

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
May 12, 2021

The Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing” or “Corporation”) was held on Wednesday, May 12, 2021 at 9:30 a.m. The meeting was held via telephone conference call pursuant to Executive Order 20-46 (extended by Executive Order 21-40, and as may be further amended or extended).

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

Mr. Rotella stated that (i) the meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting and (ii) except for the Committee members, Board of Commissioners (in attendance) and specific RIHousing staff, all callers will be muted during the meeting. Mr. Rotella announced that if during the meeting, anyone had technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Next, Corinne Myers, Acting General Counsel, provided additional information for those participating in the meeting. Ms. Myers stated that (i) pursuant to Executive Order 20-46 (as extended by Executive Order 21-40 and as may be further amended or extended), the meeting was being held via teleconference, (ii) members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and (iii) in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

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

A quorum being present, Committee Chairman Orth introduced himself and officially called the meeting to order at approximately 9:38 a.m. Committee Chairman Orth then invited Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff in attendance.

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

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Lisa Primiano, Chief Operating Officer; Christine Hunsinger, Chief Strategy & Innovation Officer; Corinne Myers, Acting General Counsel; Anne Berman, Assistant Director of Development; Michael Liberatore, Senior Real Estate Development Officer; Milton Baxter, Development Officer; Lauren Farley, Program Manager/HOME; Michael DiChiaro, Assistant Director of Asset Management; and Carl Rotella, Director of Information Technology.

The following matters were discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on March 10, 2021

Committee Chairman Orth asked for a motion and a second for the approval of the Credit Committee minutes held on March 10, 2021. A motion was made by Commissioner Barry and seconded by Chairman Retsinas. There being no discussion, Corinne Myers, Acting General Counsel conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

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

VOTED: That the minutes of the Credit Committee Meeting held on March 10, 2021 are hereby approved.

2. Recommendation for Approval of Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for Joseph Caffey Apartments (Providence)

- a. Joseph Caffey Apartments Phase “A”
- b. Joseph Caffey Apartments Phase “B”

Committee Chairman Orth first recognized Anne Berman, Assistant Director of Development and asked her to give a brief overview of the Low-Income Housing Tax Credits (“LIHTC”) process.

Ms. Berman began by saying that it is important to note that Rhode Island receives the small state minimum of \$3.2 million in tax credits and that RIHousing also has \$2.7 million in tax credits from the 2020 funding round to award for this year. Eleven (11) applications were received for this round that are geographically diverse and incorporate mixed use and mixed income options. Ms. Berman mentioned that the Review Committee scored the applications and determined that five (5) failed to meet threshold and were disqualified. The remaining six (6) proposals ranged in scoring from a high of 99.4 to a low of 71 points. Ms. Berman stated that Commissioner Orth also participated on the Review Committee and noted that she is extremely pleased with the LIHTC applications submitted this year.

Chairman Retsinas asked Ms. Berman how this funding round compares to previous rounds. Ms. Berman responded that the quality of applications received this year is robust and much more comprehensive than previous years.

Chairman Retsinas also inquired if the proposals received for this round include any applications that were submitted during previous funding rounds. Ms. Berman was pleased to confirm that two (2) developers reapplied this year.

Committee Chairman Orth commented that this year's proposals incorporated quite a diverse spectrum of sponsors, geographic locations and innovative mixed use, mixed income projects. He was extremely pleased with the submissions.

Committee Chairman Orth then introduced Michael Liberatore, Senior Real Estate Development Officer, who gave the presentation.

Mr. Liberatore explained that this request is for the reservation of up to \$1,298,250 of 2021 and/or 2022 9% LIHTCs and preliminary approval of: (i) a \$9,000,000 tax-exempt construction loan, (ii) a Capital Magnet Fund ("CMF") loan of \$999,999, and (iii) a deferred payment loan of \$222,723 for Joseph Caffey Apartments (the "Development" or "JCA").

The developer, Upper South Providence Partners, LLC ("USPP" or the "Developer") is a joint venture partnership between Omni Development Corporation ("Omni"), a Rhode Island non-profit entity with a portfolio of affordable housing in Rhode Island and southern Massachusetts and The Wingate Companies, LLC ("Wingate"), a Massachusetts for-profit entity with a portfolio of 15,000 residential units across 18 states.

The Development site is formerly known as Barbara Jordan 2 Apartments ("BJ2"). The BJ2 development consisted of 74 units and has been vacant since 2015. The U.S. Department of Housing and Urban Development ("HUD") foreclosed on the site several years ago and transferred the property to RIHousing in 2020. RIHousing issued a Request for Proposals seeking a developer for BJ2 and ultimately selected the Omni/Wingate partnership to undertake the redevelopment. At closing, the site will transfer to USPP for approximately \$1,333,000.

JCA entails the acquisition and demolition of BJ2, and the new construction of 79 affordable rental units in 11 buildings. As proposed, one of the new buildings located at 16 Somerset Street will be a 54-unit four-story elevator building with parking and open space that will encompass an entire city block between Somerset and Portland Streets. The other buildings are a mix of two- to six-unit buildings.

Upon completion, the 79 rental units will include 10 one-bedroom, 36 two-bedroom, 27 three-bedroom and six four-bedroom units. Sixteen units will be available at 30% AMI rents, five units will be available at 50% AMI rents and 58 units will be available at 60% AMI rents. Sixteen units are expected to receive operating subsidy support from an allocation of Project Based Section 8 Vouchers by the Providence Housing Authority.

To maximize resources, the Developer has proposed a bifurcated 9%/4% structure to fund the Development. The 9% transaction will be known as Phase A and will consist of 39 units. Phase B, which includes 40 units, will be funded with tax exempt bonds and 4% LIHTCs. The two phases will close simultaneously.

