

Request for Action
by
Board of Commissioners
Approval of Middle Income Loan Program
Funding Awards

1. Summary of Issues

The Middle Income Loan Program (the “MI Program”) is funded with State and Local Fiscal Recovery Funds (“SFRF”) appropriated to the United States Department of Treasury (“Treasury”) through the American Rescue Plan Act of 2021 for the production of affordable housing for households with incomes between 80% and 120% of area median income (“AMI”). Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) was authorized by the State of Rhode Island to implement and administer the MI Program using approximately \$20,000,000 in funds for the new production of affordable housing for both rental and homeownership opportunities. As of April 2024, accounting for two MI Program awards approved by the RIHousing Board of Commissioners in March 2024 to fill financing gaps for certain projects, there is approximately \$12,750,000 in MI Program funding available for award.

In November 2023, RIHousing issued a Request for Proposals (“RFP”) for MI Program funds from qualified applicants as part of a consolidated funding round. In response, RIHousing received 24 proposals requesting approximately \$24,130,000 in MI Program funds. All applications were reviewed by Development Division staff in accordance with the published Program Review Criteria to evaluate whether the applications contained the following required MI Program threshold criteria for awards:

1. At least 20% of the entire project’s units must be affordable to residents earning less than 100% of AMI.
2. A rental project must include at least 10 units.
3. Applicant must demonstrate site control.
4. Applicant must demonstrate experience and capacity to develop and operate the development.
5. Applicant must demonstrate that the project can close on all equity, construction, and permanent financing no later than December 31, 2024 and can expend the entire MI Program loan by December 31, 2026.

Development Division staff scored only those applications that passed the threshold analysis. Proposals submitted in response to the consolidated RFP that did not initially apply for MI Program funding, but were otherwise eligible and met the threshold criteria, were scored under the MI Program criteria as well.

RIHousing staff recommends approval of funding for eight proposals in the amount of

\$11,344,730. The recommended awards are described in Attachment A, and all such MI Program awards are contingent upon the applicant's ability to secure additional committed funding and close by December 31, 2024 or sooner, as outlined in Attachment A. These MI Program awards will directly fund 147 units restricted for households with incomes between 80% and 100% of AMI. Including affordable and market rate units, these eight developments will create 591 units of housing.

2. Recommendation

The attached resolution authorizing the allocation of up to \$11,344,730 in MI Program funds is recommended for approval, contingent upon (i) receipt of the MI Program funds from the State of Rhode Island; (ii) the availability of all other funding for each project; and (iii) compliance with the MI Program guidelines.

3. Attachments

- A. Summary of Recommendations
- B. Resolution

Attachment A

Summary of Recommendations

Recommendations include:

Omni Newark - Omni Newark, which is being developed by Omni Development Corporation, is the new development of 52 units at 11 Newark Street, Providence. This is a 5-story elevator building, with four floors of residential units above a ground floor consisting of covered parking and community/commercial space. The development will consist of 32 one-bedroom and 20 two-bedroom units. 41 of the units will be LIHTC units affordable to households with incomes at or below 60% of area median income (“AMI”) and 11 will be non-LIHTC units and targeted to residents at or below 80% of AMI. The Providence Housing Authority has awarded eight project-based vouchers to the development, and a RIHousing HPF-ELI subsidy for three (3) units is the subject of a separate RFA. This development is simultaneously being recommended for an allocation of 9% LIHTC as well as the preliminary commitment of additional RIHousing funding sources. In addition to any other conditions in the project-specific preliminary approval for this development, this \$985,000 MI Program award is contingent upon completion of standard underwriting and closing by December 31, 2024.

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$1,725,000	\$33,173
Priority Projects Fund	\$1,300,000	\$25,000
HOME	\$1,000,000	\$19,231
Middle Income Program	\$985,000	\$18,942
Community Revitalization	\$1,251,861	\$24,074
Capital Magnet Fund	\$775,000	\$14,904
LIHTC Proceeds	\$12,047,399	\$231,681
Deferred Development Fee	\$183,359	\$3,526
Providence Housing Trust	\$750,000	\$14,423
Total Sources	\$20,017,619	\$384,954

Uses	Amount	
	Amount	Per Unit
Construction	\$14,950,000	\$287,500
Contingency	\$1,046,500	\$20,125
Soft Costs	\$1,549,595	\$29,800
Financing	\$1,004,093	\$19,309
Developer Fee	\$1,081,080	\$20,790
Operating Reserve	\$313,409	\$6,027
Replacement Reserve Year 1 Deposit	\$16,900	\$325
Other Reserves	\$56,041	\$1,078
Total Uses	\$20,017,619	\$384,954

