

Rhode Island Housing and Mortgage Finance Corporation
Minutes of the Meeting of the Credit Committee
January 12, 2022

A meeting of the Credit Committee of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Board of Commissioners was held on Wednesday, January 12, 2022 at 9:30 a.m. The meeting was held via telephone conference call pursuant to Executive Order 22-01.

Carol Ventura, Executive Director, stated that this was a telephonic meeting of the RIHousing Board of Commissioners Credit Committee. Ms. Ventura, then 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 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 pursuant to Executive Order 22-01, dated January 6, 2022, the meeting was being held via teleconference. 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 Committee Chairman Orth 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 Committee Chairman 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 9:33 a.m. Committee Chairman Orth then invited Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff in attendance.

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

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Lisa Primiano, Chief Operating Officer; Kara Lachapelle, Chief Financial Officer, Anne Berman, Director of Real Estate Development; Dean Harrison, Assistant Director of Real Estate Development; Jeffrey Swanson, Real Estate Development Officer; Seth St. Jean, Real Estate Development Officer; Nick Turcotte, Analysis and Research Specialist; Corinne Myers, General Counsel; and Carl Rotella, Director of Information Technology.

Members of the public were also present via teleconference.

The following matters were then discussed by the Committee.

1. Approval of Minutes of the Credit Committee Meeting Held on December 8, 2021

Committee Chairman Orth asked for a motion and a second for the approval of the minutes of the Credit Committee meeting held on December 8, 2021. A motion was made by Commissioner Tanner and seconded by Commissioner Barry.

There being no discussion, Corinne Myers, General Counsel conducted a roll call vote of the Commissioners for the approval of the minutes of the Credit Committee Meeting held on December 8, 2021. The commissioners voted as follows:

Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner Barry	Aye

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

VOTED: That the minutes of the Credit Committee Meeting held on December 8, 2021 are hereby approved.

2. Recommendation for Firm Approval of Financing for Living East Bay (Bristol and Warren)

Committee Chairman Orth introduced Seth St. Jean, Real Estate Development Officer who gave the presentation.

Mr. St. Jean said that this recommendation is for the firm approval of RI Housing tax-exempt financing in an amount not to exceed \$4,750,000.00, a taxable permanent first mortgage of \$430,000.00, a HOME Investment Partnerships Program (the “HOME Program”) loan of \$714,500.00, a Housing Trust Fund Program (the “HTF Program”) loan of \$800,000.00, and a Capital Magnet Fund (“CMF”) loan of \$785,000.00 for Living East Bay (“LEB” or the “Development”). East Bay Community Development Corp. is the developer (“East Bay” or the “Developer”). The Development received preliminary approval from the Board of Commissioners for the tax-exempt and CMF financing on August 19, 2021 and for the HOME Program and HTF Program financing on May 20, 2021.

This firm approval will support the acquisition and rehabilitation of two existing portfolios, combining them into a single low-income housing tax credit (“LIHTC”) project. The 47 units are in nine buildings located in Bristol and Warren. The project has a Section 8 project-based voucher contract for eight units. The units and buildings are in average condition with some deferred maintenance. Most of these buildings were constructed in the early 1900s, but one dates as far back as the 1800s.

Exposure to weather and salt air takes a toll on historic structures. East Bay will undertake a substantial renovation of the Development with a focus on the exterior and common area elements. The scope of work for the renovation includes new roofs, windows, siding, entry doors and exterior lighting. Additionally, the mechanical, electrical, and fire alarm systems will be replaced or upgraded. The common area hallways and unit interiors will be upgraded as needed.

Continuing Mr. St. Jean said that the Developer will complete the acquisition and rehabilitation of the Development using the proceeds from this tax-exempt financing, taxable financing, the sale of LIHTCs, a CMF loan, a HOME loan, a HTF Program loan, a sponsor loan, assumed debt, and a seller loan. Red Stone Equity Partners (“Red Stone”) will be the syndicator purchasing the 4% LIHTCs and is paying \$0.93 per credit.

There is approximately \$2,250,000.00 of existing debt plus accrued interest on these properties comprised primarily of RIHousing targeted loans, HOME Program loans, a Building Homes Rhode Island loan, and Lead Program funds. As part of the approval process, staff has determined that the Development and sponsor meet RIHousing's requirements for rollover of existing debt.

Committee Chairman Orth thanked Mr. St. Jean for the presentation and asked for a motion and a second to recommend to the Board of Commissioners Firm Approval of Financing for Living East Bay (Bristol and Warren).

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

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

Committee Chairman Orth commented on the increase in construction cost, some of which is attributed to the lead remediation expense and the increase in the scope of work. The Commissioner wanted to know if staff has duly vetted the increase to justify the soft funds and roll over of debt.

Mr. St. Jean confirmed that Design and Construction has reviewed and examined in detail the scope of work. Additionally, they anticipate that the roof will need to be replaced and noted that as this development is a historic building, the replacement of siding and windows must be historically replicated and repaired. Those distributions have also contributed to the increased budget expense.

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

Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner Barry	Aye

Ms. Myers then officially stated that the recommendation for Firm Approval of Financing for Living East Bay (Bristol and Warren) was unanimously approved.

