

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
September 9, 2020

The Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing” or “Corporation”) was held on Wednesday, September 9, 2020 at 9:00 a.m. The meeting was held via telephone conference call pursuant to Executive Order 20-46 (extended by Executive Order 20-75, 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, Nicole Clement, General Counsel, provided additional information for those participating in the meeting. Ms. Clement stated that (i) pursuant to Executive Order 20-46 (as extended by Executive Order 20-75 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. Clement also stated that Committee Chairman Orth would preside over the meeting and requested that any Commissioner or staff to state their name prior to speaking and to mute the phone when not speaking. Ms. Clement then invited Commissioner Orth to call the meeting to order.

A quorum being present, Committee Chairman Orth introduced himself and officially called the meeting to order at approximately 9:04 a.m. Committee Chairman Orth then invited Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff (in attendance).

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

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer; Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Lisa Primiano, Chief Operating Officer; Eric Shorter, Director of Development; Christine Hunsinger, Assistant Deputy Director External Affairs, Policy & Research; Leslie McKnight, Assistant Deputy Director of Loan Servicing; Peter Pagonis, Director of Homeownership; Nicole Clement, General Counsel; Anne Berman, Assistant Director of Development; Eric Alexander, Assistant Director Development/Housing Programs; Jeffrey Swanson, Development Officer; Milton Baxter,

Development Officer; Lauren Farley, Program Coordinator/HOME, 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 August 5, 2020

Committee Chairman Orth asked for a motion and a second for the approval of the Credit Committee minutes held on August 5, 2020. A motion was made by Commissioner Barry and seconded by Commissioner Tanner. There being no discussion, Nicole Clement, 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. Clement then stated that the following was unanimously adopted:

VOTED: That the minutes of the Credit Committee Meeting held on August 5, 2020 hereby are approved.

2. Recommendation for Firm Approval of Financing for Maple Gardens II (North Providence)

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

Mr. Baxter explained that Maple Gardens II is an existing 90-unit elderly affordable housing development located in North Providence, RI (“Maple II” or “Development”) that is currently financed by RIHousing. The Development is owned by Maple Housing Group, LP (the “Mortgagor” or “Borrower”). Ferland Corporation (“Ferland”) and MG Management LLC (“MGM”) are co-general partners of the Borrower with each holding a 1% interest. The limited partners of the Borrower are Ferland (24.5%), MGM (49%), and A. Austin Ferland (24.5%).

Maple II is subsidized by a Section 8 Housing Assistance Payment (“HAP”) Contract that is effective through May 2040. The Developer is seeking to refinance the Development with a taxable first mortgage in the principal amount of \$10,360,000. The Developer will use the proceeds of the new financing to pay off the existing mortgage, undertake accessibility, elevator, energy efficiency and life safety upgrades to the Development, and make an equity distribution to the partners. The proposed refinancing is consistent with RIHousing’s taxable loan introduced in September 2019 to replace the Treasury-HUD Federal Financing Bank HFA Multifamily Risk Sharing Loan Financing Initiative which was suspended by HUD.

As part of the approval process, staff has determined that the Development and owner meet RIHousing’s requirements for participating in the taxable loan program.

Concluding, Mr. Baxter said that staff is requesting the recommendation of approval of a taxable loan in the amount of \$10,360,000 for the refinancing of Maple Gardens II.

Committee Chairman Orth thanked Mr. Baxter for the presentation and asked for a motion and a second to recommend to the Board of Commissioners the Firm Approval of Financing for Maple Gardens II (North Providence).

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

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

Chairman Retsinas commented that he addressed the issue of the equity take out proceeds previously but wanted to know how this transaction qualified as beneficial for the Corporation. Ms. Berman responded that when an existing property is considered for refinance, it must meet certain criteria for refinance. Staff undertakes an analysis of the existing loan compared with the new loan to ascertain if it is advantageous for the Corporation. Ms. Lachapelle, Chief Financial Officer, elaborated by saying that for every refinance, staff compares existing revenue received and the long-term profit from extending the affordability of the development. Staff also initiates a due diligence process to ensure that the property is in good physical and financial condition.

Chairman Retsinas wondered what consequences would arise if the equity take-out condition was not allowed. Mr. Shorter responded that it would create a challenge for RIHousing when competing to retain the loan. HUD regulations allow the equity take out to prevent a run off the portfolios. Additionally, HUD's guidelines are more lenient in the amount an owner can withdraw.

Chairman Retsinas then asked how the term "beneficial" is qualified. Ms. Lachapelle replied that it is based on the future potential income of the property. Staff uses analysis methodology measures.

Ms. Ventura commented that in addition to being beneficial to the Corporation since it prevents a run off on the portfolio there are also advantages to the residents. RIHousing focuses not only on the owners but the wellbeing of the residents of the developments.

Committee Chairman Orth remarked that he has requested staff to review HUD's conditions as they are the Corporation's main competitor to see where RIHousing can be advantageous, especially if it is a property the Corporation wants to retain in its portfolio.

Mr. Baxter stated that it is also important to note that staff holds 20% of the equity take out until the construction is complete and the work is performed to approved specifications and guidelines.

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

Commissioner Orth	Aye
Chairman Retsinas	Aye

Commissioner Tanner Aye
Commissioner Barry Aye

Ms. Clement stated that the recommendation for Firm Approval of Financing for Maple Gardens II (North Providence) was unanimously approved.

3. Recommendation for Firm Approval of Financing for Geneva Plaza (Pawtucket)

Milton Baxter, Development Officer, also gave this presentation.

Mr. Baxter stated that Geneva Plaza Apartments is an existing 150-unit elderly affordable housing development located in Pawtucket, RI that is currently financed by RIHousing. The Development is owned by Geneva Plaza, LP (the “Mortgagor” or “Borrower”). The co-general partners of the Development are Ferland Corporation (“Ferland”) and Cathedral Development Group, Inc. (“CDG”) with Ferland as the Managing General Partner. The limited partners are CDG (49%), A. Austin Ferland (24.5%), and Debra L. Ferland (24.4%). No change in either the general partner or a limited partner with greater than 25% ownership interest is anticipated.

Geneva Plaza is subsidized by a Section 8 Housing Assistance Payment (“HAP”) Contract that is effective through April 2033. The Developer is seeking to refinance the Development with a taxable first mortgage in the principal amount of \$14,970,000. The Developer will use the proceeds of the new financing to pay off the existing mortgage, undertake accessibility, energy efficiency and life safety upgrades to the Development, and make an equity distribution to the partners. The proposed refinancing is consistent with RIHousing’s taxable loan program introduced in September 2019 to replace the Treasury-HUD Federal Financing Bank HFA Multifamily Risk Sharing Loan Financing Initiative which was suspended by HUD.

As part of the approval process, staff has determined that the Development and owner meet RIHousing’s requirements for participating in the taxable loan program.

Staff is requesting the recommendation of approval of a taxable loan in the amount of \$14,970,000 for the refinancing of Geneva Plaza Apartments, LP.

Following the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners the Firm Approval of Financing for Geneva Plaza (Pawtucket).

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

A brief dialogue followed where Committee Chairman Orth mentioned that this property is situated in a great location and he is pleased to be able to preserve the development for the Corporation’s portfolio.

Committee Chairman Orth then noted that the average income per year, when decreased by the percent of debt service drops to 1.39%. He requested staff review that information along with the financing origination fee to determine whether that was accurate.

Committee Chairman Orth also referenced the cost of issuance asking if it covers all fees associated with bond counsel services and costs for bond issuance. Mr. Baxter confirmed that the amount does include all fees, basically it's similar to a tax-exempt transaction.

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

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

Ms. Clement then stated that the recommendation for approval of the Firm Approval of Financing for Geneva Plaza (Pawtucket) was unanimously approved.

4. Recommendation for Preliminary Approval of Financing for Sutton Place (East Providence)

Committee Chairman Orth introduced Jeff Swanson, Development Officer, who gave the presentation.

