

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

Approval of Preservation Loan Program Fund Financing for Sutton Place

A. Project Summary

This Request for Action (“RFA”) is for approval of financing under the Preservation Loan Program Fund (“PLPF”) for Sutton Place located in East Providence, Rhode Island (“Sutton Place” or 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. 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.

Sutton Place, located in East Providence, is comprised of 36 units of currently unrestricted housing that are in fair to average condition. The current rents are well below 80% of area median income (“AMI”). As part of the transaction, the units will be permanently deed restricted to households with incomes between 30% and 80% of the AMI. Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONENB” or the “Developer”) is purchasing the property in an arms-length transaction and will undertake approximately \$1,600,000 in repairs and capital improvements.

ONENB is seeking \$1,060,000 in PLPF funds to undertake a portion of the rehabilitation and pay soft costs associated with the transaction. ONENB is also simultaneously seeking firm approval of (i) a RIHousing first mortgage (ii) a HOME Investment Partnerships Program (“HOME Program”) loan, and (iii) a Housing Trust Fund (“HTF”) loan. ONENB has previously received approval for East Providence Waterfront funds from the City of East Providence.

Staff from the Development Division, including the Design and Construction team and Asset Management Department, have reviewed the application for eligibility in accordance with the Program

Guidelines and determined that ONENB's proposal is consistent with the requirements of the PLPF and will help to refinance and stabilize the Development.

C. Recommendation

The attached resolution is recommended for approval subject to:

- Approval and closing of financing from RIHousing and any other lender.
- Final approval by RIHousing of construction plans, specifications, and supporting construction documentation.
- Execution and delivery by ONENB of a Construction Completion Guaranty in form and substance satisfactory to RIHousing.
- Completion of all items required for closing of the PLPF loan in accordance with normal underwriting and processing requirements.

D. Attachments

- A. Development Summary
- B. Resolution

Attachment A

Development Summary

A. Unit Distribution and Revenue

Unit	Rent Type	Number of Units	Gross Rent	Gross Rent as a		
				LIHTC Max Rent	% of LIHTC Max Rent	Discount from Market Rent
EFF	80%	9	\$ 980	\$ 1,148	85%	5.1%
1	80%	8	\$ 1,176	\$ 1,230	96%	5.0%
1	60%	3	\$ 898	\$ 922	97%	28.3%
EFF	60%	2	\$ 913	\$ 861	106%	11.8%
EFF	30%	1	\$ 977	\$ 430	227%	5.4%
EFF	30%	2	\$ 864	\$ 430	201%	16.8%
1	30%	5	\$ 977	\$ 461	212%	21.7%
1	30%	1	\$ 997	\$ 461	216%	20.0%
1	70%	5	\$ 999	\$ 1,076	93%	19.8%
Total		36				12.8%

B. Finance Summary

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$1,315,000	\$36,528	\$570,000	\$1,885,000	\$52,361
Preservation Loan Fund Program	\$1,080,000	\$30,000	(\$20,000)	\$1,060,000	\$29,444
EP Waterfront Funds	\$200,000	\$5,556	\$0	\$200,000	\$5,556
HOME	\$1,392,497	\$38,680	\$0	\$1,392,497	\$38,680
HTF	\$1,189,921	\$33,053	\$0	\$1,189,921	\$33,053
Deferred Dev Fee	\$65,903	\$1,831	(\$45,903)	\$20,000	\$556
CF from Operations	\$0	\$0	\$147,155	\$147,155	\$4,088
Total Sources	\$5,243,321	\$145,648	\$651,252	\$5,894,573	\$163,738

Uses	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
Construction	\$1,037,804	\$28,828	\$551,956	\$1,589,760	\$44,160
Contingency	\$103,780	\$2,883	\$56,220	\$160,000	\$4,444
Acquisition	\$3,420,000	\$95,000	(\$100,000)	\$3,320,000	\$92,222
Soft Costs	\$140,095	\$3,892	\$92,639	\$232,734	\$6,465
Financing	\$47,900	\$1,331	\$32,156	\$80,056	\$2,224
Developer Fee	\$300,000	\$8,333	\$0	\$300,000	\$8,333
Operating Reserve	\$98,000	\$2,722	\$16,500	\$114,500	\$3,181
Replacement Reserve Year 1 Deposit	\$72,000	\$2,000	\$0	\$72,000	\$2,000
Other Reserves	\$23,742	\$659	\$1,782	\$25,524	\$709
Total Uses	\$5,243,321	\$145,648	\$651,252	\$5,894,573	\$163,738

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; and

WHEREAS: one of the purposes of the AHT is to assist in the preservation of affordable housing throughout the State of Rhode Island; and

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 \$1,060,000 in funding to Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONENB”) or an affiliated entity to finance the rehabilitation of the multi-family development known as Sutton Place located in East Providence, Rhode Island.

RESOLVED: that the foregoing resolution is subject to the following conditions:

- Approval and closing of financing from RIHousing and any other lender.
- Final approval by RIHousing of construction plans, specifications, and supporting construction documentation.
- Execution and delivery by ONENB of a Construction Completion Guaranty in form and substance satisfactory to RIHousing.
- Completion of all items required for closing of the PLPF loan in accordance with normal underwriting and processing requirements.

RESOLVED: that the Executive Director, the Deputy Executive Director and the Director of Development, each acting singly, be and hereby is authorized and directed to take any and all actions they deem necessary and appropriate to carry out the forgoing resolution.