" or the "Developer") is the developer.

VAHC is proposing 40 units of new construction in North Kingstown to be known as Reynolds Farm Senior Housing II. The project will be restricted to residents aged 55+ and all 40 units will be affordable. The units are a combination of 31 one-bedroom units and 9 two-bedroom units. Eleven of the units will be affordable to households with incomes below 30% of Area Median Income ("AMI"), and the Developer has requested HPF-ELI funds to provide operating support for these 30% AMI units. There will also be multiple community spaces in the building, including space specifically designed for providing social services to the residents. In addition, all of the units are designed with universal access in mind. This project is the second of two affordable housing projects within the larger Reynolds Farm property. Phase I, which also contains 40 units, was completed in the spring of 2021.

The larger Reynolds Farm project, a market rate planned community, is a three-phase planned development located on 78 acres. The site is located just south of the junction of Route 1 (Post Road) and Route 403. Quonset Point is located to the north and there are a variety of commercial and retail amenities along Post Road. Upon completion, the Reynolds Farm project will provide more than 600 homes using a mix of single-family homes, rental apartments and townhomes. Phases I & II of Reynolds Farm Senior Housing comprise the majority of the affordable homes required as part of the Town's approval of the Reynolds Farm project.

The Developer submitted its proposal for the Development in response to the Request for Proposals issued by RIHousing in November 2022. The collective capital stack for the Development is anticipated to consist of (i) the permanent loan from RIHousing contemplated herein; (ii) proceeds from the tax-exempt financing and the sale of 4% low-income housing tax credits ("LIHTC"); (iii) the HOME loan contemplated herein; (iv) the HTF loan contemplated herein; (v) Development of Affordable Housing 2 ("DAH-2" also known as ARPA Production Fund) funds; and (vi) a deferred developer fee.

Staff recommends preliminary approval of \$7,500,000 in tax-exempt construction financing, a taxable permanent loan equal to \$200,000, a HOME loan equal to \$1,000,000, and a HTF loan equal to \$1,340,000 for Reynolds Farm Senior Housing II, 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 Preliminary Approval of Financing for Reynolds Farm Senior Housing II (North Kingstown).

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

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

Chairman Pryor was curious about the \$200,000 permanent loan. Mr. Swanson replied that staff probed as much as a possible but has had limited opportunities for discussions with the applicants to evaluate the loan. Development will continue to explore options but with increasing operating expenses and that all the units are affordable there's limited cash flow and can support only a limited amount of debt.

Chairman Pryor commended staff on how much work has been accomplished in a short period of time. He would like to hear more on achieving a happy medium regarding the permanent debt. He recommended instituting a policy stating that if there's a modest amount of permanent debt, then an explanation is required.

Mr. Comer informed the Committee that the question is part of the underwriting process. This is a senior building with 11 units at 30% AMI. The majority of the residents have fixed incomes. It's not a matter of subsidizing the deal or not communicating with borrowers but that there's not enough money to support additional debt.

Mr. Swanson said that staff has supporting data points. The application includes the proforma and the market study where staff looked at the project through year 15 to determine if the debt is sized appropriately.

Commissioner Barry said that it is quite common from the investor perspective to review the data points to determine what is feasible.

Committee Chairman Orth questioned if Asset Management has reviewed the operating expenses. Mr. DiChiaro confirmed that his department has a significant amount of data on the developments. Staff has reviewed all the information and also looks at similar projects for comparison and to ascertain viability.

Committee Chairman Orth also asked staff to speak to capacity and experience of the sponsor. Ms. Berman stated that Valley Affordable Housing has completed more than a handful of projects in the past 25 years. They have a competent management company that manages its portfolio. The reason that the risk level is deemed medium is that the Executive Director is retiring in a few years and is looking at succession planning. Staff is comfortable with the transaction.

Following the 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 Preliminary Approval of Financing for Reynolds Farm Senior Housing II (North Kingstown) was unanimously approved.

6. Recommendation for Preliminary Approval of Financing for Broad Street Homes (Central Falls)

Committee Chairman Orth announced that Seth St. Jean, Real Estate Development Officer would present the request.

Mr. St. Jean began by noting that the request was for preliminary approval of a RIHousing tax-exempt construction loan in an amount not to exceed \$11,000,000 and a taxable permanent loan in an amount not to exceed \$825,000 for Broad Street Homes (the “Development”). Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONENB” or the “Developer”) is the developer.

ONENB and the City of Central Falls, through its Redevelopment Agency (the “City”), have partnered to develop 47 affordable apartments in downtown Central Falls to be known as Broad Street Homes. The proposed development site is made up of three proximate lots along Broad Street in Central Falls adjacent to City Hall. A development agreement between ONENB and the City has been executed which designates ONENB as the exclusive developer for these properties and details the collaborative relationship. The unit sizes will vary from efficiencies to three bedrooms. Six of the units will be restricted to households with incomes below 30% of Area Median Income (“AMI”), and the Developer has requested HPF-ELI funds to provide operating support for these 30% AMI units.

The City utilized the RIHousing Site Acquisition Program (“SAP”) for the acquisition of the three properties. The properties include a historic former police station and courthouse, a blighted former Dunkin Donuts that will be demolished, and a municipal parking lot.

The Developer submitted its proposal for the Development in response to the Request for Proposals issued by RIHousing in November 2022. The collective capital stack for the Development will consist of (i) the permanent loan from RIHousing contemplated herein, (ii) proceeds from the tax-exempt financing and the sale of 4% low-income housing tax credits (“LIHTC”), (iii) Community Revitalization Program (“CRP”) funds, (iv) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds, (v) Federal Appropriations funds, and (vi) a deferred developer fee.

Staff recommends providing preliminary approval of \$11,000,000 in tax-exempt financing and a taxable permanent loan in an amount not to exceed \$825,000 for Broad Street Homes, subject to certain conditions.

Committee Chairman Orth thanked Mr. St. Jean for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Financing for Broad Street Homes (Central Falls).

Commissioner Barry recused from the discussion or vote of this application as her employer, Bank of America, may be involved in the financing of the development.

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

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

Committee Chairman Orth remarked that it's an interesting project that will energize the area and asked if the building is an historical structure. Mr. St. Jean confirmed that the building was a former police station.

Following the comment, Corinne Myers, General Counsel conducted a voice vote of the Commissioners. The commissioners voted to approve the motion with two (2) votes in favor, Commissioner Barry recusing and (0) nay votes.

Ms. Myers then officially stated that the recommendation for Preliminary Approval of Financing for Broad Street Homes (Central Falls) was approved.

7. Recommendation for Preliminary Approval of Financing for Ade Bethune House (Portsmouth)

Committee Chairman Orth asked Ms. Booker to present the request.

Ms. Booker stated that the request was for preliminary approval of a RI Housing tax-exempt construction loan in an amount not to exceed \$10,284,000, of which \$3,200,000 will remain as a permanent first mortgage, as well as a HOME Investment Partnerships Program ("HOME") loan in an amount not to exceed \$1,000,000 and a Housing Trust Fund ("HTF") loan in an amount not to exceed \$1,000,000 for Ade Bethune House (the "Development"). Church Community Housing Corporation ("CCHC" or the "Developer") is the developer.

Ade Bethune House is a new construction project located at 110 Bristol Ferry Road in Portsmouth that consists of a single building with 54 units of affordable, age-restricted housing and a new Senior Center. The new housing and Senior Center will share amenities. The Developer has proposed 6 one-bedroom units for households with incomes at or below 30% of Area Median Income ("AMI"), and the Developer has requested HPF-ELI funds to provide operating support for these 30% AMI units. The remaining 34 one-bedroom and 14 two-bedroom units are proposed for households with incomes at or below 60% of AMI.

The Developer will enter into a 99-year ground lease with the Town of Portsmouth, as Lessor. The building will be set up as a condominium and, at completion, the Town of Portsmouth will purchase the Senior Center for \$1 million, as described in the capital stack below.