Mr. Swanson stated that this request is for preliminary approval of a taxable RI Housing first mortgage of up to amount of \$1,315,000 for Sutton Place (the "Development"). Olneyville Housing Corporation d/b/a ONE Neighborhood Builders ("ONENB" or the "Developer") is the developer. The Developer is also requesting HOME Program and Housing Trust Fund funding along with a Preservation Loan Fund Program loan ("PLF") in the amount of \$1,080,000 from the Affordable Housing Trust Fund, all of which will be considered in separate requests.

ONENB has an option to purchase an existing 36-unit market rate property through an arms' length transaction. The purchase price is \$3,420,000 or \$95,000 per unit. The building could be considered Naturally Occurring Affordable Housing ("NOAH"). NOAH is unsubsidized rental housing that is affordable because of low market values. According to Harvard's Joint Center for Housing Studies, 75% of affordable rental units across the country do not receive any government subsidy. The Development is located between the Downtown and the Rumford neighborhoods of East Providence and is in walking distance of the East Side of Providence. As part of this proposed transaction the units will be restricted to households with incomes between 30% and 80% of the area median income ("AMI"). These restrictions will ensure long-term affordability as the neighborhood around the property gentrifies and the market rents increase. ONENB intends to invest \$1.1 million or nearly \$32,000 per unit to renovate individual apartments as well as the common areas.

The project consists of two nearly identical buildings constructed in 1970 located on a single tax lot in the Riverside neighborhood of East Providence. Between the buildings is a large surface parking lot. The project is thought to be in fair to average condition and contains 22 one-bedroom units (450 Square Feet (SF) each) and 14 studio units (375 SF each). Common area improvements

will include new roofs, all new windows, new landscaping, and the installation of a ramp/modifications to doors in one building to allow for ADA accessibility. New kitchens and bathrooms will be installed in the individual apartments along with new flooring, doors and painting.

The Development has the support of the City of East Providence and has been awarded \$200,000 from the East Providence Waterfront Commission.

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

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

A short discussion ensued with Commissioner Barry inquiring if a plan is in place to ensure that the residents are properly housed during the rehabilitation process.

Committee Chairman Orth commented that he believes that plans are in place for the work.

Mr. Shorter confirmed that the Design and Construction Division has established a detailed internal plan specifically to address relocation matters during the COVID-19 pandemic. The plan has been shared and reviewed by the Builders Association and staff is confident that the measures proposed adhere to safety protocols for the units. Staff continues to explore new technology and continuously examines industry standards to keep abreast of the situation.

Commissioner Barry questioned if the residents are expected to return to their units that same day. Mr. Swanson said that they are expected to be able to return that same day if there are no issues. Commissioner Barry commented that it is important that the situation is carefully monitored. Mr. Shorter agreed and mentioned that staff has affidavits on record from the owners stating that they are following all safety protocols.

Committee Chairman Orth noted that this transaction is interesting as this acquisition is not using 9% or 4% tax credits. It's a new paradigm and it would be constructive to set clear guidelines and priorities for the program and to maintain a stock of NOAH units. Mr. Shorter mentioned that in terms of NOAH units, staff has a draft outline for the program which will be discussed internally. Presently, there are approximately three (3) or four (4) transactions being considered.

Chairman Retsinas asked if there's concern regarding the acquisition cost. Mr. Shorter remarked that there is some concern, along with concern on the condition of the property. However, an appraisal has been commissioned and once the appraisal is received, staff will return to the Committee with updates.

Mr. Swanson mentioned that the projects are carefully selected, and the seller is pre-qualified stressing that none of the residents will be displaced.

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

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

Ms. Clement stated that the recommendation to recommend to the Board of Commissioners for Preliminary Approval of Financing for Sutton Place (East Providence) was unanimously approved.

5. Recommendation for Approval of Transfer of Physical Assets (TPA) for Stephens Hall Apartments (Providence)

Committee Chairman Orth recognized Anne Berman, Assistant Director of Development, who reported on the transfer of physical assets for Stephens Hall Apartments.

Ms. Berman stated that this transaction is for approval of the transfer of the limited partnership interest in Stephens Hall Apartments (the “Development”), an affordable family housing development located on Elmwood Avenue in Providence.

The Development, built circa 1928, was converted into affordable housing in 2000 under the Low-Income Housing Tax Credit (“LIHTC”) Program, and utilized financing from Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”). The Development consists of 32 apartments in a four-story building with 11 one-bedroom, 13 two-bedroom, and 8 three-bedroom units. All the apartments in the Development are currently encumbered with affordability use restrictions required by the LIHTC Program. The restrictions require that for the remaining term of the original 30-year mortgage period, which matures in 2031, 100% of the units must remain affordable to families with household incomes less than 60% of the area median income (“AMI”). The initial compliance period for the Development expired at the end of 2015. Accordingly, the financial benefits of the tax credits and depreciation losses have been substantially realized by the original tax credit investor.

West Elmwood Housing Development Corporation (“WEHDC”), has requested RIHousing’s approval of the transfer of the limited partnership interest to Hope Renewed Realty Corporation (the “Transferee”), a Rhode Island non-profit corporation wholly owned by WEHDC. Under RIHousing’s Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, as amended (the “TPA Regulations”), project owners must obtain RIHousing’s approval and comply with RIHousing’s administrative procedures for the transfer of physical assets before conveying, assigning or transferring any ownership interest in a multifamily housing project.

Since project completion in 2000, WEHDC has endeavored to maintain the Development, making improvements as necessary to ensure sustainability. Vacancy has remained low since initial occupancy. The apartments are conveniently located relative to schools, retail, employment, public transportation and highway access.

The owner of the Development is Stephens Hall Development Associates, L.P. The current general partner of the development, SH Development Corp., a Rhode Island corporation, is an affiliate of WEHDC and holds a .01% interest in the partnership. The 2 current investor limited partner(s) in the Development are affiliates of Enterprise Community Partners. Together, The Housing Outreach Fund VII, LP and Enterprise Housing Partners III, LP (collectively the “Enterprise Limited Partners”), hold a 99.9% limited partner interest. The Enterprise Limited Partners intend to withdraw and donate their partnership interests to the Transferee.

WEHDC’s goal for the transfer is to facilitate the exit of the Enterprise Limited Partners and position itself to refinance and rehabilitate the Development in the next 12-18 months. WEHDC and RIHousing have had preliminary discussions regarding a future refinance utilizing tax-exempt bonds and 4% LIHTCs.

A capital needs assessment was conducted for the property in August 2018 and indicated significant need for external maintenance of the building envelope at the property. The fire alarm system is also at the very end of its useful life. However, should replacement of the fire alarm system be required before a refinancing occurs, the costs can be covered by the replacement reserve. At the time the property is refinanced, anticipated improvements would include structural and exterior work on the building, sitework, roof repair and partial replacement, and internal updates to some kitchens, baths, common areas and systems.

The staff of the Asset Management Department and Development Division jointly reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements. The Development received a score of 89 out of 100 under RIHousing’s risk rating protocol. The debt service coverage was 2.16 in December 2019, 1.63 in 2018 and 2.51 in 2017. The operating and replacement reserves are adequately funded. Annual operating expenses are considered average and acceptable for a 15-year-old property. Annual cash flow is minimal due to the existing rents, which are skewed to the 50% rent levels. First Realty Management (“FRM”) is the current property manager.

FRM has been managing the property prudently given the financial constraints and has been able to address the most significant maintenance issues at the Development. The transfer of the limited partnership interest in the Development will allow WEHDC to control the Development as it determines how best to refinance and rehabilitate while preserving the affordability of the property for the long term.

After the presentation, Committee Chairman Orth asked for a motion and a second to recommend to the Board of Commissioners Approval of Transfer of Physical Assets (TPA) for Stephens Hall Apartments (Providence).

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

Commissioner Barry recused/abstained from the discussion or vote of this application as she is on the Board of Enterprise Community Partners, which is involved in this project.

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

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

Ms. Clement stated that the recommendation to recommend to the Board of Commissioners the Approval of Transfer of Physical Assets (TPA) for Stephens Hall Apartments (Providence) was adopted with three (3) votes in favor, one (1) abstention and zero (0) nay votes. Commissioner Barry abstained from the vote.

6. Recommendation for Approval of Transfer of Physical Assets (TPA) for Bellevue Apartments (Providence)

Ms. Berman also gave this presentation stating this transaction is similar to the previous. The request is for approval of the transfer of the limited partnership interest in Bellevue Apartments (the “Development”), an affordable scattered site family housing development located in the West End neighborhood in Providence.

The Development is a scattered site project comprised of 7 two- and three-story buildings containing a total of 19 apartments located on Hollis Street and Bellevue Avenue in Providence. In 1997, the existing buildings were converted into affordable housing under the Low-Income Housing Tax Credit (“LIHTC”) Program and utilized financing from Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”). The Development consists of 10 two-bedroom, 5 three-bedroom, and 4 four-bedroom units. All the apartments in the Development are currently encumbered with affordability use restrictions required by the LIHTC Program. The restrictions require that for the remaining term of the original 30-year mortgage period, which matures in 2028, 100% of the units must remain affordable to families with household incomes less than 60% of the area median income (“AMI”). The initial compliance period for the Development expired at the end of 2012. Accordingly, the financial benefits of the tax credits and depreciation losses have been substantially realized by the original tax credit investor.

West Elmwood Housing Development Corporation (“WEHDC”), has requested RIHousing’s approval of the transfer of the limited partnership interest of the Development to Hope Renewed Realty Corporation (the “Transferee”), a Rhode Island non-profit corporation wholly owned by WEHDC. Under RIHousing’s Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, as amended (the “TPA Regulations”), project owners must obtain RIHousing’s approval and comply with RIHousing’s administrative procedures for the transfer of physical assets before conveying, assigning or transferring any ownership interest in a multifamily housing project.

Since project completion, WEHDC has endeavored to maintain the Development, making improvements as necessary to ensure sustainability. In general, vacancy has remained low since initial occupancy. The apartments are conveniently located relative to schools, retail, employment, public transportation and highway access.

Chairman Retsinas	Aye
Commissioner Tanner	Aye
Commissioner Barry	Abstained

Ms. Clement stated that the recommendation to recommend to the Board of Commissioners the Approval of Transfer of Physical Assets (TPA) for Bellevue Apartments (Providence) was adopted with three (3) votes in favor, one (1) abstention and zero (0) nay votes. Commissioner Barry abstained from the vote.

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

Committee Chairman Orth introduced Eric Alexander, Assistant Director of Development/Housing Programs who announced that Lauren Farley, Program Coordinator/HOME would present this recommendation.

Ms. Farley began by stating that RIHousing has administered the U. S. Department of Housing and Urban Development (“HUD”) HOME Investment Partnerships Program (the “HOME Program”) since 1992. The State of Rhode Island’s 2020 HOME Program year allocation is \$3,617,597. Combined with the remaining balance from past program years and program income, RIHousing has \$9,349,545 available for approval of preliminary reservation to projects.

In March of 2020, RIHousing issued a Request for Proposals (“RFP”) for HOME Program funds. In response to the RFP, RIHousing received 9 proposals requesting \$7,710,332 in HOME Program funds.

After initial review of the 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 6 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. On August 18, 2020, RIHousing program staff met with senior staff and reviewed the applications based on thresholds and scoring. As a result of that review, 4 HOME Program proposals seeking program resources in the amount of \$4,565,696 are being recommended for preliminary reservation at this time. The recommended developments will help build 86 units, 31 of which will be HOME Program-assisted. The projects are located in Exeter, Woonsocket, Central Falls and East Providence. All recommended applications in this round were submitted by non-profit developers.

Staff is requesting the Committee authorizing the preliminary reservation of up to \$4,565,696 in HOME Program funds contingent upon (i) the availability of HOME Program funding, (ii) completion of environmental reviews as necessary in accordance with requirements of 24 CFR §92.352, and (iii) compliance with HOME 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.

Following 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 Commissioner Barry and seconded by Commissioner Tanner.

Committee Chairman Orth observed that RIHousing has \$9 million available for this program, yet only \$3 million has been allocated. Mr. Alexander explained that staff is presently realizing an uptick in demand. Nine (9) applications were received for this round, which is a definite increase from previous rounds. The program required significant changes to procedures and guidelines, therefore partners are now just becoming comfortable with the regulations. Mr. Alexander understands the concern and remarked that the situation is improving and anticipates introducing an additional round per year for the program.

Committee Chairman Orth pointed out that the NeighborWorks Blackstone River Valley project is an interesting proposal, noting that the after-school program is a critical component of the application. He wanted to know if the four units with a shared kitchen meet the HOME Program requirements. Mr. Alexander confirmed that SRO and efficiencies are allowed under the program.

Chairman Retsinas acknowledged and applauded the geographic diversity of the applications.

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

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

Ms. Clement stated that the recommendation to recommend to the Board of Commissioners the Preliminary Approval of Reservation of HOME Investment Partnerships Program Funds was unanimously approved.

8. Recommendation for Approval of Preliminary Reservation of Housing Trust Fund (HTF) Program Funds

Lauren Farley also presented this request.

Ms. Farley commenced by saying that Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has administered the U.S. Department of Housing and Urban Development (“HUD”) Housing Trust Fund (“HTF”) Program (the “HTF Program”) since FY 2016. The State of Rhode Island’s 2020 HTF Program year allocation is \$3,000,000. Combined with the remaining balance from program year 2019, RIHousing has \$4,567,871 for preliminary reservation to projects.

In March of 2020, RIHousing issued a Request for Proposals (“RFP”) for HTF Program funds. In response to the RFP, RIHousing received 8 proposals requesting \$7,401,722 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 6 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.

RIHousing program staff reviewed and scored qualifying applications and conducted cost allocations to ensure funding requests conformed with HTF program subsidy limits. On August 18, 2020, RIHousing program staff met with senior staff and reviewed the applications based on thresholds and scoring. As a result of that review, 3 HTF Program proposals seeking program resources in the amount of \$1,876,722 are being recommended for preliminary reservation at this time. These recommended developments will help build and/or preserve 86 units, including 13 extremely-low income rental units. Projects recommended for funding are in Exeter, Woonsocket,

Central Falls and East Providence. All 3 recommended applications in this round were submitted by non-profit developers.

Staff recommends the preliminary reservation of up to \$1,876,722 in HTF Program funds from PY2019 and anticipated from PY2020 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.

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

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

There being no discussion, Nicole Clement, General Counsel, then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

Ms. Clement stated that the recommendation to recommend to the Board of Commissioners the for Approval of Preliminary Reservation of Housing Trust Fund (HTF) Program Funds was unanimously approved.

9. Recommendation for Approval of Supportive Housing Acquisition Program Awards

James Comer, Deputy Executive Director, made this presentation.

Mr. Comer stated that this request is for approval of financing in the amount of \$2,058,700 for the acquisition of three (3) supportive housing properties to be used in the short term to alleviate the effects of COVID-19, and in the long term as affordable permanent supportive housing.

In response to the COVID-19 public health crisis, the State of Rhode Island is making up to \$7,000,000 available, whether from unrestricted State revenue or the State's Coronavirus Relief Fund allocation under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, to acquire real property for the immediate purpose of providing supportive housing for individuals and families experiencing homelessness.

In July 2020, Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") published a Request for Proposals ("RFP") to solicit applications for the acquisition of real property to be used to alleviate the effects of COVID-19 on persons and families experiencing homelessness, and for the long term as permanent supportive housing. Notably, to allow the State flexibility to fund the program with federal Coronavirus Relief Fund dollars, the RFP requires

initial occupancy no later than November 30, 2020 and restricts the eligible use to acquisition. Capital improvements and operating expenses are ineligible. The RFP is included as Attachment A, which attachment is included as part of the September 9, 2020 Credit Committee package. The financial assistance will take the form of a zero-interest forgivable loan, and will be evidenced by a note, and secured by a mortgage and program agreement.

RIHousing received three (3) applications totaling \$2,058,700. Each application was reviewed by a committee of Development Division staff and has been determined to meet the selection criteria set forth in the RFP. The three (3) applications proposed for award are summarized in Attachment B, which attachment is included as part of the September 9, 2020 Credit Committee package.

Committee Chairman Orth thanked Mr. Comer for the presentation and the work involved in response to this mandate and asked for a motion and a second to recommend to the Board of Commissioners Approval of Supportive Housing Acquisition Program Awards.

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

Chairman Retsinas reiterated Committee Chairman Orth's acknowledgement of the good work staff has done on this initiative and asked what happens if the deadline is not met. Mr. Comer said that if the CARES Act funds cannot be used, then funding will be allocated from the State of Rhode Island general revenue fund. The State has confirmed that the projects will proceed even if CARES Act funds are disallowed for this endeavor.

Chairman Retsinas then asked if public officials and the Mayor of Pawtucket are aware of this RFP. Mr. Comer did not know specifically if they are aware of the initiative. Mr. Comer did confirm that Crossroads RI has consulted with the Providence Building Department on their application.

Commissioner Barry inquired if the funds are allocated as a grant, or if the applicants are required to repay the capital. Mr. Comer responded that the financing is structured as a forgivable loan.

The Committee also wondered if guidance is in place regarding the number of units and people housed and who makes that determination. Mr. Comer affirmed that it's at the discretion of RIHousing to locate the property and designate the units. The goal is to house 150 people and staff is reviewing all options equally. This is a rapidly moving process.

Committee Chairman Orth acknowledged the tall order to locate vacant appropriate properties in move in condition, especially in areas such as Hopkinton. He wondered if this project is trying to fit a square peg in a round hole. Mr. Comer remarked that staff has partnered with House of Hope who has vast experience in this issue and has already identified a homeless population in Hopkinton for this project. House of Hope is a respected service provider who recognizes the needs of the area and is ready to assist RIHousing.

There being no further questions, Nicole Clement, General Counsel then conducted a roll call vote of the Commissioners. The commissioners voted as follows:

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

Ms. Clement then stated that the recommendation to recommend to the Board of Commissioners the Approval of Supportive Housing Acquisition Program Awards was unanimously approved.

10 Discussion:

a. Single-Family Program and Portfolio Update

Committee Chairman Orth announced that he requested this discussion topic to hear what issues borrowers are encountering and what staff is doing in response to those concerns.

Ms. Ventura then introduced Leslie McKnight, Deputy Assistant Director of Loan Servicing, who apprised the Committee on the single-family portfolio.

Ms. McKnight began by informing the Committee that in August the Corporation experienced 106 delinquent accounts for a total of 1789 delinquencies. Of the 1789 delinquent accounts, 1148 are in forbearance. That corresponds to 14.18% of the portfolio. In the 30 days plus category, of 1059 borrowers, 825 loans are in forbearance. However, the good news is that calls for assistance have decreased by 50%. Forbearance requests have decreased, and 150 borrowers are moving out of forbearance with staff reviewing 292 loss mitigation claims.

Ms. McKnight was pleased to report that FHA insured loans are processing claims within a week of receipt of those requests. She also mentioned that the moratorium for evictions and foreclosures has been extended through December 2020.

Following the presentation, McKnight asked if anyone had questions. Committee Chairman Orth wanted to know what staff is hearing when a borrower calls for assistance. Ms. McKnight noted that regarding requests for assistance during the COVID-19, the guidance from FHA requires no documentation. So, there is very little information exchanged. All that a customer has to state is that they are impacted by COVID-19, are experiencing unemployment or underemployment and they will qualify for assistance. That includes landlords of 2-4 family units where tenants cannot pay their rent. Ms. McKnight clarified that some occurrences are due to the increases in energy costs and food consumption from being home. As more borrowers are returning to work, staff is seeing that they are resuming payments. Ms. McKnight also announced that staff proactively works with the borrowers to make them current.