3. Discussion:

a. Pipeline Report

Committee Chairman Orth mentioned that the Committee had requested a Housing Fact Book presentation, however, that presentation is postponed until in-person meetings are resumed.

Committee Chairman Orth then asked Ms. Berman to give the pipeline report.

Ms. Berman began by saying that RIHousing received 12 tax credit applications seeking \$12.5 million in credits. Currently, staff is reviewing the proposals for presentation at the May Board meeting. Ms. Berman informed the Committee that RIHousing is oversubscribed for this round of tax credits by 4 to 1. Additionally, staff is wrapping up the review of the 17 ARP applications (bond funds for blight remediation). Ms. Berman noted that she expects a hefty agenda for the February Board meeting.

Furthermore, due to the over oversubscription of the 9% tax credits and the expectation of additional state and federal dollars, staff is noticing an uptick of 4% applications. Therefore, RIHousing is planning to issue a comprehensive Request for Proposal (RFP) to address three (3) or four (4) different sources of funding, including Bond, CAP and HOME/ARP funds in mid-February. Ms. Berman expects the RFP to garner a tremendous amount of interest as the focus will be on new construction using 4% tax credit and new ancillary dollars.

Ms. Berman then mentioned that Barbara Jordan II is immersed in the closing stage and expects that it will close within the next few weeks. Also, Development has several other projects in various stages that will soon be presented for firm approval of financing. Mr. Berman anticipates that Bourne Mill will also be forthcoming in February or March.

Continuing, Ms. Berman announced that on Tuesday, the IRS released new guidance on Low-Income-Housing tax credits that extends the servicing deadline of the 2020 and 2021 tax credit deals. The extension is to accommodate the construction challenges regarding the supply chain and other issues.

Committee Chairman Orth commented that he considers the RFP to combine funding sources is an excellent idea. He said that a lot of developers will be looking at the 4% tax credit program specifically for the additional soft funds available. He wanted to know if staff can provide guidance to the development community for the opportunity to combine several resources when designing a program. Committee Chairman Orth recommended staff examine procedures and create a matrix to assist the development community in their proposals for funding.

Ms. Berman responded that staff is in the process of developing program descriptions starting with the Housing Production Fund (HPF) Program. Staff brainstormed internally to identify sources of funds, what they can be used for, create a matrix and then schedule a meeting with the housing network to review the sources prior to issuing the RFP. Once that process is complete, the recommendations will be incorporated in the program guidelines and a RFP released.

Committee Chairman Orth recommended simplifying the RFP to make it as simple as possible to encourage a broader range of developers to participate.

Following the comments, Ms. Ventura remarked that Commissioner Orth had requested a discussion regarding producing a report with data on construction starts and permits. Ms. Ventura noted that Nick Turcotte, Analysis and Research Specialist, was available so Commissioner Orth could describe what data he wants assembled.

Committee Chairman Orth said that everyone knows there's not enough housing and producing more affordable housing is a priority. However, the data available is limited. In other geographic markets the information is compiled by brokerage firms and other market analysts that disclose the number of homes completed yearly, permanent plan, vacancy and rental rates. Unfortunately, that data is not as easy to locate in Rhode Island.

Continuing, Committee Chairman Orth said that producing a report on housing production would be beneficial. He recommended collating information on the number of homes produced, how many are rental properties and for sale. That data could then be broken down by groups serviced, such as the less-than-60% AMI level, 60-120% AMI bracket, and finally market rate units.

Ms. Ventura said that there's a lot of information available on the municipal level but it's not easy to extract. That makes it more difficult on a statewide level to have that discussion. She then deferred to Mr. Turcotte for assistance.

Mr. Turcotte said that he is aware that there is limitation in reporting of specific permanent and development data. In 2018 HousingWorks RI changed the method of reporting permanent data in their Fact Book and it's more accurate. Gathering data for the Commissioner's requested breakdown will be more challenging. However, he will review the information available and report back with particulars.

Committee Chairman Orth then speculated that if the Office of Commerce and the HRC are collecting data, it would be helpful to have a discussion to coordinate information. As the State needs a significant number of units per year to reach it's affordable housing goal, it would be advantageous to have that data readily accessible.

Ms. Ventura remarked that one of the goals set for the new Deputy Secretary of Housing by the General Assembly is, in addition to coordinating housing resources across the state, to assemble statewide data to deliver a report. Ms. Ventura did not have specifics but surmised that the HRC was not likely to track the requested data. She remarked that HousingWorks might have some information. Ms. Ventura said that it's easier to extract the number of permits pulled; information on the actual units produced and/or completed projects is more difficult.

Commissioner Tanner stated that her office oversees the e-permitting system and can perhaps pull some data for Mr. Turcotte. She recommended that Mr. Turcotte reach out to Julietta Georgakis at the Department of Business Regulation for assistance.

Commissioner Barry commented that if possible, collecting that data is an excellent idea.

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 Commissioner Tanner to adjourn the meeting.

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

Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner Barry	Aye

The Commissioners unanimously voted to adjourn the meeting at approximately 9:53 a.m.

In closing, Committee Chairman Orth thanked everyone for participating.

Respectfully submitted

Carol Ventura, Secretary and Executive
Director