The Developer submitted its proposal for the Development in response to the Request for Proposals issued by RIHousing in November 2022. Originally submitted as a 9% low-income housing tax credits (“LIHTC”) deal, the proposal did not score high enough to receive a 9% allocation and, therefore, is being recommended as a 4% transaction. The proposed collective capital stack for the Development will consist of (i) the permanent loan from RIHousing contemplated herein, (ii) proceeds from the sale of tax-exempt 4% LIHTCs, (iii) a Capital Magnet Fund (“CMF”) loan, (iv) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds, (v) the HOME loan contemplated herein, (vi) the HTF loan contemplated herein, and (vii) proceeds from the sale of the Senior Center to the Town of Portsmouth.

Staff recommends providing preliminary approval of \$10,284,000 in tax-exempt financing, of which \$3,200,000 will remain as a permanent first mortgage, as well as a HOME loan in an amount not to exceed \$1,000,000 and an HTF loan in an amount not to exceed \$1,000,000 for Ade Bethune House, subject to certain conditions.

Committee Chairman Orth thanked Ms. Booker for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Financing for Ade Bethune House (Portsmouth).

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

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

Committee Chairman Orth asked for an explanation on how the senior center component is structured. Ms. Booker said that the construction of the senior center is incorporated as part of the capital stack. Once the senior center is built, the town will purchase the center for \$1 million.

Ms. Berman further elaborated by saying that it’s structured as a short term debt for the borrower.

Committee Chairman Orth acknowledged that it’s a fantastic site and noteworthy project.

Commissioner Barry inquired who the Executive Director is for Church Community Housing. Ms. Berman responded that Christian Belden is the Executive Director and has been employed by Church Community for 15 years and the past four (4) to five (5) years as Executive Director. The company has worked with numerous municipalities and has a good balance sheet.

Following the 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 Preliminary Approval of Financing for Ade Bethune House (Portsmouth) was unanimously approved.

8. Recommendation for Preliminary Approval of Financing for Potters Tigray Apartments (Providence)

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

Mr. Swanson began by noting that the request was for preliminary approval of a RI Housing tax-exempt construction loan in an amount not to exceed \$9,500,000 and a taxable permanent loan in an amount not to exceed \$500,000 for Potters Tigray Apartments (the “Development”). S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY) (the “Developer”) is the developer.

The 57-unit development is comprised of two separate components located on scattered sites in South Providence. One component of the Development, known as Potters Avenue, is an existing post-year-15 LIHTC project in need of some capital improvements. 37 existing units are located in 16 buildings and range in size from one to four bedrooms. These units are slated to undergo a moderate rehabilitation of \$3.54 million, or \$96,000 per unit.

The Developer also owns multiple vacant sites located in South Providence. The other component of this Development is the Developer’s proposal to construct an additional 20 apartments in 11 buildings on these vacant sites. The 20 new units will range in size from one to three bedrooms and are proposed to serve tenants earning between 30% and 60% of area median income (“AMI”).

Together, the two components will be a single economic unit known as Potters Tigray Apartments. The “Tigray” in the Development’s name is in honor of Asata Tigray, a housing advocate who has worked in this neighborhood for decades. The Developer submitted its proposal for the Development in response to the Request for Proposals issued by RI Housing in November 2022. The collective capital stack for the Development is anticipated to consist of (i) the permanent loan from RI Housing contemplated herein, (ii) proceeds from the tax-exempt financing and sale of 4% low-income housing tax credits (“LIHTC”), (iii) a Capital Magnet Fund (“CMF”) loan, (iv) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds, (v) Community Revitalization Program (“CRP”) funds, (vi) existing replacement and operating reserves from Potters Avenue, and (vii) rollover of existing soft debt on the Potters Avenue properties.

Staff recommends providing preliminary approval of \$9,500,000 in tax-exempt financing and a taxable permanent loan of \$500,000 for Potters Tigray Apartments, 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 Preliminary Approval of Financing for Potters Tigray Apartments (Providence.)

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

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

Committee Chairman Orth questioned if the borrower could support the hard debt. Ms. Berman confirmed that fact.

The Committee Chairman also asked Michael DiChiaro, Director of Leased Housing and Rental Services if he has reviewed the design of the new building to determine if the scale of operating expenses. Mr. DiChiaro said that staff does review the scope of work but will perform a more in-depth overview of the projects. However, he was confident that the operating expenses were sufficient.

Committee Chairman Orth also questioned the \$100,000 required for renovations. He asked when those units were constructed or rehabbed. Mr. Swanson said that it has been approximately 17 years.

He noted that the development has reached its post 15 year compliance period and does require some updates. The renovations are for two (2) buildings with family units that are also historic buildings.

Ms. Berman confirmed that there's not a lot of operating capital so this financing will provide much needed capital to preserve the buildings.

Committee Chairman Orth acknowledged that it's a beautiful development in a great neighborhood. He wanted to ensure the financial feasibility for the development for many more years.

Commissioner Barry mentioned that the project contains various scattered sites and inquired if services are available to the residents. Ms. Berman confirmed that services are available for the tenants. When working in urban neighborhoods, the sites are small. However, it is appropriate for the neighborhood. Even though it's a scattered site, SWAP does have offices on Pine Street and Broad Street in South Providence that are readily accessible to the residents. The neighborhood is well designed with small lots so mobility is straightforward.

Commissioner Barry remarked that the buildings are beautiful. SWAP does a wonderful job with their developments.

Commissioner Barry wondered what the vacancy rates are for these neighborhoods. Mr. DiChiaro replied that the vacancy rate is less than 2%. Ms. Berman further expounded by saying that staff is comfortable underwriting at 5% as the rates are so low.

Mr. Swanson also mentioned that there is a two (2) to three (3) years wait list for the larger units. For the smaller units it's approximately a one (1) year plus wait period. The number has been fairly consistent throughout the years.

Commissioner Designee Cabral asked if the units are all occupied. Mr. Swanson confirmed that the units are occupied.

Following the 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 Preliminary Approval of Financing for Potters Tigrat Apartments (Providence) was unanimously approved.

9. Recommendation for Preliminary Approval of Financing for The Avenue (Providence)

Committee Chairman Orth once again announced that Mr. Swanson would also give the presentation for preliminary approval for The Avenue.

Mr. Swanson stated that the request for preliminary approval of a RI Housing tax-exempt construction loan in an amount not to exceed \$15,500,000, of which \$3,600,000 will remain as a permanent first mortgage, for The Avenue (the "Development"). Olneyville Housing Corporation d/b/a ONE Neighborhood Builders ("ONE NB" or the "Developer") is the developer.

The Development consists of two separate components that will comprise one single economic entity. One component, Elmwood Neighborhood Revitalization II ("ENR II"), is an existing post-year-15 low-income housing tax credit ("LIHTC") project for families. ENR II contains 46 units located on

scattered sites in the Elmwood neighborhood of Providence. The units range in size from one to four bedrooms. ENR II has historically run with a 2% vacancy rate. The units need a moderate rehabilitation to ensure they are maintained as safe, affordable housing for families in Providence.

The second component is the new construction of 39 units of housing on a vacant site located at 434 Atwells Avenue in the Federal Hill neighborhood of Providence. The residential units will be located on floors 2-5 with commercial space and project amenities located on the first floor. 22 of the new units will be LIHTC units restricted to households with incomes at or below 60% of area median income (“AMI”) and 17 units will be non-LIHTC units restricted to households with incomes up to 80% of AMI. The 39 new units will range in size from studios to three-bedrooms. The plans are 90% complete and all planning and zoning approvals are in place.

The Development was previously awarded Building Homes Rhode Island (“BHRI”) funds, Preservation Loan Funds (“PLF”) and an initial allocation of Capital Magnet Fund (“CMF”) funding. The Developer submitted their proposal for the balance of funding needed to complete their capital stack in response to the Request for Proposals issued by RIHousing in November 2022. The collective capital stack for the Development is anticipated to consist of (i) the permanent loan contemplated herein; (ii) proceeds from the tax-exempt financing and sale of 4% LIHTC; (iii) BHRI funds; (iv) CMF funding; (v) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds; (vi) Community Revitalization Program (“CRP”) funds; (vii) Middle Income (“MI”) Program funds; (viii) PLF funding; (ix) the rollover of existing soft debt on the ENR II properties; (x) existing ENR II reserves and escrows; and (xi) a deferred developer fee.

Finally, Mr. Swanson said that staff recommends providing preliminary approval of \$15,500,000 in tax-exempt financing, of which \$3,600,000 will remain as a permanent first mortgage, for The Avenue, 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 Preliminary Approval of Financing for The Avenue (Providence).

Commissioner Barry recused from the discussion or vote of this application as her employer, Bank of America, may be involved in financing the project.

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

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

Committee Chairman Orth requested a breakdown of costs by new construction, rehabbed and total units. Ms. Berman responded that staff would provide that analysis for the Committee.

Committee Chairman Orth noted that there are 39 new units with 17 units at 80% AMI. Mr. Swanson explained that those units are income restricted at 80% AMI.

The Committee Chairman observed that the developer is losing tax credit equity by following the proposed middle income financing structure for the subsidy. The property is in a fantastic location supporting a range of income levels and wanted to know the rationale behind that decision.

Ms. Berman explained that the middle income funds are based on the number of units. It was done to be more competitive. In order to meet the program criteria 20% of the units must be at 100% AMI. The borrower also thought about it from a neighborhood perspective and felt the strategy was best for their needs. It's important that the units rent at the 80% AMI bracket. Furthermore, they could go higher if the borrower wanted.

Mr. Comer mentioned that staff evaluates the projects as the developer feels is best for their purposes. They assessed what the neighborhood needs and as there are a hefty number of financing options available, developers are carefully weighing what is best for their particular situation.

Commissioner Barry asked if the Middle Income Program was used because it worked better than income averaging.

Mr. Comer responded that the numbers worked better for this transaction.

Mr. Swanson remarked that the development structure qualifies for the 8% tax credit from the city of Providence. The NOI increases but what is lost in tax credits is made up three (3) times from the reduced taxes from the municipality.

Commissioner Barry inquired how long the property is restricted. Mr. Swanson and Ms. Berman said that depending on the term on the loan, it is restricted for 30 or 40 years.

Following the discussion, Corinne Myers, General Counsel conducted a voice vote of the Commissioners. The commissioners voted to approve the motion with two (2) votes in favor, Commissioner Barry recusing and (0) nay votes.

Ms. Myers then officially stated that the recommendation for Preliminary Approval of Financing for The Avenue (Providence) was unanimously approved.

10. Recommendation for Preliminary Approval of Financing for Summer Street Apartments (Providence)

Committee Chairman Orth once again invited Mr. Swanson to give the presentation.

Mr. Swanson said that the request was for the preliminary approval of RI Housing tax-exempt financing in an amount not to exceed \$39,500,000, of which \$9,625,000 will remain as a permanent first mortgage, and a HOME Investment Partnerships Program ("HOME") loan in an amount not to exceed \$1,000,000 for Summer Street Apartments (the "Development"). Crossroads Rhode Island ("Crossroads" or the "Developer") is the developer.

The Development will consist of 176 new units on a vacant lot adjacent to the property known as The Tower at 160 Broad Street in Providence. The Development is the first phase of Crossroads' overall plan to renovate the area around The Tower, including the area where the Crossroads administrative offices are located. The site is conducive to a residential development as it is within a Transit Oriented Development (TOD) overlay zone, which has been identified by the City of Providence as a priority for high density growth because of its proximity to transit and neighborhood amenities, residential services and a commercial corridor.

The original proposed plan for the Development was to construct a single 176-unit building as a bifurcated 9%/4% Low Income Housing Tax Credits (“LIHTC”) transaction with two legal owners. Summer Street I was initially awarded 9% LIHTC in the spring of 2022; however, it was subsequently determined that a single 176 unit 4% LIHTC development would raise more equity than a bifurcated development. In addition, it was determined that eliminating the bifurcated structure will reduce the overall amount of soft money required, reduce the total development costs (“TDC”), and is projected to reduce operating costs. Therefore, Crossroads has returned the 9% LIHTC award and has reapplied for the tax-exempt financing contemplated herein, in addition to the required soft debt needed to complete the single project capital stack.

All 176 units will be one-bedroom units and will be available to households with incomes at or below 30% of area median income (“AMI”), which will allow the Development to serve extremely low-income residents. The existing McKinney-Vento contract in The Tower will be transferred to the Development and converted into a Rental Assistance Demonstration (“RAD”) contract. The RAD contract, a Project Based Voucher (“PBV”) Contract, and a HUD Section 811 Voucher Contract will provide operating subsidies to 168 of the 176 units. The remaining units will be self-pay. The RAD conversion will trigger prevailing wages, which leads to an increase in the overall TDC.

The Developer submitted their proposal for the Development in response to the Request for Proposals (“RFP”) issued by RIHousing in November 2022. Since their original preliminary commitment last spring, the Developer has secured other external sources which, in turn, further reduced their overall request in response to the RFP. The capital stack for the Development is anticipated to consist of: (i) construction to permanent financing utilizing tax-exempt bonds; (ii) equity from the allocation of 4% LIHTC; (iii) a deferred developer fee; (iv) various sponsor loans; (v) the HOME loan contemplated herein; (vi) a RI Rebounds loan; (vii) a Building Homes Rhode Island loan; (viii) a City of Providence HOME Investment Partnerships Loan; (ix) a Federal Appropriations loan; (x) Office of Housing and Community Development State and Local Fiscal Recovery Fund loans; (xi) a City of Providence Housing Trust Fund loan; (xii) a Federal Home Loan Bank award from Washington Trust; (xiii) Community Revitalization Program funds; and (xiv) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds.

Staff recommends providing preliminary approval of \$39,500,000 in tax-exempt financing, of which \$9,625,000 will remain as a permanent first mortgage, and a HOME loan in an amount not to exceed \$1,000,000 for Summer Street Apartments, 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 Preliminary Approval of Financing for Summer Street Apartments (Providence.)

Commissioner Barry again recused from the discussion or vote of this application as her employer, Bank of America, may be involved in the financing of the development.

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

Committee Chairman Orth then asked if anyone had questions.

Committee Chairman Orth remarked that this was an important project and applauded the owner for acquiring a state energy efficiency grant. He noted that a number of organizations have stepped up to

see this project move forward and wanted to know if there is any neighborhood opposition to the development.

Mr. Comer said that some concern was expressed but Crossroads has actively reached out to the community and fostered a good relationship with the neighbors. Crossroads will continue their outreach efforts through the process.

Mr. Swanson further noted that Crossroads has encouraged feedback from the community on concerns and any shortcoming they perceived. They have incorporated those observations in their design elements for the development. That includes an indoor area for the residents to congregate along with an outdoor courtyard space.

Committee Chairman Orth mentioned that in reviewing the financing structure, it appears that the development would pass the bridge loan test. Mr. Swanson said that it could pass but depends on the equity contribution and not the 9% tax credits.

The Committee Chairman inquired who the tax credit syndicator is for the project. Mr. Swanson responded that Crossroads has spoken extensively with NEF and proposed funding at .92 cents. The Developer wants to keep its option open to go back to market for an increase in pricing.

Committee Chairman Orth acknowledged that it's a solid financing structure. He wanted to know if staff perceives any issues with the financing. Ms. Berman did not have any concerns, stating that this financing completes the capital staff. As this is a RAD 2 conversion with HUD, the process is underway.

Mr. Swanson also noted that appraisals were evaluated to ensure that RIHousing is underwriting to the market rates.

Committee Chairman Orth asked if the Federal appropriations is confirmed. Mr. Swanson said that the paperwork is well underway.

Commissioner Barry inquired if staff anticipates that most of the projects will close this year. Ms. Berman responded that several of transactions will close within six (6) months and most within 12 months.

Following the questions, Corinne Myers, General Counsel conducted a voice vote of the Commissioners. The commissioners voted to approve the motion with two (2) votes in favor, Commissioner Barry recusing and (0) nay votes.

Ms. Myers then officially stated that the recommendation for Preliminary Approval of Financing for Summer Street Apartments (Providence) was unanimously approved.

11. Recommendation for Preliminary Approval of Financing for Lockwood Plaza Phase I (Providence)

Committee Chairman Orth asked Stephanie Booker to present the request.

Ms. Booker stated that the request was for preliminary approval of a RIHousing tax-exempt construction loan in an amount not to exceed \$11,900,000, of which \$3,000,000 will remain as a

permanent tax-exempt first mortgage, for Lockwood Plaza Phase I (the “Development”). WinnCompanies LLC is the developer (“Winn” or the “Developer”).

Lockwood Plaza is a 209-unit development in Providence that was built in 1979 and last renovated in 2011. It is located at and around 50 Prairie Avenue and consists of 108 townhouses in 17 garden-style townhouse buildings as well as a 101-unit high-rise building. This RFA for Phase I is for the townhouse units only as the high-rise component will be completed in a subsequent phase. The Phase I units cater to families and offer a combination of one-, two-, three- and four-bedroom units restricted for households with incomes at or below 60% of area median income (“AMI”). With just eight years remaining in its current affordability term, the Developer seeks to extend the affordability term for another forty years. Approximately 88% of the units are supported by Section 8 housing choice vouchers (“HCV”) and provide homes for residents below 50% of AMI and often below 30% of AMI.

Many of the systems for the Phase I units are near the end of their useful life. The scope of rehabilitation work includes interior upgrades, including upgrades to kitchens and baths in all units, upgrades to the heating/ventilation systems, plumbing and hot water systems, as well as ADA improvements. Exterior improvements include, but are not limited to, envelope upgrades such as repointing the brick facades, as well as upgrades to the roads/walkways and additional site improvements.

Winn has partnered with RIHousing and Citizens Bank, N.A. to create an Economic Mobility Program, which employs a full-time financial coach to help residents and families build financial capacity. Similar to the U.S. Department of Housing and Urban Development (“HUD”) Family Self-Sufficiency Program, with assistance from Citizens Bank, participating residents will receive escrow account deposits based on increases in their income and, subsequently, their rent. Citizens Bank has committed \$750,000 in Economic Opportunity Funds (“EOF”) to support this initiative.

The Developer submitted their proposal for the Development in response to the Request for Proposals issued by RIHousing in November 2022. Originally submitted as one project, it was determined that the phased approach will allow for a more practical deployment of resources. The collective capital stack for the Development is anticipated to consist of (i) the permanent loan from RIHousing contemplated herein, (ii) proceeds from the sale of tax exempt 4% low-income housing tax credits (“LIHTC”), (iii) a Capital Magnet Fund (“CMF”) loan, (iv) Development of Affordable Housing 2 (“DAH-2” also known as ARPA Production Fund) funds, (v) a loan from the City of Providence, (vi) the rollover of existing debt from the Providence Housing Authority, (vii) cashflow from operations, (viii) Citizens Bank EOF funds, and (ix) a deferred developer fee.

In closing, Ms. Booker said that staff recommends providing preliminary approval of \$11,900,000 in tax-exempt financing, of which \$3,000,000 will remain as a permanent loan, for Lockwood Plaza Phase I, subject to certain conditions as set forth therein.

Committee Chairman Orth thanked Ms. Booker for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Financing for Lockwood Plaza Phase I (Providence).

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

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

Committee Chairman Orth noted the high percentage of housing choice vouchers and asked if there's a market study outlining achievable market rents.

Ms. Berman replied that staff must underwrite to the tax credit rents. Cash flow can manage the deferred fees.

Committee Chairman Orth wanted to know if the requirement is 50% repayment from surplus cash. Ms. Berman confirmed that percentage.

Commissioner Barry referenced the economic opportunities associated for this development and asked if RIHousing administers the program.

Mr. Comer stated that RIHousing does administer and staffs the Family Self Sufficiency (FSS) program. It's a great program that allows participants to escrow portions of their rent to build income that can be utilized for educational, job training, and to build economic mobility.

There being no further 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 Preliminary Approval of Financing for Lockwood Plaza Phase I (Providence) was unanimously approved.

12. Recommendation for Firm Approval of Financing for Copley Chambers II/III (Providence)

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

Ms. Dylag stated that the request was for firm approval of a RIHousing tax-exempt financing in an amount not to exceed \$23,000,000 as well as firm approval of (i) a Capital Magnet Fund ("CMF") Loan in an amount not to exceed \$750,000; (ii) an Acquisition Revitalization Program ("ARP") Loan in an amount not to exceed \$1,377,850; (iii) Community Revitalization Program ("CRP") funds in an amount not to exceed \$2,000,000; and (iv) a Development of Affordable Housing 2 ("DAH-2" also known as ARPA Production Fund) Loan in an amount not to exceed \$1,500,000 for Copley Chambers II & III (hereinafter referred to as the "Development"). Marathon Development, LLC is the developer (the "Developer"). The Development received preliminary approval from the Board of Commissioners on November 18, 2022 ("Preliminary Approval").

The Development will be comprised of 124 newly constructed units of affordable housing and 6,800 square feet of ground floor commercial space in Providence. The Development will consist of 2 five-story podium constructed buildings on adjacent lots. Collectively, there will be 12 efficiency units, 87 one-bedroom units, and 25 two-bedroom units. All the dwelling units will be restricted to individuals or households earning at or below 80% of area median income ("AMI").

These buildings are the second and third phase of the Copley Chambers project. Copley Chambers I completed construction in Q1 of 2023 and is 100% leased.

Marathon Development, LLC has partnered with Adoption Rhode Island ("Adoption RI"), House of Hope ("HOH") and Providence Community Health Center ("PCHC") to provide supportive services to residents of the Development. MOUs between the Developer and the aforementioned service

providers have been executed. Adoption RI will provide educational advocacy, career readiness services, and life skills development while HOH will screen and assist in the placement of individuals and families experiencing homelessness to units within the Development. PCHC and the Developer have negotiated a lease for the ground floor commercial space in which PCHC will provide healthcare services to tenants as well as the surrounding community.

This is a conduit transaction in which Citizens Bank, N.A. will provide the capital for RIHousing's tax-exempt issuance. The proceeds will be loaned as a construction loan to the Borrower (the "Construction Loan"). The funding for the Construction Loan is non-recourse to RIHousing and the only security to be provided by RIHousing will be an assignment of RIHousing's rights under the Construction Loan. The Construction Loan will be a recourse loan as to the Borrower and any guarantors. Berkeley Point Capital LLC, d/b/a Newmark Capital ("Newmark") will act as the DUS lender to provide the permanent loan in conjunction with Freddie Mac (the "Permanent Loan"). Upon completion, Freddie Mac will step in as the Permanent Loan funder. Newmark will service the Permanent Loan on behalf of Freddie Mac who will bear the financial risk should the Borrower default on the Permanent Loan. RIHousing will charge a one-time issuer fee of 1% and an annual servicing fee of 25 basis points on the Construction and Permanent Loan.

Since preliminary approval, the Developer has executed an MOU with PCHC, secured eight project-based vouchers from the Providence Housing Authority, and secured financing from Citizens Bank, Newmark/Freddie Mac, and the Providence Redevelopment Agency.

It is of note that the original syndicator withdrew from the transaction, which created a gap in the capital stack. National Equity Fund ("NEF") has stepped in as the new syndicator; however, pricing has dropped from \$1.19 per credit to NEF's \$0.95 per credit. In addition, the Developer's request for tax abatement was limited to the standard 8% of gross potential income, which is higher than originally underwritten. To fill this gap, the Developer anticipates receipt of an additional \$3,818,000 from the City of Providence and is seeking a total of \$5,627,850 in gap funds through the Request for Proposal issued by RIHousing in November 2022. In addition, the Developer will defer additional developer fee.

Finally, Ms. Dylag said that the request is for firm approval of an amount not to exceed \$23,000,000 in tax-exempt financing as well as firm approval of (i) a CMF Loan in an amount not to exceed \$750,000; (ii) an ARP Loan in an amount not to exceed \$1,377,850; (iii) CRP funds in an amount not to exceed \$2,000,000; and (iv) a DAH-2 Loan in an amount not to exceed \$1,500,000 for Copley Chambers II & III, subject to certain conditions.

Committee Chairman Orth thanked Ms. Dylag and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Copley Chambers II/III (Providence).

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

Committee Chairman Orth then asked if anyone had questions.

A robust discussion followed. Chairman Pryor asked Ms. Dylag what precipitated the Providence Redeployment to provide financing. Ms. Dylag explained that the original syndicator withdrew from the transaction leaving a gap in the funding sources. The Providence Redevelopment Agency stepped in to fill the gap. Additionally, the new pricing achieved is much more in line with similar transactions.

Chairman Orth referenced the developer fee, sponsor loan and asked if there is a cap on the amount of developer fee per transaction. Ms. Berman responded that on a tax-exempt transaction the fee is 5% of acquisition and 10% hard cost. In order to generate additional equity, which is deferred back into the deal, the borrower can bring their developer fee up to 15%. For this deal, the borrower was able to generate additional equity.

The Committee Chairman also wanted to know if there is a dollar limit to the fee. Ms. Berman and Mr. Comer confirmed that fee is based on 15% of the total development cost and not a specific dollar amount but a percentage.

Committee Chairman Orth also asked if there is a limit that goes into the eligible basis. Ms. Berman responded that there is no limit. Committee Chairman Orth mentioned that other states do include a limit, usually on 4% transactions.

The Committee Chairman discussed the matter that the developer is putting in \$3.5 million, utilizing a substantial amount of soft funds, and receiving a payout of \$4 million. Committee Chairman Orth felt the transaction was over subsidized and not equitable.

Ms. Berman said it was a hard question to answer but did note that the City is providing over \$3 million in financing for the project.

Mr. Comer explained that this is a difficult transaction involving a lot of moving pieces. The developer has executed a fair amount of work with previous phases and in coordinating partners to make the current project a success. He felt that the deal speaks to the way the developer has performed to get the project done. RIHousing can review the subsidies, but Mr. Comer believed that this path was the best to move the project forward.

Committee Chairman Orth expressed his concern that the proposal is over subsidized. He wanted to see guidelines pertaining to the issue and if the National Council of State Housing Agencies (NCSHA) has any best practices for such situations. He mentioned that profit is a great motivator for many. However, when RIHousing is providing this level of soft funds, the matter should be scrutinized so that the funds are stretched appropriately.

Ms. Berman remarked that in the beginning there was a \$3.5 million sponsor loan but when the developer recognized the opportunities available, they applied for the subsidies.

Mr. Comer stated that NCSHA is scheduled to release their best practices guideline shortly. RIHousing can examine those recommendations and incorporate them as part of RIHousing's policies and procedures to ensure the Agency is being fair and equitable to the for profit and non-profit developers and their different issues.

Chairman Pryor recognized the work that was done and the mix of investments allocated for the application. He said that the state ARPA funds are highly flexible. \$2 million of flexible funds can be reviewed to determine if the project actually needs them. Chairman Pryor said that the Committee should approve the recommendation but include that the financing will be reexamined prior to Board approval. Mr. Pryor said that if Committee Chairman Orth agreed then a motion could include that condition.

Ms. Berman mentioned that staff does a cost certification for all the projects but can certainly hold that portion of the financing until the end. As RIHousing is not the senior lender, they are not dictating

the terms of the financing. RIHousing can suspend the funding until the construction loan is exhausted and revisit the matter at that time.

Mr. Comer said that a motion should move forward without that condition. There have been situations where projects have not utilized all the funds, such as BHRI financing, and those dollars would be issued for other deals. The same strategy can be applied for Copley Chambers.

Chairman Pryor said he was comfortable with that scenario. Committee Chairman Orth appreciated the Secretary's consideration. However, he did note that staff is proposing holding the funds and if needed, would award them for the project. If costs were to increase then the funds would be needed.

Committee Chairman Orth continued to express his concern and said that he would prefer that the developer fee was reduced by \$2 million. Even with that change the developer is making a profit of approximately \$2 to \$3 million.

Ms. Berman remarked that there are a lot of partners that are pushing to have this project closed by the end of June. She advised approving the recommendation and staff will initiate conversations with the developer to resolve the issue and bring the proposal to the Board with a modified capital stack.

Committee Chairman Orth stated that he would agree to that strategy.

Commissioner Barry referenced the \$1.19 pricing for the credits that are now at .95 cents and presumes that NEF has an investor for that pricing. She wanted to know if that price was the final determination. Ms. Berman responded that staff is waiting for the partnership agreement and conferring with the developer on the pricing. The developer is providing office space for a community center and is being proactive in ordering material early to offset supply chain issues so that they will be ready to move forward as soon as approval is granted.

Following the discussion, Corinne Myers, General Counsel stated that the Committee could defer the motion for approval and present the final recommendation at the May 18, 2023 board meeting. Mr. Comer concurred and stated that the recommendation for financing for Copley Chambers II & III be deferred until the Board meeting.

Chairman Pryor suggested that the minutes reflect that the Committee is in favor of the project but wants to ensure that the resources are utilized as efficiently as possible.

No votes were taken for this transaction.

Commissioner Barry left the meeting at 11:30 a.m.

13. Recommendation for Authorization to Issue Tax-Exempt Loan to Support Construction of Copley Chambers II & III \$21,600,000 (Providence)

Committee Chairman Orth announced that Caroline Dylag would also present the transaction for the tax-exempt financing for Copley Chambers II & III.

Ms. Dylag said that as part of the process of financing the construction of Copley Chambers II & III in Providence, staff has requested the Board of Commissioners to approve the issuance by RIHousing of a tax-exempt note not to exceed \$21,600,000. Copley Chambers II & III will provide

124 units of housing, of which 100% will be affordable to households with incomes at or below 80% of area median income. The developer, Marathon Development, LLC (“Marathon”), has formed a limited liability company, Copley Chambers II & III LLC (the “Borrower”), which will be the owner of the project and the recipient of the loan.

The request was for authorization to enter into a tax-exempt private placement back-to-back loan structure with Citizens Bank, N.A. (“Citizens”) to fund the loan for Copley Chambers II & III.

Citizens will make a direct loan to RIHousing and RIHousing will issue a tax-exempt note to Citizens evidencing the loan. RIHousing, in turn, will advance the loan proceeds to the Borrower under the agency’s tax-exempt bond volume cap that will otherwise go unused. The back-to-back loan proceeds will be deemed tax-exempt. RIHousing and the Borrower will undertake all of the standard obligations related to a tax-exempt facility. Upon construction completion, Freddie Mac will step in as the Permanent Loan funder. Because the loan is considered to be a tax-exempt financing, the Development will be eligible to receive 4% low-income housing tax credits and generate approximately \$27 million in equity to fund development costs.

The loan will be non-recourse to RIHousing. RIHousing will only need to provide an assignment of its rights under the loan to Citizens. The Borrower note and mortgage will also be assigned to Citizens and, subsequently, Freddie Mac. Berkeley Point Capital LLC d/b/a Newmark Capital (“Newmark”) will act as the DUS lender and will service the permanent loan for Freddie Mac. During construction and prior to conversion to the permanent loan, Citizens will bear the financial risk. Freddie Mac will bear the financial risk on the permanent loan.

This structure provides a number of advantages to the participants. The Borrower receives a better interest rate, reduced transaction fees and a more expedited closing process. Citizens is able to record this transaction as a loan for purposes of its evaluation under the Community Reinvestment Act. RIHousing will receive a one-time origination fee of 1.0% of the principal amount of the loan, plus an annual issuer fee equal to 25 basis points of the outstanding loan, without having to service the loan to the Borrower or bearing any financial risk from the Borrower’s default. Marathon will pay all costs associated with the transaction.

