

**Request for Action
by
Board of Commissioners**

**Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and
Financing for Omni Newark (Providence)**

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for approval of 2024 and/or 2025 9% Low-Income Housing Tax Credits (“LIHTC”) in an amount not to exceed \$1,338,582 and firm approval of: (i) a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) taxable permanent first mortgage in an amount not to exceed \$1,725,000; (ii) a HOME Investment Partnerships Program loan of \$1,000,000 (the “HOME Loan”); (iii) a Middle Income Program loan of \$985,000 (the “MI Loan”); (iv) a Community Revitalization Program loan in an amount not to exceed \$1,251,861 (the “CRP Loan”); and (v) a Capital Magnet Fund loan in an amount not to exceed \$775,000 (the “CMF Loan”) for Omni Newark (the “Development”), a 52-unit affordable housing development in Providence, Rhode Island. Omni Development Corporation is the developer (the “Developer”).

The Development comprises the new construction of 52 units at 11 Newark Street in Providence. This is a five-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. Forty-one of the units will be LIHTC units affordable to households with incomes at or below 60% of area median income (“AMI”), and 11 units 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.

The Developer intends to meet RNC Tier II and Energy Star 3.1 Version 8 and has also committed to including net metering in the project. Copacity, Inc. (“Copacity”) will provide professional services to the Development by identifying renewable energy solutions and will help the development meet its intended net-zero goals and long-term energy savings. Copacity operates the only affordable housing Virtual Net Metering consortium in Rhode Island, which covers 13,000,000 kWh of renewable energy specifically for affordable housing organizations. The total benefit the Development will receive is a total rebate of \$42,363 or \$815 per unit.

Following preliminary approval, acquisition costs have increased by \$1,400,000 at the syndicator's request to satisfy their tax counsel. The syndicator requires the ‘as is’ land value of \$1,400,000, as determined by an appraisal, to be added as an acquisition cost to be balanced with a seller take-back loan. Construction costs increased slightly due to changes in construction plans from 50% to 90%, the addition of allowances for historic signage related to the former building at the site, and environmental remediation. Despite the cost increases, the total development cost per unit is \$418,550.

The syndicator is Hudson Housing Capital LLC (“Hudson”). Hudson’s investor is Santander Securities LLC. Santander Bank, N.A. will provide the construction loan. Since preliminary

approval and at the request of Hudson, the Developer has indicated that they want to surrender the Housing Production Fund Extremely Low-Income Operating Reserve Program (“HPF-ELI”) grant previously awarded by RIHousing because of concerns related to the underwritten Net Operating Income. The original HPF-ELI units will remain affordable for families earning up to 30% of AMI.

This RFA requests a reservation of 2024 and/or 2025 9% LIHTC in an amount not to exceed \$1,338,582 and firm approval of: (i) a taxable first mortgage loan in an amount not to exceed \$1,725,000, (ii) a HOME Loan in an amount not to exceed \$1,000,000, (iii) a MI Loan in an amount not to exceed \$985,000, (iv) a CRP Loan in an amount not to exceed \$1,251,861, and (v) a CMF Loan in an amount not to exceed \$775,000 for Omni Newark, subject to certain conditions as set forth in the attached Resolution.

C. ATTACHMENTS

- A.** Credit Summary
- B.** Resolution

**Attachment A
Credit Summary**

Approval Loan Recommendation Summary – Omni Newark

Preliminary _____

Firm X

Date: June 30, 2025

Project: New construction of 52 affordable apartments in Providence, comprised of 32 one-bedroom and 20 two-bedroom units.

Development Team

	Name	Location	Risk Rating
Sponsor/Developer	Omni Development Corporation	Providence, RI	Low
Mortgagor	Omni Newark Apartments, L.P.	Boston, MA	Low
Architect	David Presbrey Architects, A Corporation	Providence, RI	Low
Legal	Chace Ruttenberg & Freedman, LLP	Providence, RI	Low
Management Agent	Wingate Management Company, LLC	Newton, MA	Low
General Contractor	STAND Corporation	Warwick, RI	Low
Consultant	Barbara Sokoloff Associates, Inc.	Providence, RI	Low
Syndicator	Hudson Housing Capital LLC	New York, NY	Low

Executive Summary

Property Address	11 Newark Street	Providence
Proposed Loan Amount(s) and Terms		
Permanent 1 st Mortgage	\$1,725,000	6.78%, 30 years
HOME Loan	\$1,000,000	0%, 30 years
MI Loan	\$985,000	0%, 30 years
CRP Loan	\$1,251,861	0%, 30 years
CMF Loan	\$775,000	1%, 30 years

Note: Interest rates are subject to change based on market conditions.

Proposed Sources & Uses:

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$1,725,000	\$33,173	\$0	\$1,725,000	\$33,173
Priority Projects Fund	\$1,300,000	\$25,000	\$0	\$1,300,000	\$25,000
Community Revitalization	\$1,251,861	\$0	\$0	\$1,251,861	\$24,074
HOME	\$1,000,000	\$19,231	\$0	\$1,000,000	\$19,231
Capital Magnet Fund	\$775,000	\$0	\$0	\$775,000	\$14,904
Middle Income Program	\$985,000	\$18,942	\$0	\$985,000	\$18,942
Seller Loan	\$0	\$24,074	\$1,400,000	\$1,400,000	\$26,923
LIHTC Proceeds	\$12,047,399	\$231,681	\$333,247	\$12,380,645	\$238,089
Deferred Development Fee	\$183,359	\$3,526	\$14,056	\$197,415	\$3,796
Providence Housing Trust	\$750,000	\$14,423	\$0	\$750,000	\$14,423
Total Sources	\$20,017,619	\$384,954	\$1,747,303	\$21,764,921	\$418,556

Uses	Amount		Delta	Per Unit	
	Amount	Per Unit		Amount	Per Unit
Construction	\$14,950,000	\$287,500	\$184,500	\$15,134,500	\$291,048
Contingency	\$1,046,500	\$20,125	\$12,915	\$1,059,415	\$20,373
Acquisition	\$0	\$0	\$1,400,000	\$1,400,000	\$26,923
Soft Costs	\$1,549,595	\$29,800	\$61,124	\$1,610,719	\$30,975
Financing	\$1,004,093	\$19,309	\$48,492	\$1,052,585	\$20,242
Developer Fee	\$1,081,080	\$20,790	\$0	\$1,081,080	\$20,790
Operating Reserve	\$313,409	\$6,027	\$21,934	\$335,343	\$6,449
Replacement Reserve Year 1 Deposit	\$16,900	\$325	\$0	\$16,900	\$325
Other Reserves	\$56,041	\$1,078	\$18,338	\$74,379	\$1,430
Total Uses	\$20,017,619	\$384,954	\$1,747,303	\$21,764,921	\$418,556

\$1,338,582 LIHTC @ \$0.925

Loan-to-Value Test:

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	\$247,905	4,767	(\$50,067)	\$197,838	\$3,805
Appraisal Cap Rate	6.15%			6.15%	
Valuation	\$4,030,976	77,519	(\$814,094)	\$3,216,882	\$61,863
Loan Principal	\$1,725,000	33,173		\$1,725,000	\$33,173
LTV	42.79%		11%	53.62%	

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$418,556	\$410,221 without reserves
Residential Vacancy Rate	5%	
DCR Yr 1	1.47	
DCR Yr 15	1.32	
NOI	\$197,838	
Income Trending	2%	
Expense Trending	3%	
Loan-to-Value	42.79%	Per appraisal
Initial Installment (%) of syndication proceeds	15%	
Acquisition Price equal to or less than Appraised value	Yes	Confirmed via "as-is" appraisal
Operating Reserve (Amt and confirm consistency with UW requirements)	\$335,343	Equal to six months OpEx and Debt Service
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$16,900	\$325 per unit

Deviations from standard underwriting – None

Extraordinary Conditions Affecting Total Development Cost ("TDC"): None

Unit Distribution and Revenue:

Unit	Rent Type	Number of Units	Gross Rent	Gross Rent as a		Discount from Market Rent
				LIHTC Max Rent	% of LIHTC Max Rent	
1	30%	3	\$ 643.00	\$ 643.00	0%	0.0%
1	30%	4	\$ 1,387.00	\$ 643.00	216%	0.0%
2	30%	4	\$ 1,802.00	\$ 771.00	234%	0.0%
1	60%	13	\$ 1,222.00	\$ 1,287.00	95%	0.0%
2	60%	7	\$ 1,465.00	\$ 1,543.00	95%	0.0%
1	60%	6	\$ 1,222.00	\$ 1,287.00	95%	0.0%
2	60%	4	\$ 1,465.00	\$ 1,543.00	95%	0.0%
1	80% Non-LIHTC	6	\$ 1,640.00	\$ -	0%	0.0%
2	80% Non-LIHTC	5	\$ 1,853.00	\$ -	0%	0.0%
Total		52				0.0%

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,** the Low-Income Housing Tax Credit Program (the “Program”) was created as part of the Tax Reform Act of 1986, as amended (the “Act”);
- Whereas,** RIHousing has been designated the administrator of the Program in the State of Rhode Island;
- Whereas,** staff for RIHousing has determined that Omni Development Corporation (“Applicant”) is eligible for the Program under the laws of the State of Rhode Island and the federal tax code;
- Whereas,** on May 16, 2024, the RIHousing Board of Commissioners granted preliminary approval of a reservation of low-income housing tax credits available in calendar year 2024/2025 (“LIHTC”) and preliminary approval of permanent financing as follows:

Applicant	Development	9% LIHTC	RIHousing 1st Mortgage
Omni Development Corporation	Omni Newark	\$1,338,582	\$1,725,000

HOME Loan	MI Loan	CRP Loan	CMF Loan
\$1,000,000	\$985,000	\$1,251,861	\$775,000

- Whereas,** the RIHousing Board of Commissioners and staff have reviewed the submission of the Applicant for mortgage financing and determined that the Development qualifies for financing under RIHousing’s enabling legislation, regulations, guidelines, and policies; and
- Whereas,** RIHousing finds that:

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

(5) 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, namely Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that up to \$1,338,582 of allocated 2024/2025 LIHTC be reserved for the Applicant or an affiliated entity (the “Borrower”) pursuant to Section 4.4 of the Rules Relative to Multifamily Loan Programs - Allocation of Low-Income Housing Tax Credits (825-RICR-30-00-4) (the “RIHousing Regulations”), and 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 necessary to cause such reservation to be effective; and further, that any final allocation shall be made at such time as the Borrower complies with the requirements of the Act and the RIHousing Regulations.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$1,725,000 for a taxable first mortgage loan to the Borrower for rental housing to be located in Providence, Rhode Island and known as Omni Newark.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$1,251,861 for a Community Revitalization Program loan to the Borrower for rental housing to be located in Providence, Rhode Island and known as Omni Newark.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$1,000,000 for a HOME Investment Partnerships

Program loan to the Borrower for rental housing to be located in Providence, Rhode Island and known as Omni Newark.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$775,000 of a Capital Magnet Fund loan to the Borrower for rental housing to be located in Providence, Rhode Island and known as Omni Newark.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$985,000 for a Middle Income Program loan to the Borrower for rental housing to be located in Providence, Rhode Island and known as Omni Newark.

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

- Syndication equity from the allocation of LIHTC in an amount sufficient to achieve project feasibility;
- Availability of subordinate financing, including Priority Projects Fund financing in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- Approval by RIHousing of all management-related issues, including the marketing and tenant selection plans;
- Execution and delivery by the Applicant of a Construction Completion Guaranty in form and substance satisfactory to RIHousing and any lender;
- Closing of a construction loan with Santander Bank, N.A. in an amount sufficient to achieve project feasibility;
- Final approval by RIHousing of design and construction plans, specifications, and construction documentation;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenant and Regulatory Agreement in form(s) acceptable to RIHousing;
- FHA Risk-Sharing Program approval from the U.S. Department of Housing and Urban Development for a minimum of 50% of the first mortgage loan; and
- Completion of all items required for closing in accordance with normal underwriting and processing requirements.

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 resolutions.