The proposed Development has received preliminary zoning approval and no additional variances are required. The Developer anticipates closing and beginning construction in the early fall of 2021. USPP will put construction pricing out to bid and has created a budget with the help of their architect, Providence-based DBVW Architects, Inc. ("DBVW"), who has outlined a 15-

month construction schedule. Current plans are 90% complete and final plans and specifications are projected to be complete by June. A contractor is expected to be selected in July.

The total development cost for the entire Development, inclusive of both phases, is \$28,841,640. The National Equity Fund, Inc. has provided a letter of intent to USPP with pricing of approximately \$0.94 for the LIHTCs in both phases. Proposed sources of funding include: (i) syndication equity from the allocation of LIHTCs; (ii) a tax-exempt construction loan; (iii) a taxable construction loan; (iv) taxable permanent loans; (v) HOME Investment Partnerships Program (“HOME Program”) loans from RIHousing and the City of Providence; (vi) Capital Magnet funds; (vii) a Housing Trust Fund loan from RIHousing; (viii) a RIHousing deferred payment loan; and (ix) deferred developer fees.

The Developer has provided a commitment letter from Citizens Bank for a taxable construction loan for Phase A. RIHousing will provide a tax-exempt construction loan for Phase B. Upon completion, as currently proposed, the Providence Redevelopment Authority will provide taxable permanent loans for both phases.

As part of the underwriting process, following preliminary approval, RIHousing staff will work with the Developer to appropriately size the soft cost budget, including reserves and carrying costs, to ensure that the minimum amount of tax credits and soft sources are allocated to the Development. Several of the project’s strengths include: (i) a strong development team that is engaged with the local community and currently developing affordable housing developments in Rhode Island and other states; (ii) City of Providence HOME Program funding; (iii) operating subsidy from the Providence Housing Authority; (iv) funds from the City of Providence Redevelopment Agency; (v) redevelopment of a vacant and blighted urban site; and (vi) significant access to retail, entertainment, schools, government and employment opportunities given the location of the site in a highly developed commercial area.

The Funding Committee, which is comprised of senior staff and a member of the RIHousing Board of Commissioners, awarded the highest score to JCA in the 2021 9% LIHTC round based on the strength of the application and the criteria outlined in the State of Rhode Island 2021 Qualified Allocation Plan (“QAP”). It is anticipated the Development will generate 142 jobs during construction.

This request is for the reservation of up to \$1,298,250 of 2021 and/or 2022 LIHTCs and Preliminary Approval of: (i) a \$9,000,000 tax-exempt construction loan as set forth in Attachment B for Phase A, (ii) a CMF loan of \$999,999 as set forth in Attachment C for Phase B, and (iii) a deferred payment loan of \$222,723 as set forth in Attachment C for Phase B, which attachment is included as part of the May 12, 2021 Credit Committee package.

Committee Chairman Orth thanked Mr. Liberatore for the presentation and explained that the recommendation for approval are presented in two (2) phases with approval of the 9% credits in Phase “A” and the 4% credits approved in Phase “B”.

The Committee Chairman acknowledged that the recommendations will be voted on individually.

Committee Chairman Orth then asked for a motion and a second to recommend to the Board of Commissioners Approval of Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for Joseph Caffey Apartments (Providence) Phase “A”.

a. Joseph Caffey Apartments Phase “A”

A motion to approve Joseph Caffey Apartments Phase “A” was made by Chairman Retsinas and seconded by Commissioner Tanner.

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

Chairman Retsinas also recused/abstained from the discussion or vote of this application as he serves as Chairman of Providence Housing Authority.

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

Committee Chairman Orth acknowledged that this is a complex project that includes both 4% and 9% tax credits along with other funding sources and noted that it’s a fantastic achievement.

The Committee Chairman then referenced that there are only sixteen (16) project-based vouchers and wanted to know how secure that funding stream is for the annual rent revenue.

Mr. Liberatore confirmed that the funding source is set in five (5) year increments and that staff is comfortable with the projection. Ms. Berman further explained that staff had concluded that additional vouchers per phase could affect wage rates and make the endeavor much more expensive.

Chairman Retsinas remarked that this is an iconic project and the key to success is in the execution. The Chairman asked if staff is confident in Omni’s ability to perform successfully. Ms. Berman stated that Omni has a long track record of accomplishments and has been an established entity for a long time. Additionally, Sharon Morris, Omni’s Executive Director has extensive Asset Management experience and has been engaged in building Omni’s development capacity. Omni has also partnered with Wingate who has over fifty (50) years plus experience in property management to oversee the portfolio. Omni is presently wrapping up three large projects and is laser focused on this transaction. Ms. Berman was extremely confident in Omni’s ability to bring this project to fruition.

The Chairman also asked if the community is still engaged in the process. Ms. Berman declared that Ms. Morris has held two additional meetings with the community and has done a good job of balancing community interest.

There being no further questions, Corinne Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

Ms. Myers stated that the recommendation for Approval of Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for Joseph Caffey Apartments Phase “A” (Providence) was approved with two (2) votes in favor, two (2) recusals and zero (0) nay votes.

a. Joseph Caffey Apartments Phase “B”

Committee Chairman Orth next asked for a motion and second to recommend to the Board of Commissioners Approval of Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for Joseph Caffey Apartments Phase “B”.

A motion to approve Joseph Caffey Apartments Phase “B” was made by Commissioner Tanner and seconded by Committee Chairman Orth.

Commissioner Barry recused/abstained from the discussion or vote of this application as her employer, Bank of America may provide financing for this project.