RIHousing staff recommends authorizing a loan from Citizens in an amount up to \$21,600,000 to finance a tax-exempt loan to the Borrower for the acquisition and rehabilitation of Copley Chambers II & III, and the execution of the loan agreements.

Committee Chairman Orth thanked Ms. Dylag and asked for a motion and a second to recommend to the Board of Commissioners Authorization to Issue Tax-Exempt Loan to Support Construction of Copley Chambers II & III \$21,600,000 (Providence).

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

Following the motion, Committee Chairman Orth welcomed questions.

Committee Chairman Orth mentioned that this was a conduit deal with very minimal financial risk to RIHousing.

Following the 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 Authorization to Issue Tax-Exempt Loan to Support Construction of Copley Chambers II & III \$21,600,000 (Providence) was unanimously approved.

14. Recommendation for Approval of Development of Affordable Housing 2 Program (DAH-2) Funding Awards

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

Ms. Berman was pleased to share that the proposed awards span though 15 geographically diverse communities.

Ms. Berman then said that the request was for the Development of Affordable Housing 2 Program (“DAH-2”), which is also known as the ARPA Production Fund Program and in previous rounds has been referred to as the RI Rebounds Production Fund, is funded with State and Local Fiscal Recovery Funds (“SFRF”) appropriated to the United States 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 area median income (“AMI”). RIHousing was authorized to implement and administer the DAH-2 using approximately \$75,000,000 in funds for the new production of affordable housing for rental opportunities.

In November 2022, RIHousing issued a Request for Proposals (“RFP”) for DAH-2 funds from qualified applicants as part of a consolidated funding round. In response, RIHousing received 31 proposals requesting \$99,730,162 in DAH-2 funds. All applications were reviewed by Development Division staff in accordance with the published Program Review Criteria, as amended to remove the initial per project cap on assistance, to evaluate whether the applications contained the following required DAH-2 threshold criteria for awards:

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 proposed development.
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, 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.

RIHousing staff recommends approval of funding for 15 proposals in the amount of \$57,072,817. The recommended awards are described in an attachment that was provided as part of the May 10, 2023 Credit Committee package. All such awards are contingent upon the applicant’s ability to secure additional committed funding and close by May 31, 2024 or sooner. The DAH-2 awards will directly fund 1,042 units for households with incomes at or below 80% of AMI, of which 348 units will be

for households with incomes at or below 30% of AMI. Including market rate units, the 15 developments will create or preserve 1,085 units of housing.

Staff recommends the allocation of up to \$57,072,817 in DAH-2 funds, contingent upon on (i) receipt of the DAH-2 funds from the State of Rhode Island; (ii) the availability of all other funding for each project; and (iii) compliance with DAH-2 guidelines.

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 Development of Affordable Housing 2 Program (DAH-2) Funding Awards.

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

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

Committee Chairman Orth referenced that the write up eliminated the project cap on funding awarded per project. Ms. Berman responded that originally there was a \$4 million cap. Staff did its best to spread the financing to as many projects as possible. However, some of funds are not eligible for every project. It became apparent that to get the projects done, the applicants required more than the \$4 million.

Mr. Comer further elaborated by mentioning that the prior leadership requested the \$4 million cap as a condition of the program. In reviewing the programs, it became clear that to finance and create as many units as possible, the cap was a hindrance. With the cooperation with the Department of Housing, and approval from the Pandemic Recovery Office (PRO) the per project cap was eliminated. Mr. Comer thanked Secretary Pryor for his assistance with the modification.

Committee Chairman Orth noted that the recommendation for Millrace was contingent on their closing date. Ms. Berman stated that one of the conditions of the award is that the close by the August 31.

Mr. Comer explained that the developer is pursuing a legislative fix to some of the issues. Given the schedule of the General Assembly that would not come to fruition until the end of June. As a hedge against that delay, staff will swap the DH-2 funds for State Historic Tax Credits. If the legislation moves forward and resolves the matter with the State Historic Tax Credits then the funds will return to RIHousing for disbursement to other projects. This way the project can move forward.

The Committee Chairman also discussed the \$210,000 per unit soft debt and that there is zero hard debt in the transaction. Ms. Berman confirmed that it's a heavily subsidized project.

The Committee Chairman remarked that it appears that there's no overall cap on soft funds requested either. However, the Manville project only required \$70,000 of soft funds per unit. Committee Chairman Orth wanted to know if there's some subjective motion to substantiate the difference in per unit costs.

Mr. Comer noted that the project will transform the area in a very meaningful way, serving extremely low income individuals. Some of the approval was subjective, however, it is a unique situation as this

is the first time that RIHousing has had this level of soft funds to disburse. Mr. Comer did say that staff will review the guidelines regarding levels on caps before the next funding round.

Following the 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 Development of Affordable Housing 2 Program (DAH-2) Funding Awards was unanimously approved.

15. Recommendation for Approval of Middle Income Program Funding Awards

Committee Chairman Orth invited Ms. Berman to once again present the request.

Ms. Berman said that the request was for The Middle Income Loan Program (the “MI Program”) is funded with State and Local Fiscal Recovery Funds (“SFRF”) appropriated to the United States Department of Treasury (“Treasury”) through the American Rescue Plan Act of 2021 for the production of affordable housing for households with incomes between 80% and 120% of area median income (“AMI”). RIHousing was authorized by the State of Rhode Island to implement and administer the MI Program using approximately \$20,000,000 in funds for the new production of affordable housing for both rental and homeownership opportunities.

In November 2022, RIHousing issued a Request for Proposals (“RFP”) for MI Program funds from qualified applicants as part of a consolidated funding round. In response, RIHousing received 17 proposals requesting approximately \$23,900,000 in MI Program funds. All applications were reviewed by Development Division staff in accordance with the published Program Review Criteria to evaluate whether the applications contained the following required MI Program threshold criteria for awards:

1. At least 20% of the entire project’s units must be affordable to residents earning less than 100% of AMI.
2. A rental project must include at least 10 units.
3. Applicant must demonstrate site control.
4. Applicant must demonstrate experience and capacity to develop and operate the development.
5. Applicant must demonstrate that the project can close on all equity, construction, and permanent financing no later than December 31, 2024 and can expend the entire MI Program loan by December 31, 2026.

Development Division staff scored only those applications that passed the threshold analysis. Proposals submitted in response to the consolidated RFP that did not initially apply for MI Program funding, but were otherwise eligible and met the threshold criteria, were scored under the MI Program criteria as well.

RIHousing staff recommends approval of funding for 7 proposals in the amount of \$9,470,000. The recommended awards are described in an attachment that was included as part of the May 10, 2023 Credit Committee package. All such MI Program awards are contingent upon the applicant’s ability to secure additional committed funding and close by May 31, 2024 or sooner, as outlined in an attachment provided to the May 10, 2023 Credit Committee package. These MI Program awards will directly fund 132 units restricted for households with incomes between 80% and 120% of AMI, of which 116 units will be for households with incomes below 100% of AMI. Including affordable and market rate units, these 7 developments will create 447 units of housing.

Staff recommends authorizing the allocation of up to \$9,470,000 in MI Program funds contingent upon (i) receipt of the MI Program funds from the State of Rhode Island; (ii) the availability of all other funding for each project; and (iii) compliance with the MI Program guidelines.

Committee Chairman Orth thanked Ms. Berman and asked for a motion and a second to recommend to the Board of Commissioners Approval of Middle Income Program Funding Awards.

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

Committee Chairman Orth then asked if anyone had questions.

Committee Chairman Orth inquired if the repayment is set at 50% of surplus cash for the program. Ms. Berman was not positive if that was a requirement of the program but would research the matter.

Committee Chairman Orth also mentioned that the income levels are higher, and wondered if a more stringent criteria should be imposed. Ms. Berman said that for the Workforce Housing program, it was a 100% deferred loan. Ms. Berman noted that for several of the proposals, this financing is the last portion to complete a complicated capital stack.

