

**Request for Action
by the Trustees of the
Affordable Housing Trust Fund**

Approval of Preservation Loan Program Fund Financing for The Avenue

A. Project Summary

This Request for Action (“RFA”) is for approval of financing under the Preservation Loan Program Fund (“PLPF”) for The Avenue located in Providence (the “Development”). The PLPF was created to provide a flexible source of capital to be utilized for the preservation of existing affordable housing with priority given to developments previously financed by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”).

B. Summary of Issues

RIHousing’s portfolio includes approximately 13,000 affordable apartments. In addition, more than 1,430 affordable residential homes have been financed under the state’s HOME Investment Partnerships Program. Many of these affordable apartments need improvements. These apartments were constructed and/or rehabilitated in the 1990s and are beyond the initial 15-year tax credit compliance term. Several developments lack adequate reserves to conduct necessary improvements to ensure that residents are housed in a safe and healthy environment. In addition, there are unrestricted apartments in the Rhode Island market currently available for developers to acquire, rehabilitate and deed restrict to ensure long term affordability. Thus, there is a need to upgrade these affordable apartments and homes to meet health and safety standards, make necessary improvements and address physical deterioration due to wear and tear.

The Affordable Housing Trust Fund (the “AHT”) has designated \$16,000,000 for the PLPF. In March 2018, RIHousing issued the Program Guidelines and a Request for Proposals (“RFP”) for the PLPF financing. Applications are being accepted on a rolling basis.

The Avenue is a proposed 85-unit housing development combining 39 mixed-income apartments in a newly constructed building located at 434 Atwells Avenue in the Federal Hill neighborhood in Providence, and the renovation and preservation of 46 existing affordable apartments, known as Elmwood Neighborhood Revitalization II (ENR II), in the Elmwood neighborhood of Providence. The project has a mix of efficiency, and 1–4-bedroom units. Nine units will be set aside for individuals at 30% AMI, 59 at 60% AMI, and 17 market rate units. The 434 Atwells building is proposed as a 5-story building with approximately 1,000 square feet of commercial on the first floor. The site will provide 40 parking spots. The plan has preliminary planning approval and based on information from the city, the remaining approvals are administrative. The PLPF funds will be specific to the ENR II units which has a construction budget of about \$98,000 per unit.

Staff from the RIHousing Development Division, including the Design and Construction team, and Asset Management Department have reviewed the application for eligibility in accordance with the Program Guidelines and determined that Olneyville Housing Corporation D/B/A ONE Neighborhood Builders’ proposal is consistent with the requirements of the PLPF and will help to refinance and stabilize the Development.

This RFA requests approval of financing under the PLPF for The Avenue subject to certain conditions set forth in the attached Resolution.

C. Attachments

- A. Development Summary
- B. Resolution

Attachment A

Development Summary

Development Team:

Development	The Avenue
City/Town	Providence
Development Team	
Sponsor	Olneyville Housing Corporation D/B/A ONE Neighborhood Builders
General Contractor	TBD
Architect	DBVW Architects, Inc.
Property Manager	Peabody Properties, Inc.
Consultant	N/A
Syndicator	TBD

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$2,500,000	\$29,412
Preservation Loan Fund Program	\$1,500,000	\$17,647
Building Homes Rhode Island	\$3,445,000	\$40,529
HOME/RIRPF/Other	\$5,044,659	\$59,349
LIHTC Proceeds	\$10,162,219	\$119,556
Capital Magnet Fund	\$476,000	\$5,600
Existing Operating Reserve ENRII	\$150,000	\$1,765
Existing Replacement Reserve ENR II	\$104,000	\$1,224
Rollover Debt - RIH	\$4,044,291	\$47,580
Deferred Developer Fee	\$317,615	\$3,737
Total Sources	\$27,743,784	\$326,397

Uses	Preliminary	
	Amount	Per Unit
Construction	\$16,644,301	\$195,815
Contingency	\$1,350,968	\$15,894
Acquisition	\$5,019,291	\$59,050
Soft Costs	\$1,743,681	\$20,514
Financing	\$869,145	\$10,225
Developer Fee	\$1,423,229	\$16,744
Operating Reserve	\$454,025	\$5,341
Lease Up Reserve	\$30,000	\$353
Replacement Reserve Year 1 Deposit	\$109,550	\$1,289
Other Reserves	\$99,595	\$1,172
Total Uses	\$27,743,784	\$326,397

Unit	Rent Type	Number of Units	Gross Rent	Gross Rent as a	
				LIHTC Max Rent	% of LIHTC Max Rent
1	30%	4	\$ 997.00	\$ 486.00	205%
1	30%	1	\$ 476.28	\$ 486.00	98%
2	30%	3	\$ 572.32	\$ 584.00	98%
3	30%	1	\$ 661.50	\$ 675.00	98%
1	60%	2	\$ 953.54	\$ 973.00	98%
2	60%	10	\$ 1,144.64	\$ 1,168.00	98%
3	60%	1	\$ 1,323.00	\$ 1,350.00	98%
1	Over 120%	4	\$ 1,711.00	\$ -	0%
2	Over 120%	11	\$ 1,892.00	\$ -	0%
3	Over 120%	2	\$ 2,175.00	\$ -	0%
EFF	60%	2	\$ 909.00	\$ 909.00	0%
1	60%	10	\$ 831.00	\$ 973.00	85%
2	60%	12	\$ 913.00	\$ 1,168.00	78%
3	60%	20	\$ 988.00	\$ 1,350.00	73%
4	60%	2	\$ 1,475.88	\$ 1,506.00	98%
Total		85			

Attachment B

Resolution of the Trustees of the Affordable Housing Trust Fund

Whereas, the Affordable Housing Trust Fund (the “AHT”) was created by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) for the sole purpose of making homeownership to low- and moderate-income residents of the State of Rhode Island more affordable;

Whereas, one of the purposes of the AHT is to assist in the preservation of affordable housing throughout the State of Rhode Island;

Whereas, the AHT has increased its investment portfolio over the last several years through its preservation related activities; and

Whereas, the AHT created the Preservation Loan Program Fund and has set aside \$16,000,000 to assist in the preservation of affordable housing.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, the AHT be, and is hereby authorized, to commit up to \$1,500,000 in funding to Olneyville Housing Corporation D/B/A ONE Neighborhood Builders or an affiliated entity (the “Borrower”) to finance the rehabilitation of the multi-family development known as The Avenue located in Providence, RI.

Resolved, that the foregoing resolution is subject to the following conditions:

- Approval of financing from RIHousing.
- Final approval by RIHousing of construction plans, specifications, and supporting construction documentation.
- Execution and delivery by Olneyville Housing Corporation D/B/A ONE Neighborhood Builders or affiliate, the general partner of borrower, of a Construction Completion Guaranty in form and substance satisfactory to any lender and RIHousing.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

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