

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS**

February 15, 2024

A Meeting of the Rhode Island Housing and Mortgage Finance Corporation (the “Corporation” or “RIHousing”) Board of Commissioners was held on Thursday, February 15, 2024 at 9:30 a.m. The meeting was held at the main office of the Corporation, 44 Washington Street, Providence, RI 02903, Conference Boardroom and via telephone conference call.

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

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

Corinne Myers, General Counsel, then provided additional guidance for the meeting. Ms. Myers stated that the meeting was being held in hybrid fashion with all members of the Board of Commissioners appearing in person and specific RIHousing staff participating via teleconference. Members of the public were invited to access the meeting in person or via teleconference according to their preference. Furthermore, members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. Myers stated that Chairman Pryor would preside over the meeting and requested that any Commissioner or staff wishing to comment state their name prior to speaking and telephone participants to mute their phone when not speaking. She then invited Chairman Pryor to call the meeting to order.

A quorum being present, Chairman Pryor introduced himself and officially called the meeting to order at approximately 9:35 a.m. The Chairman then invited Ms. Ventura to proceed with the roll call of Commissioners in attendance.

Ms. Ventura conducted a roll call vote of Commissioners participating in the meeting. Commissioners participating were: Stefan Pryor; James Diossa, General Treasurer; Elizabeth Dwyer, Director of the Department of Business Regulation; Kevin Orth; Maria Barry and Stephen P. McAllister. Jonathan Womer, Director of the Department of Administration was absent.

RIHousing staff participating were: Carol Ventura, Executive Director; Kara Lachapelle, Chief Financial Officer; James Comer, Deputy Executive Director; Brett Pelletier, Chief Administrative Officer; Leslie McKnight, Deputy Assistant Director of Loan Servicing; Christine Hunsinger, Chief Strategy & Innovation Officer; Anne Berman, Director of Real Estate Development; Amy Rainone, Director Government Relations and Policy; Elizabeth Bioteau, Director Strategic Initiatives & Partnerships; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Steven Richard, Counsel to the Corporation, Robert Craven, Designee for James Diossa, General Treasurer, and Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation were also present as were members of the public.

Approval of Minutes of Board Meeting held on January 11, 2024

Chairman Pryor asked for a motion and a second for the approval of the minutes of the Board of Commissioners meeting held on January 11, 2024. A motion was duly made by Commissioner Barry and seconded by Commissioner Diossa.

There being no comments or discussion, Corinne Myers, General Counsel of RIHousing, conducted a voice vote of the Commissioners.

The Commissioners voted to unanimously approve the minutes.

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

VOTED: That the minutes of the Board Meeting held on January 11, 2024 hereby are approved.

Chairman's Remarks

Chairman Pryor welcomed everyone and mentioned that he was forgoing his comments. The Chairman then informed the Commissioners that it was decided to table the review of the Executive Director's goals for presentation at a later date. The Executive Director's goals will be discussed first at a Management Committee and then at the corresponding Board meeting.

Executive Director's Review of Recent Activities and Trends

Carol Ventura, Executive Director, welcomed everyone, referred the Commissioners to her report and touched on a few items of interest.

Ms. Ventura commenced by referring the Board to the 2024 RIHousing State Housing Brief previously distributed outlining the Corporation's legislative priorities and 2023 activity. Ms. Ventura invited the Commissioners to review the report at their convenience.

Homeownership. Ms. Ventura was pleased to announce first mortgage closings have increased by 21%. The increase was largely due to a slight reduction in mortgage rates in the fourth quarter of 2023, and the increase in Participating Lenders approved and onboarded to conduct business with RIHousing.

Continuing, Ms. Ventura stated that RIHousing has suspended the Downpayment Assistance Program as the Corporation received a significant number of registrations. RIHousing will reopen the program with an additional \$2.5 million at the end of February.

Development. Ms. Ventura then reported that in January, Development staff received 77 applications seeking nearly \$350 million of financing for all categories under the consolidated funding round. Additionally, a number of projects have returned with funding gaps due to higher interest costs and lower syndication pricing. 9 developers have applied for additional funds in the current round. Staff

is busy evaluating those applications to fill the gaps and bring the projects back to the Board for approval.

Ms. Ventura then informed the Commissioners that on January 8th, RIHousing joined HUD, federal and state leaders, and partner agencies in announcing over \$350,000 for 28 Family Unification Program vouchers. Rhode Island is one of 13 states awarded FUP vouchers.

Also, RIHousing joined Looking Upwards, S.W.A.P., Inc., and state leadership to celebrate the groundbreaking of the Hammett Court in Jamestown. The development is the conversion of an existing commercial building that will provide 12 affordable apartments, eight (8) of which will be designated for individuals with intellectual and/or developmental disabilities who are at risk of homelessness.

