

**Request for Action  
by the Trustees of the  
Affordable Housing Trust Fund**

**Approval of Preservation Loan Program Fund Financing for Sweetbriar (Barrington)**

**A. Project Summary**

This Request for Action (“RFA”) is for approval of financing in the amount not to exceed \$1,406,000 under the Preservation Loan Program Fund (“PLPF”) for Sweetbriar, a 47-unit rental housing development located in Barrington (the “Development”). The PLPF was created to provide a flexible source of capital to be utilized for the preservation of existing affordable housing with priority given to developments previously financed by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”).

**B. Summary of Issues**

RIHousing’s portfolio includes approximately 13,000 affordable apartments. In addition, more than 1,430 affordable residential homes have been financed under the state’s HOME Investment Partnerships Program. Many of these affordable apartments need improvements. Many of these apartments were constructed and/or rehabilitated in the 1990s and are beyond the initial 15-year tax credit compliance term. Several developments lack adequate reserves to conduct necessary improvements to ensure that residents are housed in a safe and healthy environment. In addition, there are unrestricted apartments in the Rhode Island market currently available for developers to acquire, rehabilitate and deed restrict to ensure long term affordability. Thus, there is a need to upgrade these affordable apartments and homes to meet health and safety standards, make necessary improvements and address physical deterioration due to wear and tear.

The Affordable Housing Trust Fund (the “AHT”) has designated \$16,000,000 for the PLPF. In March 2018, RIHousing issued the Program Guidelines and a Request for Proposals (“RFP”) for the PLPF financing. Applications are being accepted on a rolling basis.

Sweetbriar is a preservation development in Barrington, which is currently in the RIHousing portfolio. The Development was built in 2009 and was designed as a Traditional Neighborhood Development with community greens and open spaces forming several distinct neighborhoods within the overall community. The Development is made up of 22 buildings consisting of flats and townhomes and a freestanding garage/laundry building. Sweetbriar is comprised of one one-bedroom unit, 17 two-bedroom units, and 29 three-bedroom units, all catering to households with incomes at or below 50% to 60% of area median income (“AMI”). Ten of the units benefit from Section 8 Project-Based Vouchers, and the Development has consistently maintained a 98% occupancy rate.

Based on the findings of the Capital Needs Assessment, the planned interior and exterior renovations are anticipated to include, at a minimum, new roofing, replacement of exterior decks, platforms, stairs, and trim, regrading and repaving of all parking areas, re-lamping of all streetlights, new flooring, replacement of boilers, appliances, and interior lighting, and painting of all interiors and exteriors.

The refinancing of the Development contemplates the sale of 4% Low Income Housing Tax Credits, and the Development is currently compliant with all LIHTC-related requirements. In addition, the Development's proposed capital stack will include a tax-exempt permanent loan from Rhode Island Housing and Mortgage Finance Corporation ("RIHousing"), the PLPF loan, a sponsor loan, and existing reserves.

Staff from the Development Division, including the Design and Construction team, and the Asset Management Division, have reviewed the application for eligibility in accordance with the Program Guidelines and determined that East Bay Community Development Corp.'s proposal is consistent with the requirements of the PLPF and will help to refinance and stabilize the Development.

This RFA requests approval of financing under the PLPF for Sweetbriar, subject to the conditions set forth in the attached Resolution.

**C. Attachments**

- A. Development Summary
- B. Resolution

## Attachment A

### Development Summary

#### A. Unit Distribution and Revenue

Unit	Rent Type	Number of Units	Gross Rent	LIHTC Max Rent	Gross Rent as a % of LIHTC Max Rent	Discount from Market Rent
1	50%	1	\$ 1,287.00	\$ 1,072.00	120%	0.0%
2	50%	5	\$ 1,543.00	\$ 1,287.00	120%	0.0%
2	50%	4	\$ 1,287.00	\$ 1,287.00	100%	0.0%
2	60%	8	\$ 1,543.00	\$ 1,543.00	100%	0.0%
3	50%	4	\$ 1,783.00	\$ 1,486.00	120%	0.0%
3	60%	25	\$ 1,783.00	\$ 1,783.00	100%	0.0%
<b>Total</b>		<b>47</b>				<b>0.0%</b>

*Please note: The Development has 10 Project-Based Vouchers for residents at or below 30% of AMI.*

#### B. Finance Summary

Sources	Firm	
	Amount	Per Unit
RIH First Mortgage	\$2,426,500	\$51,628
Preservation Loan Fund	\$1,406,000	\$29,915
LIHTC Proceeds	\$5,039,821	\$107,230
Income from Operations	\$168,323	\$3,581
Deferred Development Fee	\$874,728	\$18,611
Existing OPEX Reserves	\$205,588	\$4,374
Existing Replacement Reserves	\$186,567	\$3,970
Rolled Over Debt	\$4,188,775	\$89,123
Existing Tax & Insurance Escrow	\$63,677	\$1,355
<b>Total Sources</b>	<b>\$14,559,979</b>	<b>\$309,787</b>
Uses	Amount	Per Unit
Construction	\$5,348,200	\$113,791
Contingency	\$534,820	\$11,379
Acquisition	\$5,120,000	\$108,936
Soft Costs	\$754,638	\$16,056
Financing	\$631,349	\$13,433
Developer Fee	\$1,856,185	\$39,493
Operating Reserve	\$154,287	\$3,283
Replacement Reserve Year 1 Deposit	\$94,000	\$2,000
Tax + Insurance	\$66,500	\$1,415
<b>Total Uses</b>	<b>\$14,559,979</b>	<b>\$309,787</b>

## Attachment B

### Resolution of the Trustees of the Affordable Housing Trust Fund

- Whereas,** the Affordable Housing Trust Fund (the “AHT”) was created by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) for the sole purpose of making homeownership to low- and moderate-income residents of the State of Rhode Island more affordable;
- Whereas,** one of the purposes of the AHT is to assist in the preservation of affordable housing throughout the State of Rhode Island;
- Whereas,** the AHT has increased its investment portfolio over the last several years through its preservation related activities; and
- Whereas,** the AHT created the Preservation Loan Program Fund and has set aside \$16,000,000 to assist in the preservation of affordable housing.

#### **NOW, THEREFORE, IT IS HEREBY:**

- Resolved,** that subject to the special conditions listed below, the AHT be, and is hereby authorized, to commit up to \$1,406,000 in funding to East Bay Community Development Corp. or an affiliated entity of East Bay Community Development Corp. (the “Borrower”) to finance the rehabilitation of the multi-family development known as Sweetbriar, located in Barrington.
- Resolved,** that the foregoing resolution is subject to the following conditions:
- Syndication proceeds from the sale of 4% LIHTCs in an amount sufficient to ensure development feasibility;
  - Approval and closing of senior and subordinate funding in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to the AHT and/or RIHousing;
  - Final approval by RIHousing of construction plans, specifications, and supporting construction documentation;
  - Execution and delivery by the Applicant of a construction completion guaranty in form and substance satisfactory to RIHousing; and
  - Completion of all items required for closing of the PLPF loan in accordance with normal underwriting and processing requirements; and
- Resolved,** that the Executive Director, Deputy Executive Director, and Director of Real Estate Development of RIHousing, each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.