

**Request for Action  
by  
Board of Commissioners**

**Approval of Reservation of Low-Income Housing Tax Credits (LIHTC)  
and Firm Approval of Financing for Parcel 9 I & II**

**A. PROJECT SUMMARY**

This Request for Action (“RFA”) is for firm approval of a reservation of 2022/2023 9% Low-Income Housing Tax Credits (“LIHTC”) in an amount not to exceed \$515,987, as well as firm approval of; (i) a HOME Investment Partnerships Program (“HOME”) Loan in an amount not to exceed \$1,217,478; and (ii) a Housing Trust Fund (“HTF”) Loan in an amount not to exceed \$1,230,880 for Parcel 9 I (“Parcel 9 I”). This RFA is also seeking firm approval of: (i) a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) tax-exempt construction loan in an amount not to exceed to \$8,200,000; and (ii) a Housing Production Fund (“HPF”) Loan in an amount not to exceed \$676,574 for Parcel 9 II (“Parcel 9 II” and together with Parcel 9 I, “Parcel 9 I & II” or the “Development”). Pennrose, LLC is the developer (the “Developer”). The Development received preliminary approval for this financing from the Board of Commissioners on April 21, 2022 and June 16, 2022 (“Preliminary Approval”).

**B. DISCUSSION**

Parcel 9 I & II is a new construction, mixed-use, mixed-income development on a currently vacant parcel at the edge of the Fox Point neighborhood in Providence. The Developer has a purchase option with the I-195 Redevelopment District for the property. The project is a “twinning” deal that will include both a 4% and a 9% LIHTC partnership. Parcel 9 I will provide 37 units and Parcel 9 II will provide 29 units and a childcare facility. The projects must be completed simultaneously as all the new units are in a single building.

The Developer is proposing a 66-unit building for the Development utilizing a condominium structure. Parcel 9 I will consist of 15 units between 30% - 60% of area median income (“AMI”) and 22 market rate units. Parcel 9 II will consist of 29 units, 100% of which will be LIHTC units, between 30% - 60% AMI. Parcel 9 was awarded eight project-based vouchers (“PBVs”) through the Providence Housing Authority to be utilized on Parcel 9 I. Parcel 9 II will benefit from six U.S. Department of Housing and Urban Development 811 vouchers. The Developer has received final plan approval from the I-195 Redevelopment District Commission, and the I-195 District staff have affirmed the proposed structuring and unit/affordability mix proposed in the financing application.

The Developer has partnered with Children’s Friend and will construct a Head Start daycare facility on the first floor of the proposed building. While this facility will be part of the residential Parcel 9 II condominium, the childcare facility will be funded separately.

Since preliminary approval, construction costs have increased, and the Developer has undertaken value engineering to address these escalating costs. The Developer was awarded

Building Homes Rhode Island (“BHRI”) funds from the Rhode Island Housing Resources Commission, a Federal Home Loan Bank of Boston grant, and Trust Funds from the City of Providence to help offset those increased costs. The unit configurations between Parