

**Request for Action
by
Board of Commissioners**

**Firm Approval of Acquisition Financing
for Marathon Development, LLC (Copley Centre, Providence)**

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 \$2,720,000 for the acquisition of land in Providence, Rhode Island to facilitate the development of 178 units of housing to be known as Copley Centre (hereinafter referred to as the “Development”). Marathon Development, LLC is the developer (the “Developer”).

B. DISCUSSION

Copley Centre is a proposed new mixed-use development in South Providence (the “Property”) consisting of 178 affordable residences coupled with ground floor community amenities, offices, and commercial space. The Developer has entered into an option agreement to purchase 4.17 acres of land on the southern edge of the Rhode Island Hospital complex in Providence. The site has been underutilized for over a decade since the closing and subsequent demolition of the Flynn Elementary School. The site is uniquely situated between the Liston Campus of the Community College of Rhode Island, Rhode Island Hospital, Women and Infants Hospital, Hasbro Children’s Hospital, and multiple medical office buildings to the north and east. As currently projected, all units will be affordable to households between 30% and 70% of area median income. The Developer has submitted a funding application under the current Consolidated Funding Round.

This acquisition loan will allow the Developer to secure site control while they move forward. The purchase price is \$3,400,000. The proposed acquisition financing is 75.5% of the appraised value of \$3,600,000 and 80% of the purchase price. Additional terms of the acquisition loan are outlined in the Credit Summary at [Attachment A](#).

C. RECOMMENDATION

This RFA requests firm approval of a taxable acquisition loan in an amount not to exceed \$2,720,000, subject to certain conditions as set forth in the attached Resolution.

D. ATTACHMENTS

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

Attachment A

Credit Summary

Approval Loan Recommendation Summary – Marathon Development, LLC

Preliminary ____

Firm X

Date: February 15, 2024

Project: Acquisition loan to Marathon Development, LLC for the purchase of 4.17 acres in South Providence.

Development Team:

| | Name | Location (city/state) | Risk Rating (low/med/high) |
|----------------------------|---------------------------|----------------------------------|---------------------------------------|
| Mortgagor/Developer | Marathon Development, LLC | Boston, MA | Medium |

Loan Terms:

Borrower: Marathon Development, LLC or a related entity.

Property Address: 220 Blackstone Street and 23 Staniford Street, Providence, RI

Loan Amount: Not to exceed \$2,720,000, based on purchase price; the acquisition loan program requires that the loan amount not exceed the lower of 80% of as-is appraised value, based on a RIHousing commissioned appraisal, or the purchase price.

Loan to Value: 80% of purchase price.

Term: 12 months

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

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, Marathon Development, LLC (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 Copley Centre (the “Development”), as set forth below:

| Applicant | Development | Real Property | RIHousing Acquisition Loan |
|---------------------------|--------------------|---|-----------------------------------|
| Marathon Development, LLC | Copley Centre | 220 Blackstone Street and 23 Staniford Street, Providence, RI | \$2,720,000 |

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 Marathon Development, LLC, or an affiliated entity, in an amount not to exceed \$2,720,000 for the acquisition of real property located at 220 Blackstone Street and 23 Staniford Street in Providence, Rhode Island to facilitate the development of Copley Centre.

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.