

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.

In November 2022, 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 17 proposals requesting approximately \$23,900,000 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 7 proposals in the amount of \$9,470,000. 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 May 31, 2024 or sooner, as outlined in Attachment A. These MI Program

awards will directly fund 132 units restricted for households with incomes between 80% and 120% of AMI, of which 116 units will be for households with incomes below 100% of AMI. Including affordable and market rate units, these 7 developments will create 447 units of housing.

2. Recommendation

The attached resolution authorizing the allocation of up to \$9,470,000 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:

Rosebrook Commons - Rosebrook Commons (the “Development”) is a new construction, mixed-income, mixed-use development to be located on West Main Road in Middletown. The developer is the Mesolella Development Corp. The Development will provide 64 residential units and 23,000 square feet of ground floor commercial space. Of the 64 units, 51 of the units are affordable Low-Income Housing Tax Credits (“LIHTC”) units and 13 units are designated as Middle Income Program units. The 51 affordable units will serve households with a range of incomes from 30% - 60% of AMI and will consist of one, two and three-bedroom units. 13 units restricted for households with incomes at or below 30% of AMI will be supported with HPF-ELI subsidy. This Development is simultaneously being recommended for an allocation of 9% LIHTC. The MI Program award for Rosebrook Commons is recommended in the amount of \$960,000 and is contingent upon completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$3,659,000	\$57,172
RIH HOME Loan	\$1,000,000	\$15,625
DAH-2	\$6,000,000	\$93,750
Middle Income Program	\$960,000	\$15,000
LIHTC Proceeds	\$9,688,328	\$151,380
Total Sources	\$21,307,328	\$332,927

Uses	Amount	
	Amount	Per Unit
Construction	\$14,872,841	\$232,388
Contingency	\$1,041,099	\$16,267
Acquisition	\$800,000	\$12,500
Soft Costs	\$1,450,639	\$22,666
Financing	\$1,284,434	\$20,069
Developer Fee	\$1,339,800	\$20,934
Operating Reserve	\$425,195	\$6,644
Replacement Reserve Year 1 Deposit	\$20,800	\$325
Other Reserves	\$72,520	\$1,133
Total Uses	\$21,307,328	\$332,927

Central Street - Central Street Development (“Central Street”) consists of both new construction and preservation units and is being developed by Pawtucket Central Falls Development Corporation (the “Developer”). As proposed, Central Street will be a mixed-use, mixed-income development on 12 scattered sites in Pawtucket and Central Falls. 30 new construction units have been proposed, of which 21 will be LIHTC units and 9 will be Middle Income Program units with rents at the 80% AMI level. The preservation component will consist of 32 units, of which 22 will be LIHTC units and 10 will be Middle Income Program units with rents at the 80% AMI level. The new construction component will also include two community service facility spaces housing a Homeownership Center and “Tech Hub” for resident and community use. Central Street is simultaneously being recommended for an allocation of 9% LIHTC. The MI Program award for Central Street is recommended in the amount of \$1,510,000 and is contingent upon completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$3,200,000	\$51,613
CRP	\$2,000,000	\$32,258
DAH 2	\$1,460,000	\$23,548
Capital Magnet Fund	\$250,000	\$4,032
Middle Income Program	\$1,510,000	\$24,355
LIHTC Proceeds	\$10,363,684	\$167,156
Pawtucket HOME	\$775,601	\$12,510
Deferred Developer Fee	\$85,690	\$1,382
FHLB AHP	\$650,000	\$10,484
Total Sources	\$20,294,975	\$327,338

Uses	Preliminary	
	Amount	Per Unit
Construction	\$13,560,000	\$218,710
Contingency	\$1,097,000	\$17,694
Acquisition	\$1,006,720	\$16,237
Soft Costs	\$1,757,302	\$28,344
Financing	\$1,115,330	\$17,989
Developer Fee	\$1,216,652	\$19,623
Operating Reserve	\$398,337	\$6,425
Replacement Reserve Year 1 Deposit	\$73,750	\$1,190
Other Reserves	\$69,883	\$1,127
Total Uses	\$20,294,975	\$327,338

The Studley Building - The Studley Building is a 65-unit building in downtown Providence (the “Development”). The Development consists of 5 one-bedroom units, 20 studios and 40 efficiency/micro-loft units. Construction is nearing completion with units coming online in the first quarter of 2023. At present, 14 units are Workforce Housing Units and deed-restricted for 30 years. The developer, Paolino Properties, LLC, is seeking to convert an additional 34 units into MI Program units, which will be earmarked for residents with incomes below 100% of AMI. The MI Program award for the Studley Building is recommended in the amount of \$2,090,000. The funds will be disbursed as the developer income certifies the residents.