Chairman Retsinas also recused/abstained from the discussion or vote of this application as he serves as Chairman of Providence Housing Authority.

There being no questions, Corinne Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

Ms. Myers stated that the recommendation for Approval of Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for Joseph Caffey Apartments Phase “B” (Providence) was approved with two (2) votes in favor, two (2) recusals and zero (0) nay votes.

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

Committee Chairman Orth introduced Milton Baxter, Development Officer, who presented the request.

Mr. Baxter stated that for approval of the reservation of up to \$1,117,210 of 2021 and/or 2022 LIHTCs, and for the preliminary approval of: (i) a taxable first mortgage loan in an amount of up to \$1,350,000, (ii) a commitment of a HOME Program loan of \$1,600,000, and (iii) a commitment of a Housing Trust Fund (“HTF”) loan of \$2,145,430 for The Millrace District (the

“Development” or “Millrace”), a 70-unit rental housing development to be located in Woonsocket, Rhode Island. The developer is NeighborWorks Blackstone River Valley (“NWBRV” or the “Developer”), a Rhode Island based non-profit developer with a portfolio of affordable housing developments in Rhode Island.

The Millrace District is proposed as a mixed-use and mixed-income development. Plans include the adaptive reuse of three historic mill buildings to create 70 units of affordable rental housing and 21,439 square feet of co-office, retail, and arts fabrication space. The “live/work” apartments will be located on the upper building floors and the commercial space will occupy the ground floors of the three buildings. Of the 70 rental apartments, 11 will be affordable to households earning 30% area median income (“AMI”), 31 will be affordable to individuals/families at or below 50% AMI, 13 will be offered to households earning 51% - 60% AMI, and the remaining 15 will be market rate designated as workforce housing. There will be four efficiency units, 61 one-bedroom units, and five two-bedroom units. NWBRV has concurrently applied for 11 Section 811 project-based vouchers for the 30% AMI units.

The total development costs for Millrace are approximately \$28,278,800. The Developer previously secured awards from the Acquisition and Rehabilitation Program for the commercial units and Building Homes Rhode Island for a portion of the residential rehabilitation. NWBRV has also applied for funds under the Workforce Housing Innovation Challenge Program (“WHIC”) administered by RIHousing and the Affordable Housing Program (“AHP”) from the Federal Home Loan Bank of Boston. As a historic building, Millrace is eligible to leverage considerable equity from both federal historic tax credits (“FHTC”) and state historic tax credits (“SHTC”). Both the National Equity Fund and Bank of America provided letters of interest (“LOI”) to NWBRV with pricing of approximately \$0.92 for the LIHTC and FHTC. Citizens Bank has provided a LOI to NWBRV to provide a construction loan for the project.

As part of the underwriting process following preliminary approval, RIHousing staff will work with the Developer to appropriately size the soft cost budget, including reserves and carrying costs, to ensure that the minimum amount of tax credits and soft sources are allocated to the Development. Several of the project’s strengths include: (i) the redevelopment of abandoned mills in downtown Woonsocket, which will significantly improve the area and generate new economic activity; (ii) the location of the property adjacent to previously completed NWBRV projects including a business incubator for culinary programs; (iii) the creation of new affordable housing stock appealing to artisans and craftsmen seeking live/work space units in a desirable mill space; (iv) the creation of commercial space and community space using the ground floors; (v) a competent and skilled development team; and (vi) the project’s receipt of environmental cleanup funding awards allowing for completion of site environmental remediation prior to closing of the LIHTC transaction.

The Development is in a Qualified Census Tract (“QCT”), allowing for a 30% basis boost to the qualified rehabilitation expenses, making the project financially feasible as part of a qualified low-income housing project.

The Funding Committee, which is comprised of senior staff and a member of the RIHousing Board of Commissioners, awarded Millrace the second highest score in the 2021 9% LIHTC

round based on the strength of the application and the criteria outlined in the State of Rhode Island 2021 Qualified Allocation Plan. It is anticipated that the Development will generate 126 jobs during construction.

Finally, Mr. Baxter said that it's an exciting project that will provide much needed affordable housing in Woonsocket.

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

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

A motion was made by Chairman Retsinas and seconded by Commissioner Tanner.

A discussion followed with Committee Chairman Orth mentioning that the commercial section of the funding proposal is separated through the condominium structure from the residential component. It appears that the first mortgage is only looking to the revenue of the residential portion for repayment. The Committee Chairman wanted to ensure that the costs are properly allocated and an undue burden is not placed on the residential component of the loan. Mr. Baxter said that he appreciated the question and explained that staff spent significant time in reviewing the allocation of costs. The loan was based on the Developer's representation of plans and the allocable costs to individual components. Staff was very careful in underwriting the whole project with the first mortgage secured by the residential component. The Developer is conservatively underwriting the commercial space at 50% vacancy rates to accommodate the ebb and flow of the projected tenants of the space. Those tenants are expected to be small entities that change frequently. Mr. Baxter emphasized that the proposal meets all requirements for the historic and state tax credits and RIHousing's underwriting requirements.

Committee Chairman Orth also commented on the operating expenses that appear to be a bit low. Mr. Baxter said that Development partners with the Asset Management Division who reviews and compares the allocations to provide input regarding historic operating levels of the portfolio. Asset Management did note that the projection is a little on the lower side of the range, but there are other savings to offset that issue. Staff is also working with the developer to refine the projections. Additionally, RIHousing continuously monitors the expenses to identify cost saving opportunities.

Chairman Retsinas also referenced the 50% commercial vacancy rate stating that it was unexpected. Mr. Baxter remarked that this is the third time RIHousing has reviewed this proposal and it's significantly improved from previous submissions, however, the commercial space is continuously underwritten at 50% vacancy. The Developer and Development have meticulously assessed the numbers and felt this is the most conservative approach. Particularly as the projected renters are small local vendors staff felt that it's best to be ultraconservative in this situation due to the nature of the type of tenant expected and the potential turnover rate.

The Chairman also said that given the number of older mills in Woonsocket and potential competition if the market exists for this space. Mr. Milton assured the Chairman and Committee that the developer has undertaken an analysis of the market and demands of the neighborhood. Additionally, the Developer has a wide community network to help strategize opportunities and interest in the space. Mr. Milton believes that there's an overall synergy in the area for work/live units and that renting the space will not be a problem.

Following the discussion, Corinne Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

Ms. Myers then stated that the recommendation for Approval of Reservation of Low-Income Housing Tax Credits and Preliminary Approval of Financing for The Millrace District (Woonsocket) was approved with three (3) votes in favor one (1) recusals and zero (0) nay votes.

4. Recommendation for Approval of Approval of Reservation of Low-Income Housing Tax Credits for Bourne Mill III (Tiverton)

Committee Chairman Orth mentioned that Milton Baxter would also present this request.

Mr. Baxter confirmed that this request is for the reservation of up to \$1,298,500 of 2021 and/or 2022 LIHTCs for Bourne Mill III (the "Development" or "Bourne Mill III"), a 59-unit rental housing development to be located in Tiverton, Rhode Island. The developer is The Armory Revival Company ("TARC" or the "Developer"), a Rhode Island based for-profit developer with a portfolio of multifamily rental housing developments in Rhode Island.

The proposed Bourne Mill III project will consist of 59 units of mixed-income rental housing in a single newly constructed 4-story building located on the site of the redeveloped Bourne Mill complex in Tiverton, RI. The project will have 47 units of affordable rental housing and 12 units of market-rate rental housing. The 47 affordable units will be restricted to individuals or families whose income is not more than 60% of AMI and will consist of five efficiency units, nine one-bedroom units and 33 two-bedroom units. The 12 market-rate units proposed consist of three efficiency units, four one-bedroom units, and five two-bedroom units.

The proposed building will be constructed on a vacant infill lot and will complement the restored adjacent Bourne Mill apartments in scale. The building is designed in the spirit of the mill housing that surrounded the site when the mills were operational. TARC envisions a campus-style setting with synergies between the new building and Bourne Mill. Bourne Mill III will benefit from cross amenities with Bourne Mill, including a walking trail, waterfront access, a dog park and a walking/exercising park. Additionally, Bourne Mill III residents will be able to use the Bourne

Mill fitness center, billiards room, and community room. The immediate neighborhood has many commercial amenities including grocery stores, restaurants, and entertainment facilities.

The project was awarded \$765,668 in Building Homes Rhode Island (“BHRI”) funds in 2019 for 50 affordable units. Since the current proposal assumes 47 affordable units, the Developer will be required to seek approval from the State of Rhode Island Housing Resources Commission for the change in the number of affordable units. Redstone Equity Partners has provided a letter of interest (“LOI”) to TARC with pricing of approximately \$0.92 for the LIHTC. Berkadia has also provided a LOI to TARC to provide a construction/bridge loan for the project. During the underwriting process, RIHousing will work with TARC to determine if RIHousing can provide the permanent debt. The total development costs for Bourne Mill III are approximately \$17,087,200. Proposed permanent sources of funding include: (i) syndication equity from the allocation of LIHTC; (ii) a permanent first mortgage loan from Berkadia or RIHousing; and (iii) BHRI funds.

As part of the underwriting process following preliminary approval, RIHousing staff will work with the Developer to appropriately size the soft cost budget, including reserves and carrying costs, to ensure that the minimum amount of tax credits are allocated to the Development. Several of the project’s strengths include: (i) desirable campus-style setting with site amenities and shared tenant amenities with the existing Bourne Mill complex; (ii) aesthetically-pleasing design complementing the existing historic mill complex; (iii) location in suburban area close to quality of life amenities; (iv) alignment with passive house design standards; (v) cross-management with the existing Bourne Mill complex allowing the project to benefit from lower operating expenses; and (vi) production of new affordable units in a community that has 5.35% of its housing stock as affordable.

RIHousing has the authority to designate projects as difficult to develop to increase a project’s eligible basis by up to 30%. Per Section 42(d)(5)(B) of the Internal Revenue Code, RIHousing has designated all buildings in the Development as difficult to develop, allowing for the 30% basis boost making the project financially feasible as part of a qualified low-income housing project.

The Funding Committee, which is comprised of senior staff and a member of the RIHousing Board of Commissioners, awarded the third highest score to Bourne Mill III in the 2021 9% LIHTC Round based on the strength of the application and the criteria outlined in the State of Rhode Island 2021 Qualified Allocation Plan (“QAP”). It is anticipated that the Development will generate 106 jobs during construction.

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

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

A short discussion ensued with Chairman Retsinas noting that this request is for Bourne Mill III and inquiring on the status of Bourne Mill I and II. Mr. Baxter explained that there is no Bourne

Mill II and remarked that Ms. Berman would be better equipped to provide historical information on Bourne Mill I.

Ms. Berman then gave a short recap of the Bourne Mill I development stating that it is comprised of 166 units of which 40% are affordable and 60% are market. The units were slow to rent and there were also some issues with the town and tax assessments and challenging operating costs that have been resolved. Ms. Berman said that Bourne Mill I is much more stable than when originally constructed. She also stated that Michael DiChiaro, Assistant Director of Asset Management, was present on the call and could provide additional input.

Michael DiChiaro, Assistant Director of Asset Management clarified that the development is much more settled than when it was originally built. Originally it was slow to rent up, but the owner has worked through the issues with the Town and is now operating well. The Development struggled with tax assessments along with antiquated heating systems. The owner actually stepped in to contribute to replace all the individual heating systems at a significant personal cost. Mr. DiChiaro stated that the development's latest financials are positive with the operating reserves well funded.

Committee Chairman Orth asked what rents were achieved at Bourne Mill I and how that compares with this proposal. Mr. DiChiaro said that the rents achieved at Bourne Mill I are underwritten between the 50-55% range and Bourne Mill III is projected at 60%. Staff does anticipate a higher rate on rents for Bourne Mill III.

Committee Chairman Orth then inquired if those projections are achievable. Mr. Baxter confirmed that fact.

Ms. Myers, Acting General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

Ms. Myers stated that the recommendation to recommend to the Board of Commissioners the Approval of Reservation of Low-Income Housing Tax Credits for Bourne Mill III (Tiverton) was unanimously approved.

5. Recommendation for Firm Approval of Financing for Pineview Apartments (Exeter)

Committee Chairman Orth invited Michael Liberatore to give the presentation.

Mr. Liberatore said that \$7,250,000 tax-exempt construction to permanent loan a \$625,000 Capital Magnet Fund ("CMF") Loan, HOME Program loan in the amount of \$1,459,000, and an HTF loan in the amount of \$515,000 for Pine View Apartments ("PVA" or the "Development"). Women's Development Corporation ("WDC" or the "Developer"), proposes the new

construction of 40 affordable apartments located in Exeter comprised of 5 one-bedroom and 35 two-bedroom residences.

Of the 40 units, 3 units will be restricted to 30% area median income (“AMI”), 5 units will be restricted to 50% AMI and 32 will be restricted to 60% of AMI. Staff utilized the 2021 60% LIHTC rents which were reduced by 0.5% from 2020. The Coventry Housing Authority (“CHA”) has provided their written support to allocate eight (8) project-based vouchers (“PBV”) and the permanent loan has been sized as such. The CHA anticipates being able to issue the Agreement to Enter into a Contract for the PBV (“AHAP”) in July. The AHAP will be a condition to closing.

To secure the site, RIHousing provided a Landbank loan to WDC who took title to the property from Jade Investment Group (“JIG”) for the appraised value of \$900,000. JIG retains ownership of the abutting parcel with a permanent easement in place to provide PVA with access to JIG’s public well. WDC repaid the Landbank loan with \$900,000 of BHRI funds in October 2020 after completion of the HUD Environmental Review.

In addition to the \$900,000 paid for the property and additional \$405,000 of the purchase price was deferred via an addendum to the original purchase agreement. The addendum allowed for up to \$205,000 to be held back until JIG provides full access to their public well. An additional \$200,000 identified as the value of the existing permitting and sitework was held back until WDC is able close on the project financing. The development budget includes an acquisition cost of \$1,240,000.

The original design by JIG was intended for condominium resale and included two septic systems for each building. Following preliminary approval, WDC engaged a geotechnical study and consolidated the septic design and fire suppression systems. While the redesign was more efficient, geotechnical surveys revealed additional site work and recent construction material inflation has resulted in a construction cost increase of more than 9%.

Since Preliminary Approval, the National Equity Fund (“NEF”) lowered their LIHTC pricing from \$0.956 to \$0.92 per credit however the applicable rate on the 4% LIHTC was fixed at 4% increasing the number of LIHTC available resulting in \$1.2 million of additional equity to the transaction. This year, RIHousing has seen equity pricing drop on several projects, mainly attributed to the overall increase in the supply of 4% credits.

In addition to the increase in construction cost and decrease in equity pricing, the Development saw an increase to the stabilized operating expenses which reduced the loan size. To minimize the loan size reduction and in consideration of current market conditions, RIHousing lowered the permanent loan interest rate from 5.25% to 4.25%. The resulting \$1.4 million gap in sources was resolved by boosting eligible basis with a deferred incentive developer fee to generate more LIHTC, a reduction in construction contingency from 10% to 7% and a \$100,000 reduction in land acquisition.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Pineview Apartments (Exeter).

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

A conversation followed where Chairman Retsinas speculated on the potential renters of the units. Mr. Liberatore responded that the development is targeting a large number of people, mostly renters at 50% AMI. There's a significant shortage of affordable housing in the area, so workers in the hospitality industry, manufacturing, etc. will qualify for the units. Mr. Liberatore said that as there's such a scarcity of rental units in that geographic region, he expects that anyone that can qualify for the units will apply.

Committee Chairman Orth referenced the price of the land at \$31,000 per unit and considered it a bit elevated and wanted to know if that number was justified by the appraisal. Mr. Liberatore confirmed that the appraisal came in at \$900,000 and is justified as it includes all the land costs and expenses for the approvals required along with access to the well.

The Committee Chairman also touched on the bridge loan test that it failed on the second portion, noted that it's well over the 90% of thresholds requirements. The Committee Chairman wanted to know what measures are in place to mitigate the risk of repayment.

Mr. Liberatore said the BHRI Funds are used for the acquisition and the rest of funds are under RIHousing's control with the funds already in the account. Staff is not very concerned about repayment but focused that the proposal meets the 50% test and acknowledged that the syndicators' equity is sufficient for the funding.

Committee Chairman Orth did inquire if there's a guarantee on the Bridge loan. Mr. Liberatore admitted that the construction loan is the recourse of Women's Development Corporation. Committee Chairman Orth then asked if the Developer has the financial capacity to guarantee the funds. Ms. Berman confirmed that all construction loans are recourse and mentioned that staff has reviewed all funding requirements, construction costs, focused on site costs, septic and is confident that the developer has a reasonable team in place to move this project forward. Ms. Berman did note that acquiring the additional \$1.2 million in LIHTC makes this project feasible.

Committee Chairman Orth applauded the project mentioning that not many states would have encouraged such a venture.

Chairman Retsinas observed that Women's Development is a more urban developer and wanted to know if staff is comfortable in their capacity ability. Mr. Liberatore affirmed that Women's Development has demonstrated their ability with the successful execution of Shannock Falls. Furthermore, their partnership with Stand Corporation and the syndicator demonstrates their strength to bring this project to completion.

Commissioner Barry commented that she pleased to see this project presented and asked if there are plans in place for the Acting Executive Director to be permanent or if the organization expects to engage a new Executive Director.

Ms. Berman replied that she is willing to reach out to the Board Chair of Women’s Development to engage in a conversation regarding their plans.

Furthermore, Ms. Berman stated that she has discussed the issue with the Acting Executive Director and believes he would like to remain in the position.

Commissioner Barry suggested that it would be advantageous if staff had the assurance that a strong leader is expected to head the company. Ms. Berman agreed with the Commissioner Barry’s recommendation.

Following the comments, Ms. Myers, Acting General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

Ms. Myers stated that the recommendation to recommend to the Board of Commissioners the Approval of Firm Approval of Financing for Pineview Apartments (Exeter) was unanimously approved.

6. Recommendation for Preliminary Approval of Financing for Braeburn Chatham (Providence)

Committee Chairman Orth noted that Milton Baxter would report on this request.

Mr. Baxter began by stating that this request is for tax-exempt financing in an amount not to exceed \$17,210,000 of and \$500,000 of Capital Magnet Funds as part of a Back-to-Back transaction for Braeburn and Chatham Apartments (“Braeburn/Chatham” or the “Development”), two existing Section 8 developments in Providence that will be refinanced into one single asset entity with 91 family units. The developer is BLVD Capital (“BLVD”), an entity affiliated with the current ownership of both existing developments. BLVD is proposing to undertake approximately \$5.36MM or \$59,000 per unit in rehabilitation.

Braeburn Apartments (“Braeburn”) is comprised of 51 units in 4 buildings. It was developed as affordable housing in the late 1970s with financing from RIHousing. After the original financing matured, Braeburn was sold to an entity related to BLVD. It is not currently subject to a long-term use restriction. Chatham Apartments (“Chatham”) is comprised of 40 units in 7 buildings. It was developed in 1997 using LIHTC from RIHousing and financing from a commercial lender. Chatham is in the extended use period of its LIHTC restriction agreement which expires in 2028. It was purchased by an entity related to BLVD in 2016. Both properties are in fair condition and suffer from deferred maintenance.

BLVD is proposing to finance the transaction with 4% LIHTCs, a Tax-Exempt Private Placement Back-to-Back (“Back-to-Back”) Loan, a Capital Magnet Fund Loan and a deferred developer fee

to fund acquisition and rehabilitation of the property. As part of the transaction, BLVD is anticipating approval for a mark-up-to market rent increase and new 20-year HAP contracts. Citibank will be the Back-to-Back lender. The Citibank loan is non-recourse to RIHousing and the only security RIHousing provides is an assignment of our rights under the loan to the Borrower. Citibank will service the loan made to the Borrower and Citibank will bear all financial risk should the Borrower default on the loan.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Financing for Braeburn Chatham (Providence).

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

A brief dialogue followed. Committee Chairman Orth noted that the construction and preservation loans are financed by Citibank and wanted to know if staff has contemplated utilizing Trust funds for projects not financed by the Corporation. Mr. Baxter and Ms. Berman affirmed that staff has engaged in those discussions, however, it was determined that it would not be the best use of the funds for this transaction. This project warrants preservation financing as it is accomplishing a significant amount of rehab to the property.

Continuing, Ms. Berman said that staff evaluated the preservation loan and worked with the developer to restructure the repayment proposal to recoup cash flow. Ms. Berman stated that in the past, very little modernization was performed on the property. The property is tired and the 91 units are in need of serious rehabilitation. Due to the amount of rehabilitation proposed per unit, Mr. Berman underscored that this is a good and effective use of the funds.

There being no further discussion, Corinne Myers, Acting General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

Ms. Myers stated that the recommendation to recommend to the Board of Commissioners the Preliminary Approval of Financing for Braeburn Chatham (Providence) was unanimously approved.

Commissioner Tanner left at this point in the meeting at approximately 10:43 a.m.

7. Recommendation for Approval of Extension of Revolving Construction Loan Facility for ONE Neighborhood Builders (Providence)

Committee Chairman Orth acknowledged Anne Berman, Assistant Director of Development, who reported on the Approval of Extension of Revolving Construction Loan Facility for ONE Neighborhood Builders.

Ms. Berman said that this request is to authorize RIHousing to extend the revolving construction loan facility (the “Master Construction Loan Facility”) for Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONE|NB”) for an additional three-year term. Approval of the extension will support the development and rehabilitation of single- and two-family homes in Olneyville and its surrounding neighborhoods and other opportunities as they arise.

The original Master Construction Loan Facility in the amount of \$500,000 was approved by the Board of Commissioners in April 2018. It represented the second revolving construction loan facility approved by RIHousing for ONE|NB over the past 10 years. Borrowing authority under ONE|NB’s Master Construction Loan Facility expired in April 2021, six months prior to the expiration date of October 2021.

