

**Request for Action
by
Board of Commissioners**

**Firm Approval of Acquisition Financing
for Dakota Properties, Inc.**

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for firm approval of a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) taxable loan in an amount not to exceed \$800,000 for the acquisition of land in Westerly, Rhode Island to facilitate the development of 72 units of housing to be known as Southpoint Commons (hereinafter referred to as the “Development”). Dakota Properties, Inc. is the developer (the “Developer”).

B. DISCUSSION

The Developer has entered into a purchase and sales agreement to purchase 7.5 acres of land near the intersection of Route 1 (also known as Main Street) and Franklin Street in Westerly (the “Property”). The land is bounded on Franklin Street by residential homes and on Route 1 by commercial uses. The entrance to the Development will be off Franklin Street. The Development will consist of two three-story garden style buildings and a community building. There will be a mix of one-, two-, and three-bedroom units. As currently projected, there will be 72 units in the Development; 57 of which will be affordable to households between 30% - 60% of area median income and the remaining 15 units will be market rate.

The Property was granted master plan approval for 53 units pursuant to a past Planning Board decision which is still valid. The Developer is seeking further approval to construct an additional 19 units. The Town Planner has confirmed that the Developer is scheduled to meet with the Planning Board in December and January to request a combined revised Master and Preliminary approval. The Property is currently zoned High Density Residential 6. The Town Planner confirmed that this Development proposal is supported by the Town.

The terms of the acquisition loan are outlined in the attached Credit Summary.

This RFA requests firm approval of a taxable acquisition loan in an amount not to exceed \$800,000, subject to certain conditions as set forth in the attached Resolution.

C. ATTACHMENTS

- A.** Credit Summary
- B.** Resolutions

Attachment A

Credit Summary

Approval Loan Recommendation Summary – Dakota Properties, Inc.

Preliminary ___

Firm X

Date: December 15, 2022

Project: Acquisition loan to Dakota Properties, Inc. for the purchase of 7.5 acres in Westerly.

Development Team

	Name	Location (city/state)	Risk Rating (low/med/high)
Mortgagor/Developer	Dakota Properties, Inc.	Waltham, MA	Low

Loan Terms:

Borrower: Dakota Properties, Inc. or a related entity

Property Address: Intersection of Route 1 and Franklin Street, Westerly, RI

Loan Amount: Not to exceed \$800,000 based on a RIHousing commissioned appraisal

Loan to Value: the lower of 80% of appraised value or the purchase price

Term: 12 months with an option for a 6-month extension at RIHousing's sole discretion based on progress made by the Developer to complete permitting and secure permanent financing.

Interest Rate: Final interest rate is subject to market conditions and determined prior to closing using a spread to U.S. Treasury.

Repayment: Interest due monthly; principal and any outstanding interest due at maturity

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 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, RIHousing intends to provide taxable loan funds for the purpose of financing qualified housing developments throughout the state;

Whereas, RIHousing provides acquisition financing for eligible applicants to acquire undeveloped real estate, vacant lots, developed properties, or a combination thereof, which are intended for the production of affordable housing;

Whereas, Dakota Properties, Inc. (the “Applicant”) has presented an application to RIHousing requesting taxable financing for the acquisition of real property to facilitate the development of an affordable housing project known as Southpoint Commons (the “Development”), as set forth below:

Applicant	Development	Real Property	RIHousing Acquisition Loan
Dakota Properties, Inc.	Southpoint Commons	7.5 acres located at the Intersection of Route 1 and Franklin Street, Westerly, RI	\$800,000

Whereas, the RIHousing Board of Commissioners and staff have reviewed the submission of the Applicant for taxable financing and determined that the Development qualifies for such 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 subject to the special conditions listed below, RIHousing hereby declares firm commitment for taxable financing for Dakota Properties, Inc., or an affiliated entity, in an amount not to exceed \$800,000 for the acquisition of real property in Westerly, Rhode Island to facilitate the development of Southpoint Commons.

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

- Loan is in conformance with the terms as outlined herein; and
- Completion of all items required for firm commitment and 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, be and hereby are empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.