Finally, Ms. Ventura, mentioned that she had the honor to testify at a Senate Budget Committee hearing in Washinton on “A Blueprint for Prosperity: Expanding Housing Affordability”. Ms. Ventura spoke about the difficulty Rhode Islanders face in accessing affordable housing and highlighted the work RIHousing has done for the past 50 years. She also made several recommendations that Congress could implement to increase the supply of affordable housing and reduce the barriers to accessing affordable housing.

Ms. Ventura then welcomed questions from the Commissioners.

Commissioner Orth expressed his appreciation to Development staff for their efforts in processing the volume of applications received for this funding round. He wanted to know how the process is progressing.

Ms. Berman responded that it is a big lift, but staff is doing a great job. Staff is reviewing applications to identify areas where additional clarification is required. Since the number of applications is hefty, staff is managing the application on a rolling basis, giving the developers a week to address areas that are deficient. That process should be completed by end of February. Staff is also expediting the projects that have returned with funding gaps to bring to the Board within the next few months. Finally, Ms. Berman said that she expects the process to be completed by May.

Ms. Ventura confirmed that the goal is to get the funding out as expeditiously as possible.

Firm Approval of Financing for Potters Tigrai Apartments (Providence)

Chairman Pryor asked Anne Berman, Director of Real Estate Development to give the presentation.

Ms. Berman welcomed and introduced Carla DeStefano, Executive Director of S.W.A.P. to the meeting. She also congratulated her and her staff on moving the project forward to firm approval.

Ms. Berman then said the request was for firm approval of: (i) a RIHousing tax-exempt construction loan in an amount not to exceed \$8,700,000; (ii) a taxable permanent loan in an amount not to exceed \$475,000; (iii) a Capital Magnet Fund (“CMF”) Loan in an amount not to exceed \$250,000; (iv) a Development of Affordable Housing – 2 (“DAH-2”) Loan in an amount not to exceed \$4,550,000; and (v) a Community Revitalization Program (“CRP”) Grant in an amount not to exceed \$2,000,000 for Potters Tigrai Apartments (hereinafter referred to as the “Development”). S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY) is the developer (the “Developer”). The Development

received preliminary approval from the Board of Commissioners on May 18, 2023 (“Preliminary Approval”).

This 57-unit development is comprised of two separate components located on scattered sites in South Providence. One component of the Development, known as Potters Avenue, is an existing post-year-15 LIHTC project in need of some capital improvements. There are 37 existing units in 16 buildings that range in size from one to four bedrooms. These units are slated to undergo a moderate rehabilitation of \$3,540,000, or \$96,000 per unit. The Developer also owns multiple vacant sites located in South Providence on which they intend to construct an additional 20 apartments in 11 buildings. The 20 new units will range in size from one to three bedrooms and are proposed to serve tenants earning between 30% and 60% of area median income (“AMI”).

Together, the two components will be a single economic unit known as Potters Tigray Apartments. The “Tigray” in the Development’s name is in honor of Asata Tigray, a housing advocate who has worked in this neighborhood for decades. The collective capital stack for the Development is anticipated to consist of (i) the permanent loan from RIHousing contemplated herein, (ii) proceeds from the tax-exempt financing and sale of 4% low-income housing tax credits (“LIHTC”), (iii) the CMF Loan, (iv) DAH-2 Loan, (v) the CRP Grant, (vi) existing replacement and operating reserves from Potters Avenue, (vii) rollover of existing soft debt on the Potters Avenue properties, and (viii) Providence Redevelopment Agency funds.

As part of the approval process, staff has determined that the Development and sponsor meet RIHousing’s requirements for rollover of existing debt.:

- Current on first mortgage or in compliance with forbearance agreement;
- No outstanding monitoring findings and no history of significant monitoring findings;
- Demonstrated, responsible long-term ownership and management of the property;
- An equity pay-in schedule satisfactory to RIHousing;
- Maximization of amortizing debt able to be supported by the property; and
- Borrower-provided guarantees to cover any deficit shortfalls.

Since Preliminary approval, there have been several significant changes. The Developer substituted three parcels on scattered sites for three other lots more proximate to the Development. Total development costs have been reduced, primarily due to an approximately \$2,000,000 reduction in the acquisition costs based on an as-is appraisal with a corresponding reduction in soft debt rollover. In addition, the final equity yield was lower than originally expected. Finally, the Developer received an award from the Providence Redevelopment Agency in the amount of \$700,000.

National Equity Fund, Inc. (“NEF”) will be the syndicator purchasing the 4% LIHTC and is paying \$0.92 per credit, which constitutes a decrease of \$317,370 total LIHTC proceeds since Preliminary Approval. Webster Bank, which is NEF’s upper-tier LIHTC investor, will provide an initial construction loan in an amount not to exceed \$8,000,000 (the “Webster Bank Construction Loan”). The Webster Bank Construction Loan will be paid off and replaced by RIHousing’s construction loan when the bonds are issued, which is expected at 50% completion.

Continuing, Ms. Berman commented that the Credit Committee discussed clarifying the roll over debt and confirmed that language was added to the RFA explaining the debt. She also verified that staff is comfortable with the capital stack.

In closing, Ms. Berman said that staff requests firm approval of (i) a tax-exempt construction loan in an amount not to exceed \$8,700,000; (ii) a taxable permanent loan in an amount not to exceed \$475,000; (iii) a CMF Loan in the amount of \$250,000; (iv) a DAH-2 Loan in the amount of \$4,550,000; and (v) a CRP Grant in the amount of \$2,000,000 for Potters Tigray Apartments, subject to certain conditions.

After the presentation, Chairman Pryor asked for a motion and a second for Firm Approval of Financing for Potters Tigray Apartments (Providence).

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

Chairman Pryor congratulated Ms. DeStefano on the approval.

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

Ms. Myers then officially announced that the following resolution was adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, RIHousing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

Whereas, RIHousing is authorized to issue tax-exempt bonds at an economically acceptable rate to promote the acquisition, rehabilitation or preservation of affordable housing;

Whereas, On May 18, 2023, the RIHousing Board of Commissioners granted preliminary approval of mortgage financing to S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY) (the “Applicant”) to acquire and/or rehabilitate the development as set forth below (the “Development”):

<u>Development</u>	<u>Applicant</u>	<u>Tax- Exempt Bonds</u>	<u>RIHousing 1st Mortgage</u>
Potters Tigray Apartments		\$8,700,000	

	S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY)		\$475,000
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<u>DAH-2 Loan</u>	<u>CMF Loan</u>	<u>CRP Grant</u>
\$4,550,000	\$250,000	\$2,000,000

Whereas, said bonds shall have a term not to exceed 36 months and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary; and

Whereas, the RIHousing Board of Commissioners and staff have reviewed the submission of the Applicant for mortgage financing and determined that the Development qualifies for financing under RIHousing’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, RIHousing hereby declares firm commitment for tax-exempt mortgage financing for Potters-Tigray LP or an affiliated entity of the Applicant (the “Borrower”) in an amount not to exceed \$8,700,000 for rental housing known as Potters Tigray Apartments located in Providence to be financed in part with tax-exempt bonds.

Resolved, that RIHousing hereby declares that this firm commitment of financing for the Borrower constitutes the affirmative official act of RIHousing of its intention to issue bonds to finance, and to reimburse qualified expenditures incurred by the Borrower or RIHousing in advance of the issuance of the bonds, up to \$8,700,000 in mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. The intent to reimburse the aforementioned bond-funded costs is intended to satisfy the requirements of Section 1.150-2 of the United States Treasury Regulations. This resolution shall take effect immediately upon adoption.

Resolved, that, subject to the special conditions listed below, RIHousing hereby grants firm approval for a permanent taxable loan to the Borrower in an amount not to exceed \$475,000 for rental housing known as Potters Tigray Apartments located in Providence.

Resolved, that, subject to the special conditions listed below, RIHousing hereby grants firm approval of a Capital Magnet Fund loan to the Borrower in an amount not to exceed

\$250,000 for rental housing known as Potters Tigray Apartments located in Providence.

Resolved, that, subject to the special conditions listed below, RIHousing hereby grants firm approval of a Development of Affordable Housing 2 Program loan to the Borrower in an amount not to exceed \$4,550,000 for rental housing known as Potters Tigray Apartments located in Providence.

Resolved, that, subject to the special conditions listed below, RIHousing hereby grants firm approval of a Community Revitalization Program award to the Borrower in an amount not to exceed \$2,000,000 for rental housing known as Potters Tigray Apartments located in Providence.

Resolved, that the foregoing resolutions are subject to the following special conditions:

- Syndication equity from the allocation of LIHTC credits in amounts sufficient to achieve project feasibility;
- Approval of subordinate funding in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- Approval by the bond underwriter and bond counsel confirming the loans satisfy all required bond provisions for the bond issue;
- Execution and delivery by the Borrower of a construction completion guaranty in form and substance satisfactory to RIHousing;
- Approval by RIHousing of all management related documentation, including the marketing and tenant selection plans;
- Approval by RIHousing of design and construction plans, specifications, and construction documentation;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to RIHousing;
- Recordation of a Community Revitalization Program Deed Restriction in form acceptable to RIHousing;
- Approval of Webster Bank Construction Loan documents and simultaneous closing of the Webster Bank Construction Loan;
- Satisfactory and timely performance in accordance with the schedule established by RIHousing staff; and
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved, that the Executive Director, the Deputy Executive Director, and Director of Real Estate Development, each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.