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The Villages at Manville - The Villages at Manville, which is being developed by Dakota Partners, Inc., is anticipated to contain 72 apartments located in two buildings in Lincoln. This is a mixed-income project with eight units at 30% AMI, one unit at 50% AMI, 48 units at 60% AMI, and 15 units at 80% AMI. This development is simultaneously being recommended for a revised allocation of 9% LIHTC as well as the revised preliminary commitment of additional RIHousing funding sources. In addition to any other conditions in the project-specific revised preliminary approval for this development, this \$214,730 MI Program award is contingent upon completion of standard underwriting within 3 months of this award and closing within 5 months of this award.

Sources	Preliminary (May 2023 round)		Delta	Current Request	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$3,485,000	\$48,403	\$235,000	\$3,720,000	\$51,667
HOME	\$1,900,000	\$26,389	\$0	\$1,900,000	\$26,389
Housing Trust Fund	\$1,174,331	\$16,310	\$0	\$1,174,331	\$16,310
Rhode Island Rebounds	\$305,669	\$4,245	\$0	\$305,669	\$4,245
DAH-2	\$1,728,817	\$24,011	\$0	\$1,728,817	\$24,011
DAH-2	\$0	\$0	\$4,110,331	\$4,110,331	\$57,088
Town	\$221,185	\$3,072	\$0	\$221,185	\$3,072
Middle Income Program	\$0	\$0	\$214,730	\$214,730	\$2,982
LIHTC Proceeds	\$10,827,917	\$150,388	\$1,266,752	\$12,094,669	\$167,982
Deferred Development Fee	\$576,843	\$8,012	(\$176,721)	\$400,122	\$5,557
Total Sources	\$20,219,762	\$280,830	\$5,650,092	\$25,869,854	\$359,304

Uses	Amount		Delta	Amount	
	Amount	Per Unit		Amount	Per Unit
Construction	\$13,762,299	\$191,143	\$4,357,013	\$18,119,312	\$251,657
Contingency	\$688,115	\$9,557	\$717,851	\$1,405,966	\$19,527
Acquisition	\$555,000	\$7,708	\$70,000	\$625,000	\$8,681
Soft Costs	\$1,684,345	\$23,394	\$149,640	\$1,833,985	\$25,472
Financing	\$1,601,202	\$22,239	\$303,959	\$1,905,161	\$26,461
Developer Fee	\$1,360,000	\$18,889	\$0	\$1,360,000	\$18,889
Operating Reserve	\$481,676	\$6,690	\$39,540	\$521,216	\$7,239
Replacement Reserve Year 1 Deposit	\$23,400	\$325	\$5,400	\$28,800	\$400
Other Reserves	\$63,725	\$885	\$6,690	\$70,415	\$978
Total Uses	\$20,219,762	\$280,830	\$5,650,092	\$25,869,854	\$359,304

1624 Lonsdale - 1624 Lonsdale Avenue or Lonsdale Memorial Lofts, which is being development by Lonsdale Valley JV, LLC, a joint venture between Valley Affordable Housing Corp. and Lonsdale Memorial Holdings, LLC, is a proposed residential re-development in Lincoln consisting of the conversion of the former Lincoln Memorial School into 26 new affordable apartments at 80% of AMI. The project will consist of two studio units, 20 one-bedroom units, and four three-bedroom units. All units will be restricted for households with incomes at or below 80% of AMI. This Development is simultaneously being recommended for an Acquisition and Revitalization Program award. This \$2,230,000 MI Program award is contingent upon completion of standard underwriting and closing by December 31, 2024.

Sources	Preliminary	
	Amount	Per Unit
First Mortgage	\$2,014,937	\$77,498
Acquisition Revialization Program (ARP)	\$2,000,000	\$76,923
Middle Income Program	\$2,230,000	\$85,769
Building Homes Rhode Island	\$490,165	\$18,853
Town of Lincoln Grant	\$120,000	\$4,615
General Partner Capital	\$748,310	\$28,781
Total Sources	\$7,603,412	\$292,439
Uses	Amount	Per Unit
Construction	\$5,584,963	\$214,806
Contingency	\$400,000	\$15,385
Soft Costs	\$715,089	\$27,503
Financing	\$120,000	\$4,615
Developer Fee	\$540,540	\$20,790
Operating Reserve	\$180,000	\$6,923
Other Reserves	\$62,820	\$2,416
Total Uses	\$7,603,412	\$292,439

GoodHomes Warwick – GoodHomes Warwick, which is being developed by GoodHomes Communities LLC, is the conversion of the former Sheraton Hotel at 1850 Post Road in Warwick into a robust multifamily community featuring 238 units ranging from 80% to 120% of AMI. The project will consist of 211 studios and 27 one-bedroom units. While the majority of units will have rents at or below 100% of AMI, only the one-bedroom units meet the size requirements of the MI Program. The \$2,295,000 MI Program award is contingent upon completion of standard underwriting and closing by December 31, 2024.