The Committee Chairman wanted to know why the program is less stringent than the Production Fund. He advised staff to review the parameters so that if the rents are below market rate, then RIHousing should receive some form of repayment.

Mr. Comer stated that the loan structure is deferred interest for 30 years. The program was structured in tandem with the Department of Housing and it is to target the workforce housing sector of the population. The program was designed to be attractive to that segment of the population and adds value to the investment.

Committee Chairman Orth also touched on the rents that are approximately 10% below the market rate. Ms. Berman highlighted that the financing is priced to attract borrowers that can afford the units.

The only other question posed by the Committee Chairman was regarding the award for Georgiaville Place. He wanted to know where the \$80,000 per unit subsidy was being directed. Mainly if the price would be reduced by the \$80,000 for the borrowers. Ms. Berman did not have the proforma available but would review the matter for the Committee. Mr. Comer said that the reduction in units would be discounted for applicants that could afford them.

Following the 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 Middle Income Program Funding Awards was unanimously approved.

Stefan Pryor left the meeting at 11:50 a.m.

16. Recommendation for Approval of Community Revitalization Program (CRP) Funding Awards

Committee Chairman Orth introduced Dean Harrison, Assistant Director of Real Estate Development who made the presentation.

Mr. Harrison said that the request was for the Community Revitalization Program (“CRP”) is funded with State and Local Fiscal Recovery Funds (“SFRF”) appropriated to the United States 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 area median income (“AMI”). RIHousing was authorized to implement and administer CRP using approximately \$20,000,000 in funds for the acquisition and redevelopment of blighted properties in order to increase the development of affordable housing. CRP funds may be used for projects that include commercial or community spaces that are ancillary to the housing and serve residents of affordable housing.

Pursuant to CRP Summary Guidelines established by RIHousing (the “Guidelines”), CRP funding must be fully expended by December 31, 2026 and will be awarded as a grant with a deed restriction requiring affordability for not less than 30 years. The Guidelines restrict occupancy of the new rental units to households with incomes at or below 80% of AMI.

In November 2022, RIHousing issued a Request for Proposals (“RFP”) for CRP funds from qualified applicants as part of a consolidated funding round. In response, RIHousing received 13 proposals requesting \$18,106,852 in CRP funds. After an initial review of the applications, Development Division staff requested clarifying information from applicants regarding apparent deficiencies. Following receipt of the additional information from the applicants, all applications were reviewed by Development Division staff in accordance with the published Program Review Criteria to evaluate whether the applications contained the following required CRP threshold criteria for awards:

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 proposed development.
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, 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.

Of the original 13 CRP proposals received, 5 CRP proposals did not meet threshold requirements or did not qualify for CRP funding. Development Division staff scored only those applications that passed the threshold analysis. Proposals submitted in response to the consolidated RFP that did not initially apply for CRP funding, but were otherwise eligible and met the threshold criteria, were scored under the CRP criteria as well.

RIHousing staff recommends CRP funding for 10 proposals in the amount of \$16,413,250. The recommended awards are described in an attachment that was included as part of the May 10, 2023 Credit Committee package. All CRP awards are contingent upon the applicant’s ability to secure additional committed funding and close by May 31, 2024 or sooner, as outlined in the attachment.

The CRP awards will directly fund 810 units, of which 701 will be reserved for households with incomes at or below 80% of AMI.

In closing, Mr. Harrison said that staff recommends authorizing the allocation of up to \$16,413,250 in CRP funds is recommended for approval, contingent upon (i) receipt of the CRP funds from the State of Rhode Island; (ii) the availability of all other funding for each project; and (iii) compliance with CRP guidelines.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Approval of Community Revitalization Program (CRP) Funding Awards.

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

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

Committee Chairman Orth asked Michael DiChiaro, Director of Leased Housing and Rental Services if Bernon Mills and Millrace are fairly close in the market and wanted to know if they can achieve the same rent levels indicated. Mr. DiChiaro believed that the projects can achieve the rents specified.

Committee Chairman Orth wondered why Bernon Mills is able to afford \$40,000 per unit and Millrace zero. Ms. Berman responded that she would review the proforma and forward the information.

Mr. St. Jean explained that Bernon Mills was able to incorporate value engineering along with employing income averaging that gave them the ability to generate higher tax credits. Ms. Berman also said that the difference is that there are some units reserved for the 80% AMI population.

Following the 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 Community Revitalization Program (CRP) Funding Awards was unanimously approved.

17. Recommendation for Approval of Capital Magnet Fund Awards

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

Ms. Berman said that RIHousing has received four awards of Capital Magnet Funds (“CMF”) from the Community Development Financial Institutions Fund, an arm of the U.S. Department of Treasury. The 2021 CMF Grant award was \$12,000,000 and was received in June 2022. An Assistance Agreement was executed in December 2022. Pursuant to program requirements, the 2021 CMF Grant Award must be fully committed by December 2027. There is approximately \$11,400,000 in CMF available.

In November 2022, RIHousing issued a Request for Proposals (“RFP”) for CMF funds from qualified applicants as part of a consolidated application for a number of funding sources. In response, RIHousing received 17 proposals requesting \$15,155,325 in CMF funding. After an initial review of the applications, Development Division staff requested clarifying information from applicants regarding apparent deficiencies. Program Review Criteria, as outlined below, was used to evaluate whether the applications contained the required threshold criteria for awards:

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 proposed development.
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 and a lease-up reserve as well as 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.

Those applications that passed threshold were further reviewed by Development Division staff in accordance with the program criteria to evaluate whether the applications met the required CMF priorities for awards as follows:

- Proposals that provide for the highest leveraging of other federal, state and private resources.
- Proposals located in Areas of Economic Distress and Qualified Census Tracts.
- Proposals that require at least 40% of the units to provide housing for households with incomes below 50% of area median income (“AMI”).
- Proposals that address critical housing needs, including addressing housing obsolescence.
- Preservation of existing affordable housing stock.

Development Division staff met with senior RIHousing staff to review the applications based on the threshold and scoring criteria. Proposals submitted in response to the consolidated RFP that did not initially apply for CMF funding, but were otherwise eligible and met the threshold criteria, were reviewed as well. As a result of that combined review, 7 CMF proposals seeking program resources in the amount of \$3,316,000 are being recommended for approval at this time. The recommended developments are described in an attachment that was provided as part of the May 10, 2023 Credit Committee meeting. Collectively, they will help build or preserve 510 units, 472 of which will be CMF-assisted.

Staff recommends authorizing the allocation of up to \$3,316,000 in CMF contingent upon completion of each project’s capital stack and final approval of all financing for each project. Project-specific requests for firm approval will be presented to the Board of Commissioners upon completion of final underwriting.

Committee Chairman Orth thanked Ms. Berman and asked for a motion and a second to recommend to the Board of Commissioners Approval of Capital Magnet Fund Awards.

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

Committee Chairman Orth next asked if anyone had questions.

Committee Chairman Orth referenced that this allocation was not extensive as previous rounds and wondered why. Ms. Berman said that it was a challenging round where the guidelines require that 40% of the units be reserved for the 50% or below AMI population. Additionally, a disproportionate number of units need to be located in qualified census tracts, or areas of economic distress. Therefore, the allocation is done on a project by project basis.

The Committee Chairman also asked how long the Agency has to allocate the funds. Ms. Berman replied that the Corporation has five (5) years to expend the funds. Staff has two (2) years to commit the funds, entailing that an agreement must be signed by December 2025 and the funds must be spent by December 2028.

Following the 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 Capital Magnet Fund Awards was unanimously approved.

18. Recommendation for Approval of Housing Production Fund Extremely Low-Income Operating Reserve (HPF-ELI) Awards

Committee Chairman Orth introduced Michael DiChiaro, Director of Leased Housing and Rental Services who presented the request.

Mr. DiChiaro stated that 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 administer HPF program funds for a range of housing production initiatives. The enabling legislation for the HPF specifically establishes a priority for households either exiting homelessness or earning not more than thirty percent (30%) of area median income.

