



Capital Magnet Fund Program – Term Sheet

Program Purpose:

The Capital Magnet Fund (CMF) is intended to provide Owners/Developers of existing affordable housing developments with incentives to maintain these developments as quality affordable housing for a minimum period of thirty (30) years beyond any current use and deed restriction. It is also available as a source for newly created affordable housing opportunities.

RIHousing anticipates CMF funding will provide additional gap financing to increase utilization of private activity tax-exempt bonds (PAB) to preserve and build more affordable rental housing. RIHousing anticipates CMF financing will be combined with tax-exempt bonds; syndication proceeds from the sale of 4% low income housing tax credits (LIHTC), to bring the level of financing necessary to fund project costs based on the amount equity generated.

Funding Availability: \$12,000,000

Funding Type: Proposed structure is flexible depending on the underwriting and may include, but is not limited to, secondary cash flow notes, amortizing and deferred loans.

Maximum Funding Amount: The lesser of \$40,000 per unit or \$999,000 per development

Availability of Funds: Funds are offered on a rolling basis, subject to the availability of funds.

Eligible Applicants: Eligible applicants include for-profit and non-profit developers and Public Housing Authorities.

Income Targeting: Developments must provide benefit to low and moderate-income individuals and families with gross annual incomes at or below 80% of Area Median Income adjusted for family size. Mixed-income developments are encouraged to apply. Preference will be given to projects providing 40% of the units to extremely low-income (0-30% AMI) and very low-income households (31-50% AMI).

Areas of Economic Distress (AED): Preference will be given to projects located in AEDs which mirror, in general, Qualified Census Tracts under the LIHTC Program.

Loan-to-Value Ratio: Maximum combined 1st and 2nd mortgage LTV of 100%

Debt Service Coverage Ratio (DSCR): Minimum DSCR of 1.15 through the term of RIH's loan

Term: Not to exceed the term of the First Mortgage.

Interest Rate: 1%

Amortization: Up to 40 years

Funding Priorities:

The CMF financing represents a limited resource with a large mandate. To ensure that resources are committed and expended in the most efficient manner that most positively impacts the state, RIHousing has established Threshold Criteria and funding priorities.

Threshold Criteria:

- Readiness to Proceed: Owner/Developer must demonstrate ability to proceed to closing on all financing within six months of commitment of funding and to begin construction within nine months of commitment.
- Financial Feasibility: Development must demonstrate financial feasibility for the expected term of financing.
- Marketability: Development must demonstrate historic sustainable occupancy and operations and current and future demand for the housing.
- Owner/Developer Capacity: Owner/Developer must demonstrate capacity to market and operate the development.

Priorities:

- Proposals that provide for the highest leveraging of other federal, state and private resources.
- Proposals located in Areas of Economic Distress and Qualified Census Tracts.
- Proposals that require at least 40% of the units to provide housing for households with incomes below 50% of AMI.
- Proposals that address critical housing needs that includes addressing housing obsolescence.
- Preservation of existing affordable housing stock

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