ONE|NB is currently building five net zero homes. The Master Construction Loan Facility was used for the first two properties, both of which are nearing completion. Each of the two homes under construction has a purchase and sales agreement with a new homebuyer. The current outstanding loan balance is approximately \$240,000. ONE|NB is prepared to begin construction on the remaining three homes upon the extension of the Master Construction Loan Facility.

ONE|NB uses a combination of construction financing, Building Homes RI funds, HOME Program funds, Zero Energy for the Ocean State (“ZEOS”) and/or similar subsidy funds to make the homes affordable for first-time homebuyers. The availability of these subsidies is not consistent, which can impact ONE|NB’s pipeline and how many homes they can build at any given time.

Given ONE|NB’s past success, the Development Division is recommending that the Master Construction Loan Facility be extended to fund ONE|NB’s homeownership development projects for three additional years. All other terms and conditions contained in the current Master Construction Loan Agreement, including the maximum total outstanding loan balance of \$500,000, will remain the same. ONE|NB will be able to develop up to three homes and/or condominiums at any time; two homes must be pre-sold to qualified buyers, and one home can be built on a speculative basis. ONE|NB will pay interest monthly on the outstanding principal balance on each individual loan taken out under the Master Construction Loan Facility, with principal on each loan to be repaid at unit sale.

As with previous construction loan facilities, ONE|NB’s homeownership division will pre-qualify applicants prior to entering purchase and sales agreements. The homes will be sold to first-time low- and moderate-income homebuyers with incomes at or below 100% of area median income, contingent upon the requirements of the subsidy source used for each property. If no subsidy funds are used, and an appraisal supports a higher loan amount and sales price, homes may be sold to buyers with incomes at or below 115% of area median income. The interest rate for each individual construction loan will be set at the time of loan with an initial rate floor of 4.00% and cap of 7.00%.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Extension of Revolving Construction Loan Facility for ONE Neighborhood Builders (Providence).

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

Committee Chairman Orth remarked that in the past the Chairman has voiced his concern of how many sponsors take advantage of this program. He asked if there's been additional interest in the program and how many organizations utilize the financing.

Ms. Berman responded that ONE Neighborhood Builders and SWAP are active in the program. Currently, she has been fielding several calls from builders regarding the program. Ms. Berman remarked that with the surge in awareness of the program, this is an opportunity to expand the program to non-profit builders and nontraditional entities.

Chairman Retsinas asked to be kept abreast of the situation. Moreover, Committee Chairman Orth remarked that this is a phenomenal program whose success relies on the utilization of soft funds. The Committee Chairman inquired if the Housing Bond funds can be applied to these transactions. Mr. Berman confirmed that the Bonds can be employed for this use.

The Committee also emphasized that the request is for an extension of the maturity of the loan for an additional three-year term not an increase in financing.

Ms. Myers, Acting General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Orth	Aye
Chairman Retsinas	Aye
Commissioner Barry	Aye

Ms. Myers stated that the recommendation to recommend to the Board of Commissioners the Approval of Extension of Revolving Construction Loan Facility for ONE Neighborhood Builders (Providence) was unanimously approved.

8. Recommendation for Approval of Preliminary Approval of Reservation of HOME Investment Partnerships Program Funds

Committee Chairman Orth introduced Lauren Farley, Program Manager, HOME who gave the presentation.

Ms. Farley began by saying that RIHousing has administered the HUD HOME Program since 1992. The State of Rhode Island's 2020 HOME Program year allocation was \$3,617,597. Combined with the remaining balance from past program years and program income, RIHousing has \$7,012,168.35 available for approval of preliminary reservation to projects.

In October of 2020, RIHousing issued an RFP for HOME Program funds. In response to the RFP, RIHousing received nine proposals requesting \$9,389,165 in HOME Program funds.

After initial review of the HOME Program application packages, RIHousing requested additional information where necessary to ensure applications were complete. The HOME Program applications were then reviewed in accordance with RIHousing's threshold criteria for awards:

- Applications must be complete, including all attachments.
- The applicant must be an eligible applicant for the funding source being sought.
- Properties and activities proposed for consideration must be eligible.
- Developer must demonstrate capacity to complete the proposed project.
- Proposals must be financially feasible as presented.
- Projects must be ready to proceed within six months of firm financing commitment.
- Proposed assistance amounts must meet all appropriate funding source requirements.
- Proposals must meet all applicable construction and rehabilitation guidelines.
- Proposals must be consistent with the State Land Use Plan, applicable Municipal Affordable Housing Plan, State Comprehensive Housing Plan, and State Consolidated Plan.
- Projects must meet funding priority requirements.
- Projects must be consistent with the appropriate HOME Program income targeting requirements.

Eligible HOME Program applications deemed to have met threshold requirements were then reviewed by RIHousing staff and scored based upon the criteria outlined in the HOME Program Annual Action Plan, as approved by HUD.

RIHousing program staff reviewed and scored qualifying applications and conducted cost allocations to ensure funding requests conformed with HOME Program subsidy limits. RIHousing program staff met with senior staff and reviewed the applications based on thresholds and scoring. As a result of that review, five HOME Program proposals seeking program resources in the amount of \$5,220,955 are being recommended for preliminary reservation at this time.

The recommended developments will help build 153 units, 44 of which will be HOME Program-assisted. The projects are located in Providence, Bristol, Middletown and East Providence. Four recommended applications in this round were submitted by non-profit developers.

Commissioner Barry recused/abstained from the discussion or vote on this action as her employer, Bank of America, may deliver funding for one or more assisted projects.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Reservation of HOME Investment Partnerships Program Funds.

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

A very brief conversation ensued. Committee Chairman Orth observed that \$7 million are available in HOME funds but the recommended awards total \$5.2 million, and asked where the remaining \$1.6 million is assigned. Ms. Farley announced that the \$1.6 million is earmarked for The Millrace District project.