Sources	Preliminary	
	Amount	Per Unit
Thorofare Capital	\$11,494,000	48,294
Middle Income Program	\$2,295,000	9,643
General Partner Capital	\$10,812,131	45,429
Total Sources	\$24,601,131	103,366

Uses	Preliminary	
	Amount	Per Unit
Construction	\$11,648,740	\$48,944
Contingency	\$1,125,000	\$4,727
Acquisition	\$7,518,390	\$31,590
Soft Costs	\$1,732,088	\$7,278
Financing	\$1,000,000	\$4,202
Developer Fee	\$576,913	\$2,424
Other Reserves	\$1,000,000	\$4,202
Total Uses	\$24,601,131	\$103,366

Clearview Apartments – Clearview Apartments, which is being developed by Jitender Behl and Kyle Seyboth, is a proposed 31-unit development located at 387 Broad Street in Central Falls. All plans, permits, and parking variances have been approved, and construction is approximately 70% complete. The project is currently funded with partner equity, and the original plan was to create all market rate units; however, the developer is now proposing to make 19 of the units affordable to households at 80% of AMI. This \$1,485,000 MI Program award is contingent upon completion of standard underwriting within 4 months of this award and closing within 6 months of this award.

Sources	Preliminary	
	Amount	Per Unit
Third Party Senior Lender	\$3,196,000	\$103,097
Middle Income Program	\$1,485,000	\$47,903
General Partner Capital	\$1,510,500	\$48,726
Total Sources	\$6,191,500	\$199,726

Uses	Preliminary	
	Amount	Per Unit
Construction	\$4,844,500	\$156,274
Acquisition	\$550,000	\$17,742
Soft Costs	\$215,000	\$6,935
Financing	\$60,000	\$1,935
Developer Fee	\$200,000	\$6,452
Operating Reserve	\$220,000	\$7,097
Replacement Reserve Year 1 Deposit	\$62,000	\$2,000
Other Reserves	\$40,000	\$1,290
Total Uses	\$6,191,500	\$199,726

Postal Apartments - Postal Apartments, which is being developed by Postal Kitchen, LLC, is the proposed conversion of a 1949 post office in Providence into 12 residential units. Four of the units will be leased at 80% of AMI and the remaining eight units will be leased at market rate. The development will also include 2,000 square feet of retail/restaurant space at the confluence of Olneyville Square. This \$390,000 MI Program award is contingent upon the developer filling the remainder of their capital stack within 120 days of this award and completion of standard underwriting and closing by December 31, 2024.

Sources	Preliminary	
	Amount	Per Unit
First Mortgage	\$957,329	79,777
Middle Income Program	\$390,000	32,500
General Partner Capital	\$685,000	57,083
Gap/Other equity	\$300,000	25,000
Total Sources	\$2,332,329	194,361
Uses	Preliminary	
	Amount	Per Unit
Construction	\$1,246,590	\$103,883
Contingency	\$124,659	\$10,388
Acquisition	\$325,000	\$27,083
Soft Costs	\$400,180	\$33,348
Financing	\$65,000	\$5,417
Operating Reserve	\$100,000	\$8,333
Lease Up Reserve	\$10,000	\$833
Replacement Reserve Year 1 Deposit	\$3,900	\$325
Other Reserves	\$57,000	\$4,750
Total Uses	\$2,332,329	\$194,361

Old County Village – Old County Village, which is being developed by Atlantic-N.E. Property Management, LLC, is a 79-unit condominium development in Smithfield. The developer was previously awarded Homeownership Investment Fund funding for five affordable homeownership units and has requested additional funding for the remaining 15 affordable four-bedroom homeownership units in this phase. The 15 units will be restricted to households with incomes at or below 100% of AMI. The developer has site control, zoning approvals, and 100% architectural plans. This \$1,425,000 MI Program award is contingent upon completion of standard underwriting within 6 months of this award and closing by December 31, 2024.

