

Request for Action
by
Board of Commissioners

Approval of Prepayment
for Blackstone Falls Apartments

1. Summary of Issues

This Request for Action (“RFA”) is for approval of the prepayment of the existing first mortgage of Blackstone Falls Apartments (the “Development”), an affordable housing development for elderly and disabled households located at 1485 High Street in Central Falls.

The Development consists of 133 apartment units and associated parking. The property was built circa 1895 and renovated for apartment use, with a new wing addition, circa 1978. It was most recently refinanced in 2005 utilizing the Low-Income Housing Tax Credit (“LIHTC”) Program and financing from Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”). The Development’s 40-year Regulatory Agreement expires in 2045.

Under RIHousing’s Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, 825-RICR-30-00-3 (as amended, the “TPA Regulations”), project owners must obtain RIHousing’s approval and comply with RIHousing’s administrative procedures for the transfer of physical assets and prepayment of the mortgage before conveying, assigning, or transferring any ownership interest in a multifamily housing project.

2. Discussion

The owner of the Development is Blackstone Falls, LLC (the “Owner”). The Owner seeks to prepay the existing mortgage without a concurrent refinance and will operate the property without any debt. Repayment of the first mortgage is subject to RIHousing approval. As part of its approval, RIHousing intends to charge a prepayment penalty to be remitted with the loan payoff.

The staff of the Asset Management Department and Development Division jointly reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements. The current property manager is The Shoreline Corporation, an identity of interest company of the Owner. The Shoreline Corporation will remain as the property manager after the prepayment. The Owner has proposed amendments to the Regulatory Agreement which delete references to RIHousing’s position as lender. No changes to the term or substance of the Regulatory Agreement are contemplated.

2. Recommendation

The attached resolution approving the prepayment of the existing mortgage, subject to the conditions contained therein, is recommended for approval.

3. Attachments

A) Resolution

Attachment A

Resolution of the Board of Commissioners of Rhode Island Housing Mortgage and Finance Corporation

WHEREAS: under Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, 825-RICR-30-00-3 (as amended from time to time, the “TPA Regulations”), project owners must obtain RIHousing’s approval and comply with RIHousing’s administrative procedures for the transfer of physical assets before conveying, assigning, or transferring any ownership interest in a multifamily housing project; and

WHEREAS: Blackstone Falls, LLC seeks approval of the prepayment of the existing first mortgage; and

WHEREAS: staff has reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements; and

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: that the prepayment of the existing first mortgage currently encumbering Blackstone Falls, LLC be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by RIHousing of all application materials required in Phases 2 and 3 of the TPA Regulations (see § 3.4 of the TPA Regulations) except for such requirements as may be waived or modified by the Executive Director, consistent with the nature of this transaction and protection of the interests of RIHousing;
2. Receipt by RIHousing of the Processing Fee, as defined in § 3.4 of the TPA Regulations;
3. Receipt by RIHousing of the Prepayment Fee, as defined in § 3.4 of the TPA Regulations; and
4. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of RIHousing with respect to the Development.

RESOLVED: that the Executive Director, the Deputy Executive Director, and the Director of Development, each acting singly, be and hereby are authorized to execute and deliver on behalf of RIHousing all documents necessary or advisable to consummate such prepayment and to take such further actions as he or she shall deem necessary or advisable in connection therewith.