Committee Chairman Orth asked about the rental assistance programs and how those impact the customers. Ms. McKnight acknowledged that there are three (3) options available. HFA and Fannie Mae offer programs, but those funds must eventually be repaid, whether when refinanced or the property is sold. The HHF Program financing is the only option that is a grant.

Chairman Retsinas asked if the situation where homeowners with tenants that cannot pay the rent is noteworthy. Ms. McKnight responded that the numbers are not significant. Staff has meticulously notified those homeowners of the programs available to tenants for assistance and continues to follow up with information.

Ms. Ventura announced that Senior Staff is working with the Governor's office and the office of Commerce to design a flexible program to back up the HHF program. The possibility exists that an announcement of the new program will be forthcoming. The greatest challenge is the documentation requirements. However, conversations are ongoing.

Mr. Pagonis, Director of Homeownership, then reported on the activities in Homeownership. He began by thanking the Committee for the opportunity to provide the presentation.

Mr. Pagonis said that presently Rhode Island is in a very tight housing market that has put escalating pressure on home prices. The demand for homes has far outpaced the supply available in Rhode Island.

Sales data released on August 17 by the Rhode Island Association of Realtors show that the median price of single-family homes sold in July rose to \$331,825, which is an 11.5 percent gain from July of 2019. Sales data released earlier in the week from the National Association of Realtors pointed to an 18.2 percent national drop in July's total inventory from the previous 12 months. By comparison, Rhode Island experienced a 35.7 percent decline among condos, single-family and multifamily homes.

Continuing, Mr. Pagonis said that currently, there is approximately 2.5 months of supply left on the available home market. When inventory levels fall to less than six months, sellers have more control over price and terms, often resulting in a significant rise in housing prices, also known as a seller's market.

Mr. Pagonis next remarked that RIHousing is on track with production expectations. The Corporation is set to reach its first mortgage origination target of 1,700 loans. Mr. Pagonis expects that the final total will be similar to the 1,726 first mortgages closed in 2019.

Presently 93.6% of closed mortgages are originated through the Corporation's Participating Lender channel and 6.4% through the Loan Center. The average loan amount has grown from \$196,105 in 2017 to \$243,361 in YTD 2020, which is an increase of 24% in less than three (3) years.

Finally, Mr. Pagonis said that to keep pace with the escalating home prices, staff will roll out the 10kDPA program next week. The new program will provide \$10,000 for a borrower's down payment in the form of a zero (0) percent loan. This program replaces the recently retired Spring 7500 program. Mr. Pagonis also explained that the new program will be funded with MRB proceeds.

Mr. Pagonis then welcomed questions from the Committee. Committee Chairman Orth wanted to know if borrowers are experiencing difficulties with proving documentation and closing loans.

Mr. Pagonis replied that since RIHousing implemented its online platform for uploading documents, it's a relatively easy procedure. The Origination Department is totally paperless, resulting in greater efficiencies. Staff constantly upgrades the platform and regularly utilizes emails and text messages. Other mortgage companies such as Rocket Mortgage and Quicken loans are getting into the business but they still have a way to go.

Committee Chairman Orth quickly touched on the potential of a refinance option for certain borrowers. Mr. Pagonis noted that there are some options available, but the roadblock has been the value of the property. As home values have increased, additional borrowers will be eligible for refinancing. Staff is working on launching two (2) new options for a cash out and rate and term reduction opportunity soon. Staff is currently changing the system to a more competitive platform for homeowners with equity.

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 Committee Chairman Orth to adjourn the meeting.

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

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

The meeting was adjourned at 10:44 am.

In closing, Committee Chairman Orth thanked everyone for the presentations.

Respectfully submitted

Carol Ventura, Secretary and Executive Director