Firm Approval of Acquisition Financing for Marathon Development, LLC (Copley Centre, Providence)

Chairman Pryor stated that Anne Berman, would present the request.

Ms. Berman said that the request was for approval of a RIHousing taxable loan in an amount not to exceed \$2,720,000 for the acquisition of land in Providence, Rhode Island to facilitate the development of 178 units of housing to be known as Copley Centre (hereinafter referred to as the “Development”). Marathon Development, LLC is the developer (the “Developer”).

Copley Centre is a proposed new mixed-use development in South Providence (the “Property”) consisting of 178 affordable residences coupled with ground floor community amenities, offices, and commercial space. The Developer has entered into an option agreement to purchase 4.17 acres of land on the southern edge of the Rhode Island Hospital complex in Providence. The site has been underutilized for over a decade since the closing and subsequent demolition of the Flynn Elementary School. The site is uniquely situated between the Liston Campus of the Community College of Rhode Island, Rhode Island Hospital, Women and Infants Hospital, Hasbro Children’s Hospital, and multiple medical office buildings to the north and east. As currently projected, all units will be affordable to households between 30% and 70% of area median income. The Developer has submitted a funding application under the current Consolidated Funding Round.

This acquisition loan will allow the Developer to secure site control while they move forward. The purchase price is \$3,400,000. The proposed acquisition financing is 75.5% of the appraised value of \$3,600,000 and 80% of the purchase price. Additional terms of the acquisition loan are outlined in an attachment that was provided as part of the February 15, 2024 Board meeting package.

In summary, Ms. Berman said that the request was for firm approval of a taxable acquisition loan in an amount not to exceed \$2,720,000, subject to certain conditions.

After the presentation, Chairman Pryor asked for a motion and a second for Firm Approval of Acquisition Financing for Marathon Development, LLC (Copley Centre, Providence).

A motion was duly made by Commissioner McAllister and seconded by Commissioner Diossa.

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

Ms. Myers then officially announced that the following resolution was adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed units which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas, RIHousing intends to provide taxable loan funds for the purpose of financing qualified housing developments throughout the state;

Whereas, RIHousing provides acquisition financing for eligible applicants to acquire undeveloped real estate, vacant lots, developed properties, or a combination thereof, which are intended for the production of affordable housing;

Whereas, Marathon Development, LLC (the “Applicant”) has presented an application to RIHousing requesting taxable financing for the acquisition of real property to facilitate the development of an affordable housing project known as Copley Centre (the “Development”), as set forth below:

Applicant	Development	Real Property	RIHousing Acquisition Loan
Marathon Development, LLC	Copley Centre	220 Blackstone Street and 23 Staniford Street, Providence, RI	\$2,720,000

Whereas, the RIHousing Board of Commissioners and staff have reviewed the submission of the Applicant for taxable financing and determined that the Development qualifies for such financing under RIHousing’s enabling legislation, regulations, guidelines and policies; and

Whereas, RIHousing finds that:

- (1) there exists a shortage of decent, safe, and sanitary housing at rents or prices which persons and families of low- or moderate-income can afford within the general housing market area to be served by the proposed housing development;
- (2) private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low- and moderate-income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;
- (3) the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well-designed housing for persons or families of low- and moderate-income and that those sponsors are financially responsible;
- (4) the proposed housing development to be assisted will be of public use and will provide a public benefit; and
- (5) the proposed housing development will be undertaken, and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the RIHousing enabling act, namely Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, RIHousing hereby declares firm commitment for taxable financing for Marathon Development, LLC, or an affiliated entity, in an amount not to exceed \$2,720,000 for the acquisition of real property

located at 220 Blackstone Street and 23 Staniford Street in Providence, Rhode Island to facilitate the development of Copley Centre.

Resolved, that the foregoing resolutions are subject to the following special conditions:

- Loan is in conformance with the terms as outlined herein; and
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved, that the Executive Director, Deputy Executive Director, and Director of Real Estate Development, each acting singly, be and hereby are empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.

Authorization of Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program

Chairman Pryor once again invited Anne Berman to present the request.

Ms. Berman said that staff seeks authorization to administer the Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program (the “Program” or “NOAH Loan”). The Program was created to provide mortgage financing for non-restricted naturally affordable multifamily properties that do not need subordinate debt.

