

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

Approval of Preservation Loan Program Fund Financing for Fifty Washington Square

A. Project Summary

This Request for Action (“RFA”) is for approval of financing under the Preservation Loan Program Fund (“PLPF”) for Fifty Washington Square located in Newport (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 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.

Fifty Washington Square is on the National Register of Historic Places and is located in the center of Newport’s historic and downtown commercial district. The structure, originally built in 1911, as the Army/Navy YMCA was converted in 1988 by Church Community Housing Corporation (“CCHC” or “The Developer”) into its current mixed-use structure using LIHTCs. The building currently has 93 apartments that are subsidized with project-based vouchers or Section 8 mod-rehab subsidies through the McKinney-Vento program.

CCHC is seeking \$1,500,000 in PLPF funds to undertake a portion of the rehabilitation and to assist with the soft costs associated with the transaction. The Developer 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 Church Community Housing Corporation’s 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 Fifty Washington Square 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	Gross Rent as a		
				LIHTC Max Rent	% of LIHTC Max Rent	Discount from Market Rent
EFF	50%	40	\$ 1,073.69	\$ 883.00	122%	27.7%
EFF	30%	15	\$ 1,073.69	\$ 530.00	203%	27.7%
EFF	50%	10	\$ 1,644.50	\$ 883.00	186%	-10.7%
EFF	30%	5	\$ 1,644.50	\$ 530.00	310%	-10.7%
1	50%	23	\$ 1,678.60	\$ 946.00	177%	8.5%
Total		93				16.8%

B. Finance Summary

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$2,550,000	\$27,419	\$1,650,000	\$4,200,000	\$45,161
Assumed Debt (Rollover)	\$3,994,016	\$42,946	(\$40,000)	\$3,954,016	\$42,516
Preservation Loan Fund Program	\$1,500,000	\$16,129	\$0	\$1,500,000	\$16,129
Building Homes Rhode Island	\$800,000	\$8,602	\$3,000,000	\$3,800,000	\$40,860
HPF	\$0	\$0	\$153,219	\$153,219	\$1,648
Capital Magnet Fund	\$750,000	\$8,065	\$0	\$750,000	\$8,065
FHLB Affordable Housing Program	\$650,000	\$6,989	\$0	\$650,000	\$6,989
LIHTC Proceeds	\$4,519,480	\$48,597	\$883,905	\$5,403,385	\$58,101
Fed. Historic Tax Credit Proceeds	\$2,520,294	\$27,100	\$563,678	\$3,083,972	\$33,161
General Partner Capital	\$698,631	\$7,512	(\$698,531)	\$100	\$1
State Historic TC Proceeds	\$0	\$0	\$0	\$0	\$0
HTF & HOME	\$1,900,000	\$20,430	\$1,900,000	\$0	\$0
Seller Acquisition Loan	\$1,618,984	\$17,408	\$109,000	\$1,727,984	\$18,580
Deferred Dev Fee	\$640,010	\$6,882	\$524,951	\$1,164,961	\$12,526
Commerce RI - Solar grant	\$16,600	\$178	\$0	\$16,600	\$178
Seller Reserves and Prepaid loan	\$0	\$0	(\$519,982)	\$519,982	\$5,591
Total Sources	\$22,239,015	\$239,129	\$4,685,205	\$26,924,220	\$289,508

Uses	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
Construction	\$10,064,391	\$108,219	\$2,517,587	\$12,581,978	\$135,290
Contingency	\$1,006,439	\$10,822	\$251,759	\$1,258,198	\$13,529
Acquisition	\$6,333,000	\$68,097	\$571,982	\$6,904,982	\$74,247
Soft Costs	\$1,391,668	\$14,964	\$264,995	\$1,656,663	\$17,814
Financing	\$1,062,379	\$11,423	\$604,308	\$1,666,687	\$17,921
Developer Fee	\$1,669,138	\$17,948	\$392,464	\$2,061,602	\$22,168
Operating Reserve	\$434,000	\$4,667	\$85,984	\$519,984	\$5,591
Replacement Reserve Year 1 Deposit	\$186,000	\$2,000	\$0	\$186,000	\$2,000
Other Reserves	\$92,000	\$989	(\$3,874)	\$88,126	\$948
Total Uses	\$22,239,015	\$239,129	\$4,685,204	\$26,924,219	\$289,508

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 in funding to Church Community Housing Corporation or an affiliated entity (the “Borrower”) to finance the rehabilitation of the multi-family development known as Fifty Washington Square in Newport.
- Resolved,** that the foregoing resolution is subject to the following conditions:
- Current on the first mortgage or in compliance with forbearance agreement;
 - No outstanding monitoring findings and no history of significant monitoring findings;
 - Demonstrated, responsible long-term ownership and management of the property;
 - An equity pay-in schedule satisfactory to RIHousing;
 - Maximization of amortizing debt able to be supported by the property;
 - Borrower-provided guarantees to cover any deficit shortfalls; and
 - Closing of the full refinance transaction by RIHousing.
- Resolved,** that the Executive Director, Deputy Executive Director, and 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.