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$9,705,000	\$149,308
Middle Income Program	\$2,090,000	\$32,154
Workforce Housing Program	\$1,120,000	\$17,231
General Partner Capital	\$7,500,000	\$115,385
Additional GP equity	\$1,490,012	\$22,923
Total Sources	\$21,905,012	\$337,000

Uses	Preliminary	
	Amount	Per Unit
Construction	\$12,921,421	\$198,791
Acquisition	\$7,500,000	\$115,385
Soft Costs	\$1,484,041	\$22,831
Total Uses	\$21,905,462	\$337,007

East Point - Noble Development, LLC (the “Developer”), an affiliate of Churchill & Banks Companies, LLC, is the master developer for the East Point project located on Roger Williams Avenue in East Providence. The Developer has submitted a proposal to construct a total of 100 apartments in two phases of 50 apartments each. Phase I will involve the construction of 25 duplex buildings, all of which will consist of two-bedroom/two-bath units. Phase II, to be completed at a later date, will consist of four multi-story apartment structures with 24 two-bedroom/two-bath units and 26 one-bedroom/one-bath units.

The Developer is seeking MI Program funds for 12 Phase I units that will serve households with incomes up to 100% of AMI. The MI Program award for East Point is recommended in the amount of \$960,000 and is contingent upon completion of the development’s capital stack as well as closing on the MI Program loan and construction start within nine months of this award.

Sources	Amount
Construction Loan	\$ 9,345,000
Owner Equity	\$ 3,040,000
Middle Income Program	\$ 960,000
Total Uses	\$ 13,345,000
Uses	Amount
Acquisition	\$ 1,250,000
Construction	\$ 10,600,000
Soft Costs	\$ 1,079,475
Financing costs	\$ 415,525
Total Uses	\$ 13,345,000

Walker Lofts - The developer, Odin Properties, LLC (“Odin”), has proposed to re-construct a historical blighted mill complex in Lincoln known as Walker Lofts. The development will consist of 126 total units, of which 32 units (equal to 25% of the total units) will be affordable. Walker Lofts will provide 25 one-bedroom, 6 two-bedroom and 1 three-bedroom units, all restricted to households with incomes at or below 80% of AMI. The remaining units will be unrestricted. The property is located five minutes from the newly constructed Pawtucket/Central Falls Commuter Station.

Walker Lofts has obtained final site plan approvals and a conditional building permit from the Town of Lincoln. Additionally, Odin has secured the property on the National Historic Register and has received Part 2 approval in relation to historic tax credits. The project’s primary construction/mini-perm loan has been secured as well as a supplemental loan from the Providence Revolving Fund. The MI Program award for Walker Lofts is recommended in the amount of \$2,230,000 and is conditional upon completion of the development’s capital stack and construction start within nine months of this award.

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$21,750,000	\$172,619
Providence Revolving Fund	\$1,000,000	\$7,937
Fed. Historic Tax Credit Proceeds	\$5,479,855	\$43,491
General Partner Capital	\$2,000,000	\$15,873
State Historic TC Proceeds	\$2,975,000	\$23,611
Deferred Developer Fee	\$2,209,145	\$17,533
RI Rebuild Credit	\$1,000,000	\$7,937
RI Housing CRP Funds	\$2,000,000	\$15,873
RI Housing Middle Income Funds	\$2,230,000	\$17,698
GP Equity/other	\$2,000,000	\$15,873
Total Sources	\$42,644,000	\$338,444

Uses	Amount	
	Amount	Per Unit
Construction	\$25,975,000	\$206,151
Contingency	\$2,597,500	\$20,615
Acquisition	\$3,300,000	\$26,190
Soft Costs	\$3,306,500	\$26,242
Financing	\$3,075,000	\$24,405
Developer Fee	\$4,390,000	\$34,841
Total Uses	\$42,644,000	\$338,444

Georgiaville Place - Georgiaville Place (the “Development”) is a newly constructed homeownership development consisting of nine tri-level townhomes in Smithfield. Farnum Development, LLC is the developer. The Development is 90% complete and all nine units can be ready for occupancy within 90 days. To date, funding has been provided by private financing and owner equity. The Development received a density bonus from the Town of Smithfield allowing nine units in return for 50% or more of the units being designated as LMI units. At present, the Development is a recorded condominium project with five units designated for households with incomes up to 120% of AMI and four market rate units. The application submitted to RIHousing was scored based on the submission of a homeownership development with 2 units at 100% of AMI and 3 units at 120% of AMI. The MI Program award for Georgiaville Place is recommended in the amount of \$400,000. Funds will be disbursed upon the sale of each unit to income-qualified buyers.

Sources	Amount
Construction financing	\$ 1,500,000
MI Grant	\$ 400,000
Farnum Development LLC	\$ 1,003,750
Total Uses	\$ 2,903,750
Uses	Amount
Acquisition	\$ 195,500
Construction	\$ 2,272,040
Contingency	\$ 57,820
Soft Costs	\$ 160,490
Financing costs	\$ 217,900
Total Uses	\$ 2,903,750

The Avenue - Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONE|NB”) is the developer of the proposed development known as The Avenue, which consists of two separate components. The first component, Elmwood Neighborhood Revitalization II (“ENR II”), is a post-year-15 LIHTC project in need of some capital improvements. ENR II contains 46 units located on scattered sites in the Elmwood neighborhood of Providence. The second component is the new construction of 39 units of housing on a vacant site located at 434 Atwells Avenue in Providence. The residential units will be located on floors 2-5 of this new building with commercial space and project amenities located on the first floor. The 39 new units will range in size from studios to three-bedrooms and are proposed to serve tenants earning between 30% of AMI and 80% of AMI. There will be 17 Middle Income Program units. A simultaneous recommendation for preliminary approval of tax-exempt bonds and 4% LIHTC is being presented which references this award. The MI Program award for The Avenue is recommended in the amount of \$1,320,000 and is contingent upon completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$3,600,000	\$42,353
Building Homes Rhode Island	\$3,445,000	\$40,529
Preservation Loan Fund Program	\$1,500,000	\$17,647
Capital Magnet Fund	\$952,001	\$11,200
Community Revitalization	\$2,000,000	\$23,529
Middle Income Program	\$1,320,000	\$15,529
DAH-2 Funds	\$3,874,000	\$45,576
LIHTC Proceeds	\$10,360,080	\$121,883
Existing Debt Rollover	\$1,755,451	\$20,652
Existing Operating Reserver ENRII	\$152,000	\$1,788
Existing Rep Reserve ENR II	\$133,000	\$1,565
Deferred Developer Fee	\$650,000	\$7,647
Total Sources	\$29,741,532	\$349,900

Uses	Preliminary	
	Amount	Per Unit
Construction	\$19,341,600	\$227,548
Contingency	\$1,569,273	\$18,462
Acquisition	\$2,730,451	\$32,123
Soft Costs	\$1,742,195	\$20,496
Financing	\$1,385,536	\$16,300
Developer Fee	\$2,257,669	\$26,561
Operating Reserve	\$512,547	\$6,030
Lease Up Reserve	\$20,000	\$235
Replacement Reserve Year 1 Deposit	\$104,675	\$1,231
Other Reserves	\$77,587	\$913
Total Uses	\$29,741,532	\$349,900

Middle Income Award Summary

Development	Non-MI below 80% AMI	80%	100% AMI	120%	Market Rate
Rosebrook Commons	51	0	0	13	0
Central St.	43	19	0	0	0
The Studley Building*	0	0	34	0	17
East Point - Agawam Pond Apts	0	0	12	0	38
Walker Lofts	0	32	0	0	94
Georgiaville Place	0	0	2	3	4
The Avenue 4%	68	17	0	0	0
	162	68	48	16	153
Total Units	447				
Total MI units	132				
* Studley Building - 14 units previously restricted under the Workforce Housing Initiative, not included in this chart					

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 \$9,470,000 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.