The intention of the Program is to provide financing to housing developers pursuing the acquisition and preservation of existing non-restricted housing with rents at 80% of area median income (“AMI”) or less. In exchange for lending requirements that are less restrictive than the conventional capital markets can provide, the NOAH Loan will require at least 40% of the units in a development to be restricted to households earning no more than 80% AMI for a period of 20 years. In addition, the Program aims to minimize the size of potential rent increases on existing tenants while still balancing the needs of the developer to ensure adequate operating income to consummate a transaction.

The terms of the Program are outlined in and that was included as part of the February 15, 2024 Board package. Most notably, the loan amount will be limited to the lower of 85% of the as-is value based on an RIHousing-commissioned appraisal or 1.2 debt service coverage. As a demonstration program, staff plans to start with smaller projects to test the market and determine whether further demand for the Program exists.

With the approval of the Program, RIHousing will add the Term Sheet to the Developer’s Handbook with further guidance regarding eligibility and selection criteria. It is anticipated that the basic terms of the Program will be as follows:

- Minimum of 5 units in the proposed development;
- Maximum loan amount of \$3,000,000;
- Only single sites are eligible (no scattered site developments); and
- Non-profit and for-profit developers are eligible to participate in the program.

Staff recommends approval of the resolution authorizing the administration and award of taxable loans under the Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program in accordance with the Term Sheet.

Following the presentation, Chairman Pryor asked for a motion and a second for Authorization of Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program.

A motion was duly made by Commissioner Diossa and seconded by Commissioner Orth.

A brief discussion followed with Chairman Pryor asking how the program is to be financed. Kara Lachapelle, Chief Financial Officer responded that the program will be funded by RIHousing’s Lines of Credit. Finance is also working with the Federal Home Loan Bank of Boston to explore options to fund the program.

Chairman Pryor asked what the Federal Home Bank component involves. Ms. Lachapelle explained that the Federal Home Loan Bank will lend funds to RIHousing based on collateral provided. Depending on the type of property used for the collateral, the bank will not provide 100% value, but will lend at 70% of value. It's not the most efficient way, therefore depending on the rates, RIHousing would use the line of credits currently in place or FHLB.

Chairman Pryor was curious if staff emulated any programs already utilized by other HFAs or if the concept was conceived by staff.

Ms. Berman replied that this has been a topic of conversation for a lot of the National Council of State Housing Agencies (NCSHA) members for several years. Staff has engaged in conversations with the Credit Committee, MA Housing, Minnesota Housing, other HFAs and looked at the Fannie Mae program. However, when interest rates escalated, the notion was set aside. Additionally, staff has been investigating viable properties for the demonstration program. Therefore, it has been a combination of staff input and information from other sources.

Commissioner Barry inquired if there was a cap on how much financing was earmarked for the NOAH program. Ms. Berman said that there is a cap of \$3 million for any individual loan.

Ms. Lachapelle substantiated the \$3 million per loan cap and stated that due to the fact that it’s a demonstration program, RIHousing has not set a cap for the program. Staff intends to look at applications received and the amount available on its lines of credit to establish the cap.

Commissioner Barry then asked if staff has any idea how many units will be produced under the program. Ms. Berman speculated that as the loans are limited to \$3 million, it will be somewhere less than 20 units. The goal of the program is to spur smaller mom and pop developments; consequently, it will be based on opportunities that arise. Overall, an individual transaction should produce 10 to 20 units.

Commissioner Orth was pleased to see the program finally come to fruition. He wanted to clarify that it’s a program designed for projects that do not qualify for 4% or 9% tax credits. They are smaller projects that require less rehab that is why the program specifies the as-is value. He suggested staff consider post rehab value as there might be some modest improvements that would boost the resale value and staff could recognize that in the loan amount. The Commissioner also wanted to clarify that it was income and rent restricted.

Ms. Berman confirmed that fact.

Lastly, Commissioner Orth recommended that anything that can be done to streamline the process and keep the costs fixed would be helpful.

James Comer, Deputy Executive Director mentioned that staff is working with Asset Management to ensure that a mechanism is in place to keep the projects rent restricted. The Deputy Director stated that as the program evolves, rent restrictions will be enforced.

Ms. Ventura said that mechanism is important especially to assist residents at 80% AMI. RIHousing does not want those tenants paying rents that are geared for the higher AMI population. Furthermore, the Corporation does not want to rent burden the residents, thus needs to work through the details.

Chairman Pryor wanted to know how one determines in a given development if the NOAH status is at risk, such as a change in conditions causing volatility.

Ms. Ventura declared that RIHousing would look at the environment. For example, Central Falls is very vulnerable to rent increases due to the upgrade to the transit situation and the fact that investors from Boston are investing in the community. Staff will analyze current conditions and projections to make that determination.

