

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

**Approval of Preservation Loan Program Fund Financing for
Factory and Main Street Apartments**

A. Project Summary

This Request for Action (“RFA”) is for approval of financing under the Preservation Loan Program Fund (“PLPF”) for Factory and Main Street Apartments located in Cumberland (“FM”) 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 \$16,000,000.00 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.

FM comprises the acquisition and rehabilitation of three existing portfolios, combining them into a single low-income housing tax credit (“LIHTC”) project. The 75 units are in 18 buildings on scattered sites across a tight geographic area. The units and buildings are in average condition. Fifteen of the buildings were built in 1870 and three of the buildings were built in 2003.

The Developer is Valley Affordable Housing Corp. (“VAH” or the “Developer”) and is seeking \$1,500,000.00 in PLPF funds to undertake a portion of the rehabilitation and the soft costs associated with the transaction. VAH is simultaneously seeking firm approval of (i) a RIHousing first mortgage and (ii) a RIHousing construction loan.

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 the Valley Affordable Housing Corp. proposal is consistent with the requirements of the PLPF and will help to refinance and stabilize the Development.

This RFA requests approval of financing under the PLPF for FM subject to certain 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	LIHTC Max Rent	Gross Rent as a % of LIHTC Max Rent	Discount from Market Rent
1	30%	5	\$ 397.80	\$ 486.00	82%	0.0%
1	50%	1	\$ 671.00	\$ 811.00	83%	0.0%
1	60%	3	\$ 819.67	\$ 973.00	84%	0.0%
1	60%	7	\$ 902.50	\$ 973.00	93%	0.0%
0	0%	0	\$ -	\$ -	0%	0.0%
2	30%	2	\$ 358.00	\$ 584.00	61%	0.0%
2	60%	10	\$ 1,021.22	\$ 1,168.00	87%	0.0%
2	60%	12	\$ 1,010.60	\$ 1,168.00	87%	0.0%
0	0%	0	\$ -	\$ -	0%	0.0%
3	50%	1	\$ 1,026.00	\$ 1,125.00	91%	0.0%
3	60%	9	\$ 1,154.88	\$ 1,350.00	86%	0.0%
3	60%	18	\$ 1,228.06	\$ 1,350.00	91%	0.0%
0	0%	0	\$ -	\$ -	0%	0.0%
4	60%	3	\$ 1,380.67	\$ 1,506.00	92%	0.0%
4	60%	4	\$ 1,251.00	\$ 1,506.00	83%	0.0%
Total		75				0.0%

B. Finance Summary

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$300,000	\$4,000	\$0	\$300,000	\$4,000
Assumed Debt (Rollover)	\$2,633,530	\$35,114	\$0	\$2,633,530	\$35,114
Preservation Revitalization Deferred Loan Pro	\$1,500,000	\$20,000	\$0	\$1,500,000	\$20,000
Sponsor Loan	\$506,590	\$6,755	\$0	\$506,590	\$6,755
Seller Loan	\$275,710	\$3,676	(\$275,710)	\$0	\$0
Seller Take Back Loan	\$415,989	\$5,547	\$500,710	\$916,699	\$12,223
LIHTC Proceeds	\$2,287,489	\$30,500	\$231,257	\$2,518,746	\$33,583
Total Sources	\$7,919,308	\$105,591	\$456,257	\$8,375,565	\$111,674
Uses	Amount	Per Unit	Delta	Amount	Per Unit
Construction	\$2,041,863	\$27,225	\$157,665	\$2,199,528	\$29,327
Contingency	\$204,186	\$2,722	\$15,767	\$219,953	\$2,933
Acquisition	\$3,825,000	\$51,000	\$225,000	\$4,050,000	\$54,000
Soft Costs	\$497,667	\$6,636	\$42,658	\$540,325	\$7,204
Financing	\$300,279	\$4,004	\$2,550	\$302,829	\$4,038
Developer Fee	\$494,615	\$6,595	\$12,545	\$507,160	\$6,762
Operating Reserve	\$312,060	\$4,161	\$45	\$312,105	\$4,161
Lease Up Reserve	\$0	\$0	\$0	\$0	\$0
Replacement Reserve Year 1 Deposit	\$192,000	\$2,560	\$0	\$192,000	\$2,560
Other Reserves	\$51,638	\$689	\$27	\$51,665	\$689
Total Uses	\$7,919,308	\$105,591	\$456,257	\$8,375,565	\$111,674

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;
- Whereas,** one of the purposes of the AHT is to assist in the preservation of affordable housing throughout the State of Rhode Island;
- 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 \$1,500,000.00 in funding to Valley Affordable Housing Corp. or an affiliated entity (the “Borrower”) to finance the rehabilitation of the multi-family development known as Factory and Main Street Apartments in Cumberland, RI.
- Resolved,** that the foregoing resolution is subject to the following conditions:
- Syndication proceeds from the sale of 4% LIHTCs in an amount sufficient to ensure development feasibility;
 - Final approval by RIHousing of construction plans, specifications, and supporting construction documentation;
 - Execution and delivery by the Borrower of a construction completion guaranty in form and substance satisfactory to RIHousing;
 - Approval by RIHousing of management documentation;
 - Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue;
 - Recordation of a RIHousing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to RIHousing; and
 - Completion of all items required for firm commitment and for closing of the PLPF loan in accordance with normal underwriting and processing requirements.

Resolved,

that the Executive Director, Deputy Executive Director, and the Director of Development each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.