

**Request for Action
by
Board of Commissioners**

Revised Firm Approval of Financing for Lincoln Lofts

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for revised firm approval for a previously-funded Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) taxable first mortgage loan for Lincoln Lofts (the “Development”). The original amount of the loan was \$700,000.00; the new proposed loan amount is \$1,000,000.00. Dakota Partners, Inc. (“Dakota” or the “Developer”) is the developer and LL Owner, LLC is the borrower (“LL Owner” or “Borrower”).

B. DISCUSSION

Lincoln Lofts is a recently completed 45-unit affordable housing development in Lincoln, Rhode Island, which was an adaptive reuse historic mill conversion. Dakota previously received an allocation of 2018 Low-Income Housing Tax Credit and firm approval of a permanent RIHousing taxable first mortgage loan, a HOME program loan, a Housing Trust Fund loan, and a Capital Magnet Fund (“CMF”) loan. Construction of Lincoln Lofts commenced in June 2018 and was completed in November 2020. The Development has been fully occupied since January 2021.

The final total development costs for Lincoln Lofts were \$735,557.00 more than projected when this project commenced in June 2019. The increase in development costs was the result of design and scope changes required by the State Historic Preservation Office to comply with the requirements of the Federal Historic Tax Credit program, lead paint remediation costs, and increased costs associated with subpar and incomplete work by framing and masonry subcontractors that were not recouped through arbitration or legal proceedings.

The financing gap created by the additional total development costs is being filled with additional federal historic tax credit equity, a Lead Remediation loan of \$277,150.00 from RIHousing, additional deferral of developer fee of more than \$100,000.00, and the requested increase of \$300,000.00 for the first mortgage loan.

This RFA seeks revised firm approval of a previously approved and funded taxable first mortgage loan from \$700,000.00 to \$1,000,000.00, subject to certain conditions as set forth in the attached Resolutions.

C. ATTACHMENTS

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

Attachment A

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 apartment 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, said loans shall have a term not to exceed forty (40) years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary;

Whereas, the applicant (“Applicant”) listed below presented an application to RIHousing requesting mortgage financing to acquire and/or rehabilitate the development as set forth below (the “Development”), which financing was approved by the RIHousing Board of Commissioners on February 21, 2019;

<u>Development</u>	<u>Applicant</u>	<u>Mortgage</u>
Lincoln Lofts	LL Owner, LLC	\$700,000.00

Whereas, the Applicant has presented and staff has reviewed a revised application to increase the permanent taxable mortgage from the previously approved amount of \$700,000.00 to \$1,000,000.00;

Whereas, staff has reviewed the revised submission and determined that the Development may qualify for financing under RIHousing’s enabling legislation, regulations, guidelines, and policies;

Whereas, RIHousing finds that:

- (1) That there exists a shortage of decent, safe, and sanitary housing at rentals 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) That 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) That 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) That the proposed housing development to be assisted pursuant to the provisions of this chapter will be of public use and will provide a public benefit;

(5) That 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, 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 an increase in the taxable first mortgage loan for LL Owner, LLC (the “Borrower”) originally approved by the Board on February 21, 2019 to a revised amount not to exceed \$1,000,000.00 for rental housing known Lincoln Lofts located in Lincoln, Rhode Island;

Resolved, that the foregoing resolutions are subject to the following conditions:

- Execution and delivery of such amended loan documents as shall be required by RIHousing to effectuate the increase in the principal loan amount as approved herein.
- Completion of all items required for closing in accordance with customary underwriting and processing requirements.

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