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

In August 2022, RIHousing approved the allocation of \$1,004,880 of HPF-ELI funds; leaving approximately \$9,000,000 for additional projects. In November 2022, RIHousing issued a Request for Proposals (“RFP”) for HPF-ELI funds as part of a consolidated funding round from qualified applicants. In response, RIHousing received 12 proposals requesting \$8,527,000 in HPF-ELI funds. Staff from the Development and Leased Housing and Rental Services Divisions reviewed applications in accordance with the published program review criteria.

Of the 12 proposals received, staff recommends funding for 7 HPF-ELI proposals in the amount of \$4,589,280. The HPF-ELI awards will support 62 newly created 30% AMI residential units to be funded with low-income housing tax credits (“LIHTC”) for 15 years. The 15-year term coincides with the initial compliance period of the LIHTC program. Staff will continue its review and analysis of the remaining applications and expects to bring additional awards for approval at a later date.

Finally, Mr. DiChiaro said that staff recommends the allocation of up to \$4,589,280 in HPF-ELI funds for approval, contingent on (i) receipt of the HPF-ELI funds from the State of Rhode Island; (ii) the availability of all other funding for transactions that have not yet closed; and (iii) compliance with HPF-ELI guidelines.

Committee Chairman Orth thanked Mr. DiChiaro for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Approval of Housing Production Fund Extremely Low-Income Operating Reserve (HPF-ELI) Awards.

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

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

Commissioner Designee Cabral mentioned that 12 proposals were received and seven (7) are presented for financing. She wanted to know if the remaining applications will be considered or if the applicants need to submit new proposals.

Mr. DiChiaro responded that staff is focusing on new production but will review those applications for future funding opportunities.

Committee Chairman Orth inquired from a compliance perspective if the projects are aligned with the Section 8 voucher program. Mr. DiChiaro stated that most of the projects are aligned with the Section 8 Housing Choice voucher program and require quarterly review of all requisitions necessitating evidence of the resident’s income. RIHousing staff is experienced in federal regulations, assessing and processing the certifications. The Corporation maintains a high level evaluation of all the properties to ensure they are in compliance with regulations.

Committee Chairman Orth wondered if the guidelines require that any time there is an income change, a new certification is mandated.

Mr. DiChiaro said there is no specific requirement outlined for new certifications. Ms. Berman further elaborated by noting that a recertification requirement is stipulated only if there is a change in subsidy. She stressed that RIHousing is only subsidizing the difference between the 30% and 50% rents. Mr. Comer confirmed that fact saying that it is based on the delta between the 30% and 50% income levels. Additionally, it’s a more consistent subsidy that developers can rely on and is based on income certification of each tenant per unit.

Committee Chairman Orth wondered how the reserve funds are retained and invested. Kara Lachapelle, Chief Operating Officer explained that as these are state dollars, the funds are held in a reserve account that earns interest.

Committee Chairman Orth also wanted to know if RIHousing has sufficient staff to process the workload. Mr. Comer and Mr. DiChiaro acknowledged that the Corporation processes all requests in house, but if additional staff is required, then RIHousing will hire additional employees to administer the programs. Mr. Comer mentioned that one of the conditions specified under the programs was that if the Corporation required additional staff, it would add staff as needed.

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 Extremely Low-Income Operating Reserve (HPF-ELI) Awards was unanimously approved.

19. Recommendation for Approval of ARPA Predevelopment Program (APP) Committee

Chairman Orth announced that James Comer, Deputy Executive Director would give the presentation.

Mr. Comer began by noting that the request seeks authorization to establish and implement the ARPA Predevelopment Program (the “Program”) on behalf of the State of Rhode Island. The Program is funded by State and Local Fiscal Recovery Funds (“SFRF”) appropriated to the United States Department of Treasury (“Treasury”) through the American Rescue Plan Act of 2021 (“ARPA”). RIHousing has been authorized to implement and administer the Program using \$10,000,000 in funds to help qualified developers pay for predevelopment costs associated with the development of affordable housing.

In December 2022, Treasury and the State of Rhode Island authorized RIHousing to implement and administer the Program to deploy \$10,000,000 in SFRF funds on behalf of the State of Rhode Island. The goal of the Program is to provide upfront capital to address the difficulties encountered by housing sponsors in raising capital necessary to determine the feasibility of prospective affordable housing development projects. The Program funds will advance potential projects so as to increase the supply of supportive housing and affordable rental and homeownership opportunities across the state.

RIHousing staff has developed the Program Guidelines that were set forth in an attachment included as part of the May 10, 2023 Credit Committee meeting. The attachment outlines details of the Program. In accordance with SFRF requirements, funding under the Program will be provided as a grant to eligible developers. The maximum grant amount under the Program will be limited to \$100,000 for projects with total development costs under \$1,000,000 and \$250,000 for projects with total development costs over \$1,000,000. Developments may be located across the state. Developers must commit to serve households at or below 80% of area median income, and RIHousing will enforce affordability requirements pursuant to a deed restriction for a minimum of 30 years.

In November 2022, RIHousing issued a Request for Proposals (“RFP”) for Program funds from qualified applicants. All applications will be reviewed by Development Division staff in accordance with the published Program Guidelines, as amended to allow for grant awards rather than long-term loans, in order to evaluate whether the applications contain the required Program threshold criteria for awards.

Staff recommends approval of the ARPA Predevelopment Program to deploy up to \$10,000,000 in SFRF funding on behalf of the State of Rhode Island for eligible developers. Applications under the

Program will be accepted on a rolling basis and will be underwritten in accordance with the Program Guidelines, program priorities and evaluative criteria set forth in the Request for Proposals.

Committee Chairman Orth thanked Mr. Comer and asked for a motion and a second to recommend to the Board of Commissioners Approval of ARPA Predevelopment Program (APP).

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

Following the motion, Committee Chairman Orth then welcomed questions from the Committee.

Committee Chairman Orth speculated that the program was not necessarily for capacity building. Mr. Comer replied that it's project based. He explained that a developer might have a piece of land or property and wanted to determine if constructing affordable housing was a viable option, they would utilize the program. The program could also be used for funding for architectural, survey and other preliminary exploration matters.

Committee Chairman Orth asked if the program is open to everyone. Ms. Comer responded that the program is available to anyone who is eligible. He said that in collaboration with the Department of Housing the guidelines were extensively reviewed to ensure funds are properly allocated and utilized.

Committee Chairman Orth felt that even though it was not a capacity building program the funds should include funding terms for women, minority, first generation etc. assistance.

Mr. Comer replied that a diverse committee reviewed the program criteria. Based on conversations, staff is seeing a broad range of applications forthcoming. Several of the applications include capacity building but the primary point of the program is to expedite projects. The program has a limited time mandate where RIHousing must allocate the funds by 2026. Mr. Comer speculated that most of the applications would be from non-profit developers, but it is difficult to say in what capacity.

Finally, Mr. Comer stated that once the Corporation finalizes its first round, staff will have a better sense of how the program is progressing and report back to the Committee.

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 ARPA Predevelopment Program (APP) was unanimously approved.

20. Discussion:

a. Pipeline Report

Committee Chairman Orth acknowledged that the hefty agenda was a testament to the robust pipeline, therefore no separate report was needed.

In closing, Mr. Comer announced that the Governor Daniel McKee plans to attend the May 18, 2023 Board of Commissioners meeting to relay a few words on the aforementioned outstanding funding opportunities recommended for the creation of affordable housing.

Committee Chairman Orth suggested that in conjunction with the Governor's office, furnishing a presentation to the public on the funding would be an excellent idea. He also recommended including graphics and charts that depict funding sources and categories would be useful. Mr. Comer responded that RIHousing's Communication department is coordinating with the Governor's office and the Office of Housing on organizing that effort.

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 Designee Cabral 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 12:18 p.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted,

James Comer, Deputy Executive Director
on behalf of Carol Ventura
Secretary and Executive Director