Chairman Pryor wanted to confirm the decision is to be based on the environment and the conditions of the community not anything pertaining to the development itself or the owners expressing that they are at risk.

Mr. Comer and Ms. Ventura stressed that RIHousing does not have that type of engagement with the developers. Mr. Comer further expounded by saying that any development that is not deed restricted is at risk, especially in the current market. He emphasized that anything that is not deed restricted is liable to go to market rate.

Ms. Ventura acknowledged that all the data produced by HousingWorks RI supports the fact that renters are vulnerable.

Chairman Pryor agreed that there's volatility in the market and asked if the NOAH developments will be deed restricted following RIHousing's financing. Ms. Berman confirmed that the properties will be deed restricted for 20 years. Furthermore, should the developer sell the property then the restriction will remain in place for the 20 year term.

Commissioner Orth also stated that the restriction will remain in place for as long as the mortgage is in place, therefore it could go beyond 20 years. Once the term sheet is posted, applications will be considered on a rolling basis. As this is a pilot program, RIHousing plans to move slowly and evaluate the program's viability.

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

Ms. Myers then announced that the following resolution was adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to developers for projects that in the judgment of RIHousing will provide decent and safe affordable housing for low and moderate income persons or families;

Whereas, RIHousing has established the Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program to provide mortgage financing for non-restricted naturally affordable multifamily properties that do not need subordinate debt; and

Whereas, RIHousing finds that:

(1) There exists a shortage of decent, safe, and sanitary housing at rental levels or sales prices which persons and families of low or moderate income can afford within the state;

(2) The proposed activities to be undertaken under the Program will provide a public benefit;

(3) That the activities that will be undertaken under the Program will be under the authority of and consistent with the provisions of the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that RIHousing be and hereby is authorized to establish and administer the Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program, structured generally in accordance with the description contained in the Term Sheet attached hereto, with such changes as the Executive Director, Deputy Executive Director, and Director of Real Estate Development may, in their sole discretion, determine to be necessary or advisable;

Resolved, that any such previous actions and approvals by the Executive Director, Deputy Executive Director, or Director of Real Estate Development consistent with the terms of the Term Sheet are hereby ratified and confirmed; and

Resolved, that the Executive Director, Deputy Executive Director, and Director of Real Estate Development, each acting singly, be and hereby are authorized, empowered and directed to take any and all actions as each, in his/her sole discretion, shall deem necessary or advisable to carry out the foregoing resolutions.

Firm Approval of Financing for 129-137 Garfield Street (Central Falls)

Chairman Pryor asked Ms. Berman to give the presentation.

Ms. Berman stated that the request was for firm approval of RIHousing first mortgage taxable financing in an amount not to exceed \$1,232,000 for 129-137 Garfield Street in Central Falls (hereinafter referred to as the “Development”). CIMCO Realty, LLC is the developer (the “Developer”).

129-137 Garfield Street is a 13-unit multifamily development which the Developer intends to acquire utilizing RIHousing's Naturally Occurring Affordable Housing ("NOAH") Loan Demonstration Program (the "NOAH Loan Program"). The intent of this demonstration program is to provide cost-effective financing to housing developers pursuing the acquisition and preservation of existing market rate housing to create deed-restricted affordable housing moving forward. The NOAH Loan Program requires that a minimum of 40% of the units in a development are restricted to 80% of area median income ("AMI") for a term of 20 years. The NOAH loan is limited to the lower of 85% of the as-is value based on a RIHousing-commissioned appraisal or 1.2 debt service coverage.

The Development consists of 13 two-bedroom units with rents at or below 80% AMI. In order to generate sufficient net operating income to support underwriting projections, the Developer has submitted a proposal to increase rents for some existing residents. Rent increases will be phased-in to minimize disruption to existing residents and will be dependent on the final determination of the percentage of units to be deed-restricted. Despite any rent increases, the proposed rents remain lower than the maximum 80% AMI rents for restricted units.

In summary, staff requests firm approval of taxable first mortgage financing in an amount not to exceed \$1,232,000 for the acquisition of 129-137 Garfield Street in accordance with the RIHousing NOAH Loan Demonstration Program Term Sheet.

Chairman Pryor thanked Ms. Berman and asked for a motion and a second for Firm Approval of Financing for 129-137 Garfield Street (Central Falls).

A motion was duly made by Commissioner Orth and seconded by Commissioner McAllister.

