

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

**Approval of Preservation Loan Program Fund Financing for
Braeburn Chatham Apartments**

A. Project Summary

This Request for Action (“RFA”) is for approval of financing under the Preservation Loan Program Fund (“PLPF”) for Braeburn Chatham Apartments located in Providence, Rhode Island (“Braeburn Chatham” 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 opportunities for developers to acquire, rehabilitate, and deed-restrict market-rate apartments in Rhode Island to ensure long term affordability. Thus, there is a need for funding to upgrade these homes to meet health and safety standards, make necessary improvements, address physical deterioration due to wear and tear, and promote long-term affordability.

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

This firm approval would support the acquisition and rehabilitation of two existing Section 8 developments known as Braeburn Apartments (“Braeburn”) and Chatham Village (“Chatham”), which are both located in Providence, and which will be combined into a single asset entity with 91 units. BLVD Capital is the developer (“BLVD”). Braeburn, developed as affordable housing in the late 1970s, is comprised of 51 units in four buildings and Chatham, built in 1997, is comprised of 40 units in seven buildings. Both sites were purchased by entities related to BLVD in 2016. Each property benefits from a project-based housing assistance payments (“HAP”) contract for 100% of the units. RIHousing is the HAP contract administrator. Both properties are in fair condition with some deferred maintenance.

BLVD will undertake substantial renovation of both properties. The scope of work for the renovation includes new roofs, windows, siding, entry doors and exterior lighting. Additionally, the mechanical, electrical (including fire alarm), and plumbing systems will be replaced or upgraded. Finally, all of the units will be completely renovated with new kitchen cabinets, plumbing fixtures, flooring, paint, and appliances.

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 BLVD's proposal is consistent with the requirements of the PLPF Program. Staff recommends approval of PLPF financing for Braeburn Chatham 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	Gross Rent as a		
				LIHTC Max Rent	% of LIHTC Max Rent	Discount from Market Rent
1	60%	10	\$ 1,535.00	\$ 922.00	166%	0.0%
2	60%	18	\$ 1,720.00	\$ 1,107.00	155%	0.0%
3	60%	12	\$ 1,990.00	\$ 1,278.00	156%	0.0%
1	60%	1	\$ 1,315.00	\$ 922.00	143%	0.0%
1	60%	16	\$ 1,380.00	\$ 922.00	150%	0.0%
2	60%	5	\$ 1,485.00	\$ 1,107.00	134%	0.0%
2	60%	5	\$ 1,620.00	\$ 1,107.00	146%	0.0%
2	60%	24	\$ 1,575.00	\$ 1,107.00	142%	0.0%
Total		91				

B. Finance Summary

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
First Mortgage	\$12,680,947	\$139,351	(\$569,053)	\$13,250,000	\$145,604
Preservation Loan Fund Program	\$490,000	\$5,385	\$0	\$490,000	\$5,385
Capital Magnet Fund	\$500,000	\$5,495	\$0	\$500,000	\$5,495
LIHTC Proceeds	\$8,640,432	\$94,950	(\$680,974)	\$9,321,405	\$102,433
Deferred Developer Fee	\$1,816,421	\$19,961	\$268,206	\$1,548,215	\$17,013
Total Sources	\$24,127,800	\$265,141	(\$981,820)	\$25,109,620	\$275,930

Uses	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
Construction	\$5,357,875	\$58,878	(\$2,036,192)	\$7,394,067	\$81,253
Contingency	\$535,788	\$5,888	(\$203,619)	\$739,407	\$8,125
Acquisition	\$11,557,500	\$127,005	\$1,712,174	\$9,845,326	\$108,190
Soft Costs	\$1,739,486	\$19,115	(\$146,361)	\$1,885,847	\$20,724
Financing	\$863,308	\$9,487	(\$134,924)	\$998,232	\$10,970
Developer Fee	\$3,008,094	\$33,056	(\$121,338)	\$3,129,432	\$34,389
Operating Reserve	\$786,901	\$8,647	\$936	\$785,965	\$8,637
Replacement Reserve Year 1 Deposit	\$182,000	\$2,000	\$91,000	\$91,000	\$1,000
Other Reserves	\$96,848	\$1,064	\$3,413	\$93,435	\$1,027
Total Uses	\$24,127,800	\$265,141	(\$981,820)	\$25,109,620	\$275,930

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, acting by and through its Trustees, be and is hereby authorized to commit up to \$490,000 in funding to Braeburn Chatham, LP (“Braeburn Chatham”) to finance the rehabilitation of the multi-family development known as Braeburn Chatham Apartments located in 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 the developer, BLVD Capital, 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, Deputy Executive Director, and Chief Financial Officer of RIHousing, each acting singly, be and hereby are authorized and directed to take any and all actions they deem necessary and appropriate to carry out the foregoing resolutions.