Sources	Amount	Per unit
Construction Loan/Sales Proceeds	\$4,500,000	\$300,000
Middle Income Funds	\$1,425,000	\$95,000
Developer Equity	\$75,979	\$5,065
Total Sources	\$6,000,979	\$400,065
Uses	Amount	Per unit
Construction	\$5,217,529	\$347,835
Contingency	\$391,315	\$26,088
Soft Costs	\$392,135	\$26,142
Total Uses	\$6,000,979	\$400,065

Dexter Street Commons - Dexter Street Commons, which is being developed by Leland Peyser, is a new construction mixed-use development at the former Conant Thread site in Pawtucket. The development will include 150 rental units and 7,000 square feet of ground floor retail space. The site is located within walking distance of the new Pawtucket Central Falls train station making it a desirable site for Transit Oriented Development. The proposed project will include various amenities including a rooftop deck, concierge services, an onsite restaurant, and retail amenities. There will be 43 studios, 98 one-bedroom units, and 9 two-bedroom units. 30 units will be deed-restricted under the MI Program; however, based on the current pro forma, all of the units in the development are anticipated to be affordable to households with incomes at or below 120% of AMI. The permitting approvals are nearly complete, and the bulk of the funding commitments are in place. Equity is being provided by the sponsors, including Healthy Neighborhoods Equity Fund II LP, which is a partnership between Massachusetts Housing Investment Corporation and the Conservation Law Foundation. The proposed sources and uses chart below includes a placeholder for the final gap financing needed to complete the capital stack.

Sources	Proposed Sources and Uses	
	Amount	Per Unit
Bristol County Savings Bank	\$25,361,285	169,075
TOD Fund	\$3,898,830	25,992
Middle Income Program	\$2,320,000	15,467
RI Rebuild	\$1,800,000	12,000
(TC/Rebate Bridge)	\$1,000,000	6,667
Seller Loan	\$95,000	633
Commerce Corp - TBD	\$6,901,170	46,008
General Partner Capital	\$10,314,358	68,762
Brownfields & Infrastructure Grant	\$850,000	5,667
Total Sources	\$52,540,643	350,271

Uses	Amount	
	Amount	Per Unit
Construction	\$38,969,259	\$259,795
Contingency	\$2,654,578	\$17,697
Acquisition	\$2,403,750	\$16,025
Soft Costs	\$3,213,922	\$21,426
Financing	\$3,637,189	\$24,248
Developer Fee	\$1,661,945	\$11,080
Total Uses	\$52,540,643	\$350,271

Middle Income Award Summary

Development	Non-MI below 80% AMI	80% AMI	100% AMI	120%AMI	Market Rate
Omni Newark	41	11	0	0	0
The Villages at Manville	57	15	0	0	0
1624 Lonsdale	0	26	0	0	0
Good Homes Warwick	0	27	0	0	206
Clear View Apartments	0	19	0	0	12
Postal Apartments	0	4	0	0	8
Old County Village	0	0	15	0	0
Dexter Commons	0	39	62	49	0
Totals	98	141	77	49	226
Total Units	591				
Total MI Units	218				
Total deed-restricted MI units	147				
<p>We note that the majority of units at Good Homes are 80% - 100% AMI units however they are smaller than allowable under the MI Program and are therefore listed as Market Rate units; We note that only 20% of the Dexter St units will be deed restricted</p>					

Attachment B

Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

WHEREAS, The State of Rhode Island has established the Middle Income Loan Program (the “MI Program”) using State and Local Fiscal Recovery Funds appropriated to the United States Department of Treasury under the American Rescue Plan Act of 2021 to provide funding for the development of new multifamily rental and homeownership units for households with incomes between 80% and 120% of Area Median Income;

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has been designated by the State of Rhode Island to administer the MI Program, including the award of MI Program funds to projects that develop newly created non-LIHTC multifamily units and homeownership opportunities;

WHEREAS, the applicants listed in Attachment A have submitted applications that meet the threshold requirements of the MI Program;

WHEREAS, staff of RIHousing have reviewed each of the eligible applications submitted and recommend that MI Program funds be committed to the proposals listed in Attachment A; and

WHEREAS, RIHousing staff have reviewed the submissions and determined that the recommended proposals qualify for financing under RIHousing’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED, that RIHousing is authorized to commit up to \$11,344,730 in MI Program funds in compliance with the MI Program guidelines, subject to certain conditions and the receipt of other sources of funds, for the proposals reviewed by staff, as set forth in Attachment A; and

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