

**Request for Action  
by  
Board of Commissioners**

**Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and  
Financing for 321 Knight Street (Providence)**

**A. PROJECT SUMMARY**

This Request for Action (“RFA”) is for firm approval of (i) the reservation of up to \$1,290,000 of 2024/2025 Low-Income Housing Tax Credits (“LIHTC”); (ii) firm approval of taxable first mortgage loan in an amount not to exceed \$1,340,000; (iii) an Acquisition and Revitalization Program loan in an amount not to exceed \$1,465,953 (the “ARP Loan”); (iv) a Capital Magnet Fund loan in an amount not to exceed \$500,000 (the “CMF Loan”); (v) a HOME Investment Partnerships Program loan in an amount not to exceed \$1,000,000 (the “HOME Loan”); and (vi) a Community Revitalization Program Loan in an amount not to exceed \$2,000,000 (the “CRP Loan”) for 321 Knight Street (the “Development”), a 41-unit rental housing development to be located in Providence, RI. 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 16, 2024 (“Preliminary Approval”).

321 Knight Street is located at the currently blighted, highly visible corner of Westminster and Knight Streets in Providence. The Development is proposed as a podium-style, elevator building with parking, community, and commercial space on the ground level and 41 units on the four floors above. The Development will include 13 one-bedroom, 19 two-bedroom, and 9 three-bedroom units. Nine of the one-bedroom units will be prioritized for clients of West Bay RI, which provides support to people with intellectual and developmental disabilities. All local approvals are in place. The units designated for households at 30% of area median income (“AMI”) will be subsidized through the HPF-ELI Program. The Developer will utilize income averaging so the Development will be 100% affordable development with rents ranging from 30% to 80% of AMI.

In addition, the Development will be designed to meet ENERGY STAR Multifamily New Construction National Program Requirements, Version 1.1 (Rev. 03) and to achieve Rhode Island Residential New Construction (RNC) Program’s Tier II Path to Energy Efficiency.

Since Preliminary Approval, total development costs have increased by approximately \$490,000. The increase can mainly be attributed to construction-related costs. The original schedule of values was based on schematic drawings; however, the latest construction costs are priced based on nearly final plans, including all site and civil drawings. In addition, a fire wall on a neighboring property line was required, which contributed to the higher costs. To address the higher costs, the first mortgage has been increased and the Developer was awarded an ARPA Predevelopment grant.

The syndicator is National Equity Fund (“NEF”), which is paying \$.90 per credit. The investor is Citizens Bank, N.A. (“Citizens”), who will also be the construction lender.

This RFA requests firm approval of (i) a reservation of an amount not to exceed \$1,290,000 of 2024 and/or 2025 9% LIHTC; (ii) a first mortgage loan in an amount not to exceed \$1,340,000; (iii) an ARP Loan in an amount not to exceed \$1,465,953; (iv) a CMF Loan in an amount not to exceed \$500,000; (v) a HOME Loan in an amount not to exceed \$1,000,000; and (vi) a CRP Loan in an amount not to exceed \$2,000,000, subject to certain conditions as set forth in the attached Resolution.

**B. ATTACHMENTS**

- A.** Credit Summary
- B.** Resolution

**Attachment A  
Credit Summary**

**Approval Loan Recommendation Summary – 321 Knight Street**

**Preliminary** \_\_\_\_\_

**Firm**   X  

**Date:** February 20, 2025

**Project:** New construction of 41 affordable apartments in Providence comprised of 13 one-bedroom, 19 two-bedroom, and 9 three-bedroom units.

**Development Team**

	<b>Name</b>	<b>Location</b>	<b>Risk Rating</b>
<b>Sponsor/Developer</b>	S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY)	Providence, RI	Low
<b>Mortgagor</b>	321 Knight Street, LP	Providence, RI	Low
<b>Architect</b>	Union Studio Architecture & Community Design, Inc.	Providence, RI	Low
<b>Legal</b>	Chace Ruttenberg & Freedman, LLP	Providence, RI	Low
<b>Management Agent</b>	SWAP Community Land Trust, Inc.	Providence, RI	Low
<b>General Contractor</b>	STAND Corporation	Warwick, RI	Low
<b>Consultant</b>	Barbara Sokoloff Associates, Inc.	Providence, RI	Low
<b>Syndicator</b>	National Equity Fund, Inc.	New York, NY	Low

**Executive Summary**

<b>Property Address</b>	321 Knight Street	Providence, RI 02909
<b>Proposed Loan Amount(s) and Terms</b>		
RIH First Mortgage	\$1,340,000	6.910%, 40 years
ARP Loan	\$1,465,953	2%, 40 years
CMF Loan	\$500,000	2%, 40 years
CRP Loan	\$2,000,000	2%, 40 years
HOME Loan	\$1,000,000	2%, 40 years

Note: Interest rates are subject to change based on market conditions.

## Proposed Sources & Uses:

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$1,100,000	26,829	\$240,000	\$1,340,000	\$32,683
BankRI Commercial Loan 2nd Mortgage	\$200,000	4,878	\$0	\$200,000	\$4,878
Acquisition Revialization Program (ARP)	\$1,465,953	35,755	\$0	\$1,465,953	\$35,755
Capital Magnet Fund	\$500,000	12,195	\$0	\$500,000	\$12,195
Community Revitalization	\$2,000,000	48,780	\$0	\$2,000,000	\$48,780
HOME	\$1,000,000	24,390	\$0	\$1,000,000	\$24,390
Building Homes Rhode Island	\$490,000	11,951	\$0	\$490,000	\$11,951
Priority Projects Fund	\$1,276,639	31,138	\$0	\$1,276,639	\$31,138
LIHTC Proceeds	\$11,608,843	283,143	(\$4)	\$11,608,839	\$283,142
Deferred Development Fee	\$55,164	1,345	\$0	\$55,164	\$1,345
Providence Housing Trust	\$900,000	21,951	\$0	\$900,000	\$21,951
ARPA Predev	\$0	0	\$250,000	\$250,000	\$6,098
<b>Total Sources</b>	<b>\$20,596,599</b>	<b>502,356</b>	<b>\$489,996</b>	<b>\$21,086,595</b>	<b>\$514,307</b>

Uses	Amount		Delta	Per Unit	
	Amount	Per Unit		Amount	Per Unit
Construction	\$14,790,000	\$360,732	\$440,000	\$15,230,000	\$371,463
Contingency	\$739,500	\$18,037	\$22,000	\$761,500	\$18,573
Acquisition	\$1,275,000	\$31,098	(\$45,000)	\$1,230,000	\$30,000
Soft Costs	\$1,514,845	\$36,947	\$129,519	\$1,644,364	\$40,106
Financing	\$1,085,700	\$26,480	(\$70,875)	\$1,014,825	\$24,752
Developer Fee	\$873,180	\$21,297	\$0	\$873,180	\$21,297
Operating Reserve	\$252,450	\$6,157	(\$468)	\$251,982	\$6,146
Replacement Reserve Year 1 Deposit	\$13,325	\$325	\$0	\$13,325	\$325
Other Reserves	\$52,599	\$1,283	\$14,821	\$67,420	\$1,644
<b>Total Uses</b>	<b>\$20,596,599</b>	<b>\$502,356</b>	<b>\$489,996</b>	<b>\$21,086,595</b>	<b>\$514,307</b>

\$1,290,000 LIHTC @ \$0.900 /Credit

## Loan to Value Test:

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	\$167,619	4,088	\$1,964	\$169,583	\$4,136
Appraisal Cap Rate	5.50%			5.50%	
Valuation	\$3,047,618	74,332	\$35,703	\$3,083,321	\$75,203
Loan Principal	\$1,340,000	32,683		\$1,340,000	\$32,683
LTV	43.97%		-1%	43.46%	

## Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$514,307	Less Reserves \$506,191.70

Firm Approval of Reservation of Low-Income Housing  
Tax Credits (LIHTC) and Financing for 321 Knight Street

February 20, 2025

Residential Affordable Vacancy Rate	7.00%	
DCR Year 1	1.47	
DCR Year 15	1.28	
NOI	\$169,583	
Rental Income Trending	2.00%	
Operating Expense Trending	3.00%	
Loan to Value	43.97%	
Initial Installment (%) of syndication proceeds	19.80%	
Acquisition Price equal to or less than Appraised value	Yes	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$251,982	Equal to six months OpEx & Debt Service
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$13,325	\$325 per unit

**Deviations from standard underwriting – None**

#### **Unit Distribution and Revenue**

Unit	Rent Type	Number of Units	Gross Rent	Gross Rent as a		
				LIHTC Max	% of LIHTC Max	Discount from
				Rent	Rent	Market Rent
1	30%	9	\$ 576.00	\$ 576.00	0%	0.0%
1	60%	4	\$ 1,094.40	\$ 1,152.00	95%	0.0%
2	60%	14	\$ 1,313.85	\$ 1,383.00	95%	0.0%
3	60%	7	\$ 1,517.15	\$ 1,597.00	95%	0.0%
2	80% LIHTC	5	\$ 1,751.80	\$ 1,844.00	95%	0.0%
3	80% LIHTC	2	\$ 2,023.50	\$ 2,130.00	95%	0.0%
<b>Total</b>		<b>41</b>				<b>0.0%</b>

## ATTACHMENT B

### 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,** the Low-Income Housing Tax Credit Program (the “Program”) was created as part of the Tax Reform Act of 1986, as amended (the “Act”);
- Whereas,** RIHousing has been designated the administrator of the Program in the State of Rhode Island.
- Whereas,** staff for RIHousing has determined that S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY) (“Applicant”) is eligible for the Program under the laws of the State of Rhode Island and the federal tax code;
- Whereas,** on May 16, 2024, the RIHousing Board of Commissioners granted preliminary approval of a reservation of low-income housing tax credits available in calendar year 2024 (“LIHTC”), and preliminary approval of permanent financing;
- Whereas,** since preliminary approval the request for permanent financing from the Applicant listed below has increased to the following:

Applicant	Development	9% LIHTC	RIHousing 1 <sup>st</sup> Mortgage
S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY)	321 Knight Street	\$1,290,000	\$1,340,000

ARP Loan	CMF Loan	HOME Loan	CRP Loan
\$1,465,953	\$500,000	\$1,000,000	\$2,000,000

- 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; 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 up to \$1,290,000 of allocated 2024 and/or 2025 LIHTC be reserved for the Applicant or an affiliated entity (the “Borrower”) pursuant to Section 4.4 of the Rules Relative to Multifamily Loan Programs - Allocation of Low-Income Housing Tax Credits (825-RICR-30-00-4) (the “RIHousing Regulations”), and that the Executive Director, Deputy Executive Director, and Director of Real Estate Development, each acting singly, are hereby empowered and directed to take any and all actions necessary to cause such reservation to be effective; and further, that any final allocation shall be made at such time as the Borrower complies with the requirements of the Act and the RIHousing Regulations.

**Resolved,** that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$1,340,000 for a taxable first mortgage loan to the Borrower for rental housing known as 321 Knight Street located Providence, Rhode Island.

**Resolved,** that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of \$1,465,953 for an Acquisition and Revitalization Program loan to the Borrower for rental housing known as 321 Knight Street located in Providence, Rhode Island.

**Resolved,** that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$500,000 for a Capital Magnet Fund loan to the Borrower for rental housing known as 321 Knight Street located in Providence, Rhode Island.

**Resolved,** that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$1,000,000 for a HOME Investment Partnerships Program loan to the Borrower for rental housing known as 321 Knight Street located in Providence, Rhode Island.

**Resolved,** that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$2,000,000 for Community Revitalization Program funding to the Borrower for rental housing known as 321 Knight Street located in Providence, Rhode Island.

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

- Syndication equity from the allocation of LIHTC in an amount sufficient to achieve project feasibility;
- Availability of subordinate financing in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- Closing of a construction loan with Citizens Bank N.A. in an amount sufficient to achieve project feasibility;
- Final approval of plans and specifications by RIHousing, as well as related construction documentation;
- Approval by RIHousing of all management-related issues, including the marketing and tenant selection plans;
- Execution and delivery by the Applicant of a Construction Completion Guaranty in form and substance satisfactory to RIHousing and any lender;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to RIHousing;
- FHA Risk-Sharing Program approval from the U.S. Department of Housing and Urban Development for a minimum of 50% of the first mortgage loan; and
- Completion of all items required for 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, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.