

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Management Committee
May 6, 2024

A meeting of the Management Committee of the Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Monday, May 6, 2024, at 3:00 p.m. The meeting was held at the main office of the Corporation, 44 Washington Street, Providence, RI 02903, Conference Boardroom and via telephone conference call.

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

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

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

Ms. Myers also stated that Chairman Pryor would preside over the meeting and requested that any Commissioner or staff member state their name prior to speaking for the benefit of listeners and to mute the phone when not speaking. She then invited 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 3:08 p.m. Chairman Pryor then invited Ms. Ventura to proceed with the roll call of Commissioners in attendance.

Ms. Ventura conducted a roll call of Commissioners participating in the meeting. Commissioners participating were: Chairman Pryor; Jonathan Womer, Director of the Department of Administration; Sara Cabral, Designee for Elizabeth Dwyer, Director of the Department of Business Regulation and Robert Craven, Designee for General Treasurer James Diosa. Stephen P. McAllister was absent.

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

Members of the public were also present.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Management Committee Meeting Held on March 11, 2024.

Chairman Pryor asked for a motion and a second for the approval of the minutes of the Management Committee meeting held on March 11, 2024. A motion was made by Commissioner Womer and seconded by Commissioner Designee Craven.

There being no discussion, Corinne Myers, General Counsel conducted a voice vote of the Commissioners for the approval of the minutes of the Management Committee Meeting held on March 11, 2024.

The Commissioners unanimously voted to approve the minutes.

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

VOTED: That the minutes of the Management Committee Meeting held on March 11, 2024, are hereby approved.

2. Recommendation for Approval of Engagement of Consultant for 2024 Continuum of Care Program Competition (Housing Innovations LLC)

Chairman Pryor invited Elizabeth Bioteau, Director Strategic Initiatives & Partnerships to present the request.

Ms. Bioteau said that the request was to engage Housing Innovations LLC to develop an application for the 2024 Continuum of Care (“CoC”) competition, a grant program of the U.S. Department of Housing and Urban Development (“HUD”). RIHousing serves as the collaborative applicant on behalf of the Rhode Island Continuum of Care (“RiCoC”).

CoC grants provide funding on a competitive basis to support rental assistance and supportive services projects for the benefit of persons experiencing homelessness. The RiCoC is required to apply for CoC funding annually. For the second time, the RiCoC will need to renew its Youth Homelessness Demonstration Program (“YHDP”) funding during the CoC competition as well. The RiCoC anticipates that multiple supplemental notices of CoC funding will be made available, and this firm would be prepared to support the RiCoC’s application in that event as well.

Housing Innovations LLC will commence work in May or June 2024 and complete the relevant elements to allow for submission of the RiCoC’s application at least two business days before HUD’s deadline. The precise deadline is unknown until the competition is issued by HUD, but the deadline is anticipated to be during the Fall of 2024. The training elements of this scope of work are anticipated to continue after the HUD deadline and the firm will support RIHousing with related training and technical support through March 2025.

RIHousing issued a Request for Proposals (“RFP”) for a qualified firm to develop an application for the 2024 Continuum of Care (“CoC”) competition on February 28, 2024. RIHousing received one (1) proposal in response to the RFP from 1 qualified firm, Housing Innovations LLC.

A committee consisting of RIHousing staff from the Executive division conducted a review of the proposal in accordance with the ranking criteria set forth in the RFP. The committee is recommending approval of the firm Housing Innovations LLC.

The engagement is expected to last for twelve months, during which time Housing Innovations LLC will prepare the RICoC response to the competitive funding opportunity issued by HUD.

Chairman Pryor thanked Ms. Bioteau for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Approval of Engagement of Consultant for 2024 Continuum of Care Program Competition (Housing Innovations LLC).

A motion was duly made by Chairman Designee Craven and seconded by Commissioner Womer.

Chairman Pryor then asked if anyone had any questions.

A brief discussion followed with the Chairman inquiring about whom RIHousing is competing with for the awards. Ms. Bioteau explained that RIHousing submits the application on behalf of the RICoC and is competing with all other CoC entities across the country, which consist of approximately 300 entities. Regarding how many awards are presented, Ms. Bioteau said that there are different elements such as renewal of existing funding and competition for new dollars. RIHousing will apply for both awards. Rhode Island has been successful in renewing its existing funding, but the process is very competitive for new funding.