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

Ms. Myers then announced that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation ("RIHousing") is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas: RIHousing intends to provide taxable loan funds for the purpose of financing qualified housing developments throughout the state;

Whereas: RIHousing has established the Naturally Occurring Affordable Housing ("NOAH") Loan Demonstration Program to provide mortgage financing for non-restricted naturally occurring affordable multifamily properties that do not need subordinate debt;

Whereas: CIMCO Realty, LLC (the “Applicant”) is requesting firm approval of taxable first mortgage financing through the NOAH Loan Demonstration Program for the Development as set forth below:

Applicant	Development	Taxable Mortgage
CIMCO Realty, LLC	129-137 Garfield Street	\$1,232,000

Whereas, the RIHousing Board of Commissioners and staff have reviewed the submission of CIMCO Realty, LLC for mortgage financing and determined that the Development qualifies for financing under RIHousing’s enabling legislation, regulations, guidelines and policies; and

Whereas, RIHousing finds that:

- (1) there exists a shortage of decent, safe, and sanitary housing at rents or prices which persons and families of low- or moderate-income can afford within the general housing market area to be served by the proposed housing development;
- (2) private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low- and moderate-income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;
- (3) the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well-designed housing for persons or families of low- and moderate-income and that those sponsors are financially responsible;
- (4) the proposed housing development to be assisted will be of public use and will provide a public benefit; and
- (5) the proposed housing development will be undertaken, and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the RIHousing enabling act, namely Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, RIHousing hereby declares firm commitment for first mortgage financing through the Naturally Occurring Affordable Housing (“NOAH”) Loan Demonstration Program for CIMCO Realty, LLC or other affiliated entity of the Applicant (the “Borrower”) in an amount not to exceed \$1,232,000 for rental housing known as 129-137 Garfield Street located in Central Falls, Rhode Island.

Resolved, that the foregoing resolutions are subject to the following special conditions:

- Capital Needs Assessment commissioned by the developer;
- The Borrower's financial condition must be acceptable to RIHousing in all respects;
- Final loan determination based on interest rate and adherence to the lower of 85% of the as-is value or 1.2 debt service coverage; and
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved, that the Executive Director, Deputy Executive Director, and Director of Real Estate Development, each acting singly, be and hereby are empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.

Approval of Transfer of Physical Assets (TPA) for The Tower Apartments (Providence)

Chairman Pryor once again acknowledged Ms. Berman who presented the request.

Ms. Berman prefaced the recommendation by noting that it was an administrative matter.

Under RIHousing's Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, 825-RICR-30-00-3 (as amended, the "TPA Regulations"), project owners must obtain RIHousing's approval and comply with RIHousing's administrative procedures for the transfer of physical assets and prepayment of the mortgage before conveying, assigning, or transferring any ownership interest in a multifamily housing project.

The owner of the Development is Travelers Aid Housing, L.P. (the "Limited Partnership"). The current general partner of the Limited Partnership is TA Housing Inc. (the "General Partner"), which holds a .01% interest. The current investor limited partner of the Limited Partnership is Santander Bank, N.A. (formerly Sovereign Bank) (the "Limited Partner"), which holds a 99.99% interest. The Limited Partner intends to withdraw and sell its partnership interest to Crossroads Rhode Island, or an affiliated entity (the "Transferee"). The current General Partner is wholly owned by the Transferee.

The Transferee intends to build a new property adjacent to the Tower to be known as Summer Street, which received firm approval for RIHousing financing in November 2023. Since the 15-year Low Income Housing Tax Credit compliance period for the Tower ended in 2019, and the Development is near the end of its useful life, the Transferee intends to relocate the existing residents of the Tower to the new Summer Street property. As part of the Summer Street transaction, the current rental subsidy contracts for the Tower will be assigned to the Summer Street owner. During construction, there will be a Master Lease between the Summer Street owner and the Limited Partnership to ensure that the existing Tower residents remain in place. Upon completion of the new Summer Street property, the existing residents will be relocated to the new building and the Master Lease will be terminated. The current Limited Partner seeks to exit the Limited Partnership prior to the execution of the Master Lease.

Once the new Summer Street property is complete, the Transferee intends to renovate the Tower and convert the units, which are currently Single Room Occupancy units (SRO), into 87 apartments, each of which will contain a kitchen and bathroom. The Transferee will assume all existing obligations encumbering the Tower, and the Regulatory Agreement with RIHousing will remain in effect until 2033.

The current property manager is Crossroads Rhode Island. No change in the management agent is contemplated.

After the presentation, Chairman Pryor asked for a motion and a second for Approval of Transfer of Physical Assets (TPA) for The Tower Apartments (Providence).

A motion was duly made by Commissioner McAllister and seconded by Commissioner Dwyer.

Chairman Pryor quired why the transfer is required.

Ms. Berman explained that it at the time the Tower was built the SRO units served the purpose needed but by building Summer Street apartments, the developer is creating one bedroom units with amenities that provide a better place to live along with supportive services. In addition, the Tower has an existing subsidy contract. Under the loan agreements, assignment of the contract must be made, and must be done at closing. However, the units are still occupied. It's basically a formality in terms of the flow of money. Santander Bank, who is the existing limited partner, does not want to be part of the Summer Street project and is exiting the partnership.

There being no additional comments, Corinne Myers, General Counsel conducted a voice vote of the Commissioners. The Commissioners voted to approve the motion with four (4) votes in favor, Commissioners Barry and Diossa recusing and zero (0) nay votes.

Ms. Myers then announced that the following resolution was adopted.

**Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation**

Whereas, under Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, 825-RICR-30-00-3 (as amended from time to time, 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;

Whereas, Crossroads Rhode Island seeks approval of the transfer of the limited partnership interest in Travelers Aid Housing, L.P., the owner of The Tower Apartments (the “Development”), from Santander Bank, N.A. to Crossroads Rhode Island or an affiliated entity; and

Whereas, staff has reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that the transfer of the limited partnership interest in the Development from Santander Bank, N.A. to Crossroads Rhode Island or an affiliated entity be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by RIHousing of all application materials required in Phases 2 and 3 of the TPA Regulations (see §3.4 of the TPA Regulations) except for such requirements as may be waived or modified by the Executive Director, consistent with the nature of this transaction and protection of the interests of RIHousing;
2. Receipt by RIHousing of the Processing Fee, as defined in §3.4 of the TPA Regulations; and
3. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of RIHousing with respect to the Development.

Resolved, that the Executive Director, the Deputy Executive Director, or the Director of Real Estate Development, each acting singly, be and hereby are authorized to execute and deliver on behalf of RIHousing all documents necessary or advisable to consummate such transfer and to take such further actions as he or she shall deem necessary or advisable in connection therewith.

Authority to Issue Homeownership Opportunity Bonds - \$500,000,000

Chairman Pryor invited Bernadette MacArthur, Director of Finance to present the request.

Ms. MacArthur stated that staff continuously monitors single-family loan origination activity; prepayment speeds of existing mortgages; refunding, recycling and optional redemption opportunities for existing bond offerings; bond market tone; short and long interest rates and available tax-exempt volume cap. All of these activities have the objective of maximizing our lending flexibility and minimizing our net interest costs in order to provide mortgages to low- and moderate-income homebuyers.

The single-family bonding program provides funding for first time homebuyers. At the same time, the program strengthens the future financial sustainability of the corporation by increasing the balance sheet and creating a reliable future annuity stream.

RIHousing's last single-family bond issue was executed in November 2023 with proceeds expected to be utilized by the end of March 2024. Based on the current pipeline of registrations and production estimates, staff anticipates issuing approximately \$500 million of single-family bonds to fund new first-time homebuyer mortgages and/or refund existing bonds to lower interest costs over the next 12-18 months.

The resolution, which was included as part of the February 15, 2024, Board of Commissioners package, authorizes the issuance of up to \$500 million of bonds under various series and tax plan components depending on market conditions and fund delivery requirements. This authority expires September 30, 2025.

Finally, Ms. MacArthur said that staff recommends the issuance of up to \$500 million of bonds to fund the Homeownership Opportunity Bond Program.

Following the presentation, Chairman Pryor asked for a motion and a second for Authority to Issue Homeownership Opportunity Bonds - \$500,000,000.

A motion was duly made by Commissioner McAllister and seconded by Commissioner Dwyer.

Commissioner Orth asked Ms. MacArthur how she would describe the tone and environment of the bond market. Ms. MacArthur said that in July and October of 2023 there was a point difference in pricing. For this issuance, rates have decreased. In the past weeks staff has seen approximately a 50 basis point difference. She believes that for this issuance, staff is in line with the market, at just about 20 basis points lower. Ms. MacArthur said that RIHousing is in a better position than when it went to market in October.

Commissioner McAllister wanted to know how many times a year the Corporation issues bonds. Ms. MacArthur said that it's approximately three (3) to four (4) times a year.

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

Ms. Myers then announced that the resolution was unanimously adopted in the form presented at the February 15, 2024 Board of Commissioners meeting.

There being no further business to discuss, Chairman Pryor requested a motion to adjourn the Board of Commissioners meeting. A motion was duly made by Commissioner Diossa and seconded by Commissioner Barry to adjourn the meeting.

Corinne Myers, General Counsel then conducted a voice vote of the Commissioners. The Commissioners unanimously voted to adjourn the meeting.

Ms. Myers then announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 10:14 a.m.

Chairman Pryor then thanked everyone for participating in the Board meeting.

Respectfully submitted,

Carol Ventura
Secretary and Executive Director