

**Request for Action
by
Board of Commissioners**

**Approval of Reservation of Low-Income Housing Tax Credits (LIHTC)
and Preliminary Approval of 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 preliminary 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 grant in an amount not to exceed \$1,251,861 (the “CRP Grant”); and (v) a Capital Magnet Fund loan in an amount not to exceed \$775,000 (the “CMF Loan”) to Omni Newark (the “Development”), a 52-unit affordable housing development in Providence, Rhode Island. Omni Development Corporation is the developer (the “Developer”).

B. DISCUSSION

This project is the new construction of 52 units at 11 Newark Street in 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. In addition, the Developer has applied for RIHousing HPF-ELI subsidies for three units, which is the subject of a separate Request for Action.

The Developer’s application scored points for energy efficiency. The Developer intends to meet RNC Tier II and Energy Star 3.1 Version 8 and has also committed to include net metering on the project.

The Developer submitted its proposal for the Development in response to the Request for Proposals issued by RIHousing in November 2023. The Funding Committee, which is comprised of senior staff and a member of the RIHousing Board of Commissioners, awarded Omni Newark the second highest score in the 2024 9% LIHTC round based on the strength of the application and the criteria outlined in the State of Rhode Island 2024 Qualified Allocation Plan (“QAP”).

This RFA requests a reservation of 2024 and/or 2025 9% LIHTC in an amount not to exceed \$1,338,582 and preliminary 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 Grant 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 X

Firm _____

Date: May 16, 2024

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	TBD		
Architect	David Presbrey Architects, A Corporation	Providence, RI	Low
Legal	TBD		
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	TBD		

Executive Summary

Property Address	11 Newark Street	Providence
Proposed Loan Amount(s) and Terms		
Permanent 1 st Mortgage	\$1,725,000	7.75%, 30 years
HOME Loan	\$1,000,000	0%, 30 years
MI Loan	\$985,000	0%, 30 years
CRP Grant	\$1,251,861	N/A
CMF Loan	\$775,000	1%, 30 years

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

Proposed Sources & Uses:

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

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$384,954	\$377,524 without reserves
Residential Vacancy Rate	7%	
DCR Yr 1	1.25	
DCR Yr 15	1.15	
NOI	\$185,068	
Income Trending	2%	
Expense Trending	3%	
Loan to Value	TBD	Appraisal to be commissioned
Initial Installment (%) of syndication proceeds	15%	
Acquisition Price equal to or less than Appraised value	TBD	
Operating Reserve (Amt and	\$313,409	Equal to six months OpEx

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May 16, 2024

confirm consistency with UW requirements)		and Debt Service
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$16,900	\$325 per unit

Deviations from standard underwriting – 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	\$ 960.00	\$ 576.00	167%	0.0%
2	30%	0	\$ 1,152.00	\$ 691.00	167%	0.0%
1	30%	4	\$ 1,243.00	\$ 576.00	216%	0.0%
2	30%	4	\$ 1,495.00	\$ 691.00	216%	0.0%
1	60%	13	\$ 1,094.40	\$ 1,152.00	95%	0.0%
2	60%	7	\$ 1,313.85	\$ 1,383.00	95%	0.0%
1	60%	6	\$ 1,094.40	\$ 1,152.00	95%	0.0%
2	60%	4	\$ 1,313.85	\$ 1,383.00	95%	0.0%
1	80% Non-LIHTC	6	\$ 1,634.00	\$ -	0%	0.0%
2	80% Non-LIHTC	5	\$ 1,845.50	\$ -	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, the Applicant has submitted an application to RIHousing for the reservation of low-income housing tax credits (“LIHTC”) available in calendar year 2024 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 Grant	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 and/or 2025 LIHTC be reserved for the Applicant or an affiliated entity of the Applicant (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 applicant complies with the requirements of the Act and the RIHousing Regulations.

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

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves preliminary commitment of \$1,000,000 for a HOME Investment Partnerships Program loan to the Borrower for rental housing known as Omni Newark to be located in Providence, Rhode Island.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves preliminary commitment of up to \$985,000 for a Middle Income

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

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

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

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

- Final appraisal and market study acceptable to RIHousing prepared by an independent appraiser demonstrating that the first mortgage loan does not exceed 90% of the as-stabilized value of the Development and that sufficient demand exists for the proposed units;
- Syndication equity from the allocation of LIHTC in an amount sufficient to achieve project feasibility;
- Availability of subordinate financing, including Priority Project Fund funding, in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- Approval from the City of Providence verifying real estate tax assessment at no more than 8% of gross potential income;
- A taxable construction loan from an acceptable lender in an amount sufficient to achieve project feasibility;
- Execution and delivery by the Borrower of a construction completion guaranty in in form and substance satisfactory to RIHousing and any other lender;
- Approval by RIHousing of design and construction plans, specifications, and construction documentation;
- Approval of the proposed operating budget for the development;
- Approval by RIHousing of all management related documentation, including the marketing and tenant selection plans;
- Confirmation by RIHousing that the final development budget, schedule, and unit configuration presented for firm approval are consistent with Borrower's application submission for 2024 LIHTC;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenant and Regulatory Agreement in form(s) acceptable to RIHousing;
- Satisfactory and timely performance in accordance with the schedule established by RIHousing staff, and
- Completion of all items required for firm commitment and 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.