Chairman Retsinas asked Ms. Farley if staff envisions that most of the projects will evolve into larger projects. Ms. Farley and Ms. Berman confirmed that fact referencing that both Forrest Farm and East Bay are expected to be brought to the Board in August.

The Committee also touched on the possibility that RIHousing eventually will be a “one stop” entity for all funding sources.

Mr. Comer informed the Committee that he has a meeting scheduled for later in the day to review a module for the purpose of using 9% tax credits, HOME, HFT and HIF funding sources. Staff hopes to have the module completed by September.

Ms. Myers, Acting General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Orth	Aye
Chairman Retsinas	Aye
Commissioner Barry	Recused

Ms. Myers stated that the recommendation to recommend to the Board of Commissioners the Approval of Preliminary Approval of Reservation of HOME Investment Partnerships Program Funds was approved with two (2) votes in favor one (1) recusal and zero (0) nay votes.

9. Recommendation for Approval of Preliminary Approval of Reservation of Housing Trust Fund Program Funds

Ms. Farley also presented this request.

RIHousing has administered the HUD Housing Trust Fund Program since FY 2016. For program years 2020 and 2021, RIHousing has \$5,482,844.60 available for preliminary reservation to projects.

In October of 2020, RIHousing issued an RFP for HTF Program funds. In response to the RFP, RIHousing received three proposals requesting \$3,275,000 in HTF funds.

After initial review of the application packages, RIHousing requested additional information where necessary to ensure applications were complete. HTF applications were then reviewed in accordance with RIHousing’s threshold criteria for awards:

- Applications must be complete, including all attachments.
- The applicant must be an eligible applicant for the funding source being sought.
- Properties and activities proposed for consideration must be eligible.
- Developer must demonstrate capacity to complete the proposed project.
- Proposals must be financially feasible as presented.
- Projects must be ready to proceed within six months of firm financing commitment.
- Proposed assistance amounts must meet all appropriate funding source requirements.
- Proposals must meet all applicable construction and rehabilitation guidelines.

- Proposals must be consistent with the State Land Use Plan, applicable Municipal Affordable Housing Plan, State Comprehensive Housing Plan, and State Consolidated Plan.
- Projects must meet funding priority requirements.
- Projects must be consistent with the appropriate program income targeting requirements.

Eligible HTF applications deemed to have met the threshold requirements were then reviewed by RIHousing staff and scored based upon the criteria outlined in the HTF Program Annual Action Plan, as approved by HUD.

Continuing, Ms. Farley said that RIHousing program staff reviewed and scored qualifying applications and conducted cost allocations to ensure funding requests conformed with HTF program subsidy limits. RIHousing program staff met with senior staff and reviewed the applications based on thresholds and scoring. As a result of that review, three HTF Program proposals seeking program resources in the amount of \$3,275,000 are being recommended for preliminary reservation at this time.

The recommended developments will help build and/or preserve 153 units, including 19 extremely low-income rental units. Projects recommended for funding are located in Providence, Bristol, and East Providence. Two recommended applications in this round were submitted by non-profit developers.

The resolution authorizing preliminary reservation of up to \$3,275,000 in HTF Program funds from PY2020 and anticipated from PY2021 is contingent on (i) the availability of HTF Program funding, (ii) completion of environmental reviews as necessary in accordance with requirements of 24 CFR §93.301 (f)(1) and (2), and (iii) compliance with HTF Program regulations including underwriting and subsidy layering review. A request for firm approval of reservation will be presented to the Board of Commissioners upon completion of final underwriting.

Commissioner Barry recused/abstained from the discussion or vote on this action as her employer, Bank of America, is providing funding for one or more assisted projects.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Preliminary Approval of Reservation of Housing Trust Fund Program Funds.

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

There being no questions, Ms. Myers, Acting General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Commissioner Orth	Aye
Chairman Retsinas	Aye
Commissioner Barry	Recused

Ms. Myers stated that the recommendation to recommend to the Board of Commissioners the Preliminary Approval of Reservation of Housing Trust Fund Program Funds was approved with two (2) votes in favor one (1) recusal and zero (0) nay votes.

10. Discussion:

a. Pipeline Report

Anne Berman, Assistant Director of Development, succinctly reported on the pipeline activity.

Ms. Berman said that the Development Division has received the proposals in response to an RFP for the Workforce Housing Innovation Challenge program and staff are presently engaged in the review process. Development plans to bring the recommendations to the Board of Commissioners in June.

Additionally, Development is underwriting three (3) 4% deals and reviewing eight (8) applications for future 4% transactions.

Continuing, Ms. Berman was excited to share that Reynolds Farm is complete and is in the process of renting the units. Brookside I is another development that is almost finished and will have 24 units available for rental opportunities in June.

Finally, Ms. Berman noted that the Development Division is working on the draft Qualified Allocation Plan (QAP) and expects to bring it to the Board for review in June.

Committee Chairman Orth commented that he is excited to witness the level of activity in the Development Division and happy to hear that there are more projects in the pipeline.

Chairman Retsinas also praised staff on the excellent meeting, noting the variety of programs represented and asked Ms. Berman if she could provide the total number of units that these projects will generate.

Ms. Berman assured Chairman Retsinas that she will calculate the numbers and forward the information to the Committee.

There were no votes taken regarding this item.

Adjournment

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

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

Commissioner Orth	Aye
Chairman Retsinas	Aye
Commissioner Barry	Aye

The meeting was adjourned at 11:06 am.

In closing, Committee Chairman Orth thanked and wished everyone a good day.

Respectfully submitted

Carol Ventura, Secretary and Executive
Director