Chairman Pryor also wanted to know if there's a highest level of allocation. Ms. Bioteau confirmed that fact, stating that HUD will issue a matrix outlining the levels that one competes for. RIHousing applies for the maximum amount available. Ms. Bioteau was pleased to report that since 2016 RI has doubled its CoC funding resources.

Commissioner Designee Cabral asked when RIHousing last applied for funding and if Housing Innovations LLC provides similar services for other CoCs. Ms. Bioteau responded that the last application was submitted the previous year. She also confirmed that Housing Innovations LLC does provide services to other CoC applicants, such as Connecticut.

Following the discussion, Ms. Myers then conducted a voice vote of the Commissioners for Approval of Engagement of a Consultant for the 2024 Continuum of Care Program Competition (Housing Innovations LLC).

The commissioners unanimously voted to approve the motion.

Ms. Myers then officially stated that the recommendation for Approval of Engagement of a Consultant for the 2024 Continuum of Care Program Competition (Housing Innovations LLC) was approved.

3. Discussion:

a. Upcoming Capital Improvements

Chairman Pryor introduced Brett Pelletier, Chief Administrative Officer who gave the presentation.

Mr. Pelletier commenced by noting that there were two (2) ongoing major capital improvement projects presently slated for approval as part of the fiscal year 2025 budget.

The first improvement was for the update of the HVAC system for the Earle Building from the original gas fired system to an all-electric system. RIHousing's current HVAC units and respective hardware for the Slade/Garr and Earle buildings heating and air conditioning are obsolete and have

exceeded their usefulness. The new system and scope of work is budgeted at \$1.75 million for the conversion and completion of work is estimated to take four (4) to six (6) weeks, per floor. The work should be totally complete within six (6) months. Staff is set to commence work immediately.

Ms. Ventura mentioned, and Mr. Pelletier confirmed that staff is working with the Office of Energy Resources (OER) to utilize options that allow for efficiency and rebates. Everything possible to minimize cost is being investigated. Additionally, there are some rebates from National Grid that RIHousing is also exploring. However, they are relatively minor compared to those from OER.

The second project involves roof repairs for the Slade and Garr buildings. For the past year, RIHousing has experienced leaking in the interior courtyard in the rear of the building. The roof was replaced approximately three (3) or four (4) years ago; however, it has failed, and moisture has been penetrating the interior of the building. Design and Construction, various architects and engineers have been engaged to review the matter. The strategy is to start fresh to remove the existing roof, replace the existing deck, install a new roof and apply applicable flashing and water sealant to mitigate the problem. The estimated cost is \$650,000 and the time frame for completion is five (5) to six (6) months.

Mr. Pelletier then welcomed questions from the Committee. None were presented.

There were not votes taken regarding this item.

b. Madeline Walker Program

Chairman Pryor invited Corinne Myers, General Counsel to give an overview of the Madeline Walker Program.

Ms. Myers began by stating that the program is a foreclosure prevention initiative. Ms. Myers acknowledged Lelsie McKnight, Director of Loan Servicing, for her oversight of the program and commended her staff on the work performed to help homeowners retain their homes. The reason for the discussion is that RIHousing plans to undertake updated rule making.

Ms. Myers then referred the Committee to the presentation that was previously circulated outlining the Madeline Walker program. She mentioned that the Committee will be hearing more about the issue as last year the Supreme Court handed down a significant decision where in the context of a tax foreclosure a government's retention of the full value of the property was held to constitute an illegal taking unless there's an opportunity for the homeowner to make a claim on the surplus.

Ms. Myers informed that Committee that the case arose in Minnesota where a county committed a "classic taking" when it seized property in excess of the property owner's tax debt. In that case, the county directly sized and sold the property to satisfy the tax delinquency. She noted that in Rhode Island there's a reverse auction process, where investors purchase fractional interest to bid down their interest to as low as 1% and hold that subject to the owners right of redemption. If it's an owner-occupied single-family property, RIHousing has the right to purchase the lien preferentially. The taxing jurisdiction receives the tax lien amount and RIHousing obtains 100% interest in the property subject to the homeowners' right of redemption. Once RIHousing purchases the lien, there's a five (5) year holding period. During that period, Servicing works with the homeowner through significant outreach methods to facilitate the owner's redemption of the property. Ms. Myers did confirm that most of the time those efforts are successful.

Following the holding period if the owner is not successful in redeeming the property, staff brings an action in court to transfer title to the Corporation. Once title is transferred, staff hires a broker to sell the property. RIHousing offers CDCs a first look on the properties so that they can be used for affordable housing purposes. Typically, the proceeds of the sale get folded back into the program to support the program's continued operations, as we have not received claims for surplus in the past.

Ms. Myers informed the Committee that following the Tyler v. Hennepin County litigation matter, there's been litigation all over the country, including Rhode Island about various local tax sale procedures. Therefore, RIHousing decided that it would be prudent to review its' practices and budget to determine how to ensure the program is conforming to regulations and how to honor the spirit of the Tyler v. Hennepin County decision to preserve homeowners' equity.

Ms. Myers then explained what RIHousing has already done in that effort such as limiting the tax lien purchases to properties where the owner has expressed interest to engage with RIHousing. To make it work economically RIHousing is exploring strategic ways to fund the program. Presently, RIHousing has not been charging all the interest that it is entitled to under the law. If the expectation is that the Corporation may experience an increase in claims for surplus proceeds, then it would be sensible to adjust by charging that interest. Another change Ms. Myers is proposing is that in the regulations RIHousing would formalize a claims procedure to standardize the process.

Ms. Myers announced that staff is working with an external law firm with specific mortgage servicing tax lien expertise. They have been great partners in advising and keeping abreast of the situation.

The General Counsel also outlined staff's strategy to review the effectiveness of the program to establish a fair method to return equity to the homeowners and evaluate the economic viability of the program. Those considerations will be discussed with the Madeline Walker Advisory Committee made up of representatives of local interest groups to solicit feedback. Once feedback is collected and properly detailed, RIHousing will bring the proposed rules to the Management Committee and to the full board for review and consideration.

Finally, Ms. Myers stated that the goal of the program is the preservation of homeowner equity.

Ms. Ventura commented that the Madeline Waker program has been extremely helpful for many Rhode Islanders that would otherwise lose their homes. She commended staff on their excellent work connecting with the owners to keep them in their homes.

Ms. Myers then welcomed questions. A short dialogue followed with Commissioner Designee Craven reiterating that the goal is to clarify procedures and policies in response to the Supreme Court decision. Ms. Myers agreed, saying that the Supreme Court decision was the impetus for staff to regroup and rethink the program. If RIHousing is going to formalize policies they should adhere to the state's APA. Additionally, the Committee asked how confident staff is that regulations drafted would be responsive to the changes in the law.

Ms. Myers responded that the main goal of RIHousing is to keep homeowners in their homes. Therefore, staff is balancing the viability of the foreclosure-prevention program with providing an opportunity for owners to recoup their equity at the end of a foreclosure process.

Chairman Pryor mentioned that if the Committee wanted to discuss the program in Executive Session, that is an option.

Commissioner Womer questioned if the Committee would be privy to the draft regulations prior to distribution, specifically considering the cost benefit analysis staff plans to undertake for the program. Ms. Myers responded that staff must provide the draft procedures to the Office of Management and Budget (OMB) for their consideration prior to the first presentation to the Board of Commissioners.

Chairman Pryor referenced the challenges in Woonsocket regarding the program and asked if anything has substantially changed. Ms. Ventura and Ms. McKnight replied that RIHousing has shared some draft ordinances, but nothing significant has materialized.

In closing, Chairman Pryor stated he is willing to assist and volunteered to meet with the Mayor in Woonsocket and the community to intervene on the importance of the Madeline Walker matter.

There were not votes taken regarding this item.

Adjournment

There being no further business to discuss, Chairman Pryor asked for a motion to adjourn the meeting. A motion was duly made by Commissioner Womer and seconded by Commissioner Designee Cabral to adjourn the meeting.

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

The meeting was adjourned at approximately 3:39 p.m.

In closing, Chairman Pryor thanked everyone for participating.

Respectfully submitted,

Carol Ventura
Secretary and Executive Director