

**REQUEST FOR ACTION  
BY  
BOARD OF COMMISSIONERS**

**Approval of Extension of Revolving Construction Loan Facility  
for ONE Neighborhood Builders**

**I. SUMMARY OF ISSUES**

This Request for Action is to authorize Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) to extend the revolving construction loan facility (the “Master Construction Loan Facility”) for Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONE|NB”) for an additional three-year term. Approval of the extension will support the development and rehabilitation of single- and two-family homes in Olneyville and its surrounding neighborhoods and other opportunities as they arise.

The original Master Construction Loan Facility in the amount of \$500,000 was approved by the Board of Commissioners in April 2018. It represented the second revolving construction loan facility approved by RIHousing for ONE|NB over the past 10 years. Borrowing authority under ONE|NB’s Master Construction Loan Facility expired in April 2021, six months prior to the expiration date of October 2021.

ONE|NB is currently building five net zero homes. The Master Construction Loan Facility was used for the first two properties, both of which are nearing completion. Each of the two homes under construction has a purchase and sales agreement with a new homebuyer. The current outstanding loan balance is approximately \$240,000. ONE|NB is prepared to begin construction on the remaining three homes upon the extension of the Master Construction Loan Facility.

ONE|NB uses a combination of construction financing, Building Homes RI funds, HOME Investment Partnerships Program (“HOME Program”) funds, Zero Energy for the Ocean State (“ZEOS”) and/or similar subsidy funds to make the homes affordable for first-time homebuyers. The availability of these subsidies is not consistent, which can impact ONE|NB’s pipeline and how many homes they can build at any given time.

Given ONE|NB’s past success, the Development Division is recommending that the Master Construction Loan Facility be extended to fund ONE|NB’s homeownership development projects for three additional years. All other terms and conditions contained in the current Master Construction Loan Agreement, including the maximum total outstanding loan balance of \$500,000, will remain the same. ONE|NB will be able to develop up to three homes and/or condominiums at any time; two homes must be pre-sold to qualified buyers, and one home can be built on a speculative basis. ONE|NB will pay interest monthly on the outstanding principal balance on each individual loan taken out under the Master Construction Loan Facility, with principal on each loan to be repaid at unit sale.

As with previous construction loan facilities, ONE|NB's homeownership division will pre-qualify applicants prior to entering purchase and sales agreements. The homes will be sold to first-time low- and moderate-income homebuyers with incomes at or below 100% of area median income, contingent upon the requirements of the subsidy source used for each property. If no subsidy funds are used, and an appraisal supports a higher loan amount and sales price, homes may be sold to buyers with incomes at or below 115% of area median income. The interest rate for each individual construction loan will be set at the time of loan with an initial rate floor of 4.00% and cap of 7.00%.

## **II. RECOMMENDATION**

Based on ONE|NB's experience under previous Master Construction Loan Program facilities, how well they are managing the current revolving loan facility, and progress to date, staff recommends extension of the existing \$500,000 Master Construction Loan Facility subject to the following conditions:

1. Execution of an amendment to the current Master Construction Loan Facility by ONE|NB in form and substance satisfactory to RIHousing.
2. Submission of all construction contracts plans and specifications; marketing plans; construction budgets; schedules of payments; lien releases; approvals of HOME Program, ZEOS, or equivalent financing; homebuyers' applications, and other documentation necessary for construction loan and end loan approval.
3. Assurance that RIHousing's Homeownership Division has the opportunity to provide end loans for homebuyers.

## **III. ATTACHMENTS**

- A. Development Summary
- B. Resolution

## Attachment A Development Summary

### A. Development Team

1. **Sponsor/Mortgagor:** Olneyville Housing Corporation d/b/a ONE Neighborhood Builders  
66 Chaffee Street  
Providence, RI 02909
  
2. **General Contractor:** TBD for each house

*Sponsor:*

Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONE|NB”) has been a driving force in the Olneyville neighborhood since 1988. They have developed both rental apartments, commercial space and first-time homebuyer opportunities. ONE|NB has completed several tax credit rental developments and as a result of their merger with CommunityWorks RI in 2014 has nine tax credit developments in its portfolio. Their homeownership developments include both single family homes and Riverside Townhomes, a condominium development at the edge of Riverside Park. Currently ONE|NB has approximately 400 apartments in their portfolio. They have played a central coordinating role in the revitalization and the stabilization of the Olneyville neighborhood, most recently with King Street Commons, scheduled to be completed later this year.

Jennifer Hawkins has over 20 years of non-profit experience and has served as the Executive Director of ONE|NB for the past three years. Under Ms. Hawkins’ guidance, ONE|NB has improved their financial position along with their asset management and development capacity. In 2020, ONE|NB hired Dean Harrison as Director of Real Estate. This will allow ONE|NB to keep all development related activities in house rather than relying on development consultants. ONE|NB is very familiar with RIHousing requirements and processes. Mr. Harrison and the development staff will oversee the home construction.

### B. Finance Summary

#### Sources and Uses for a Typical Single-Family Construction

Source	Amount	Budget Item	Budget
Construction Loan	150,000	Construction	219,878
Gap Funds	178,192	Contingency/Other	42,926
		Soft Costs	37,324
		Developer Fee	28,064
Total	328,192		328,192

The maximum RIHousing construction loan for each home will be the lower of the proposed sales price or the appraised value.

## 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 sponsors for such developments as in the judgment of RIHousing have promise of supplying well planned, well designed single family and two-family homes and condominiums which will provide housing for low and moderate-income persons or families or others in locations where there is a need for such housing;
- Whereas,** RIHousing is authorized to provide construction and permanent financing with assistance, as applicable, to homebuyers;
- Whereas,** Pursuant to a Master Construction Loan Facility (the “Loan Agreement”) RIHousing has made available up to \$500,000 in a revolving line of credit to Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONE|NB”), which borrowing authority expired in April 2021, six months prior to the Loan Agreement’s expiration date of October 2021;
- Whereas,** ONE|NB has requested an extension of the Loan Agreement to support construction of residential housing as set forth in this Request for Action; and
- Whereas,** RIHousing staff has reviewed the request, will inspect the sites and will determine that these developments may qualify for financing under RIHousing’s enabling legislation, regulations, guidelines and policies; and
- 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 Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

**NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** that RIHousing be and hereby is authorized to extend the Loan Agreement for 36 months structured generally in accordance with the description contained herein, with such changes as the Executive Director, Deputy Executive Director, or the Director of Development may, in his or her sole discretion, determine to be necessary or advisable.

**Resolved,** that the Executive Director, Deputy Executive Director, or the Directors of Development and Homeownership, each acting singly, be and hereby is authorized, empowered and directed to take any and all action to execute, file and deliver any contract, agreement or other instrument as each in his or her sole discretion, shall deem necessary or advisable in connection with this loan.

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

1. Execution of an amendment to the current Master Construction Loan Facility by ONE|NB satisfactory to RI Housing.
2. Submission of all construction contracts; plans and specifications; marketing plans; construction budgets; schedules of payments; lien releases; approvals of HOME Program, ZEOS, or equivalent financing; homebuyers' applications, and other documentation necessary for construction loan and end loan approval.
3. Assurance that RIHousing's Homeownership Division has the opportunity to provide end loans for homebuyers.