

Request for Action
by
Board of Commissioners

**Approval of Transfer of Physical Assets (TPA)
for Riverstone Apartments**

1. Summary of Issues

This Request for Action (“RFA”) is for approval of the transfer of the limited partnership interest in Riverstone Apartments L.P. (the “Owner”), the owner of Riverstone Apartments (the “Development”), an affordable housing development located in Pawtucket.

The Development consists of 103 units in seven buildings for disabled individuals and seniors age 62 and older. Originally developed as two U.S. Department of Housing and Urban Development (“HUD”) Section 202 developments in the 1990s, the Development was refinanced in 2011 through the Low-Income Housing Tax Credit (“LIHTC”) Program and tax-exempt bond financing from Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”). In total, the Development consists of 77 one-bedroom, 24 two-bedroom, and two three-bedroom units. All but one of the apartments in the Development currently receive project-based Section 8 rental assistance pursuant to two housing assistance payments (“HAP”) contracts. The Development’s initial 15-year compliance period ends in 2028 and the LIHTC restrictions remain until 2043. The Regulatory Agreement expires in 2053. At the November 2020 Board of Commissioners meeting, the Board approved the transfer of the general partnership interest in the Development to an affiliate of the Standard Property Company, Inc. (“Standard”).

Standard, on behalf of the Owner, has requested RIHousing’s approval of 100% of the limited partner interest from affiliates of Michel Associates (the “Michel Affiliates”) to a LIHTC investment fund managed by Candeur Group LLC. 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.

2. Discussion

The Michel Affiliates consist of Countryside Corporate Tax Credits XXI Limited Partnership, a Massachusetts limited partnership that is the current investor limited partner and holds a 99.99% ownership interest in the Owner, and Michael Properties, LLC, a Massachusetts limited liability company, which is the Special Limited Partner with a 0% interest in the Owner. The proposed limited partners are Community Development and Affordable Housing Fund V, LLP (“CDAH V”), a LIHTC investment fund managed by Candeur, which will hold a 99.99% interest, and CS Fund I Riverstone SPE Owner LLC, a Delaware limited liability company controlled by Standard, which will hold a .0099% interest, collectively (the “Transferee”).

The Transferee will retain certain powers, rights and liabilities afforded a limited partner under applicable law. New financing is not currently anticipated. All existing obligations encumbering the Development will remain unchanged.

The Development appears to be in good condition. The capital needs assessment shows that the replacement reserve is adequately funded beyond the initial compliance period of the Development. Standard is undertaking a few immediate repairs as part of their general partner purchase of the Owner.

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.

In addition to RIHousing's approval, HUD must approve the transfer of the limited partnership interest in the Owner.

3. Recommendation

The attached resolution approving the transfer of the limited partnership interest, subject to the conditions contained therein, is recommended for approval.

4. Attachments

- A) Resolution

Attachment A

Resolution of the Board of Commissioners of Rhode Island Housing Mortgage and 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; and

WHEREAS: Riverstone Apartments L.P. (the “Owner”), the owner of Riverside Apartments (the “Development”), seeks approval of the transfer of the limited partnership interest in the Owner from Countryside Corporate Tax Credits XXI Limited Partnership and Michael Properties, LLC (the “Michels Affiliates”) to Community Development and Affordable Housing Fund V, LLP (“CDAH V”) and CS Fund I Riverstone SPE Owner LLC (“CS Fund I”), (collectively, the “Transferee”); 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 Owner of the Development from the Michel Affiliates to the Transferee, 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. Approval of the transfer of the limited partnership interest in the Owner by the U.S. Department of Housing and Urban Development (“HUD”) under the HUD Risk Sharing Program.
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, Deputy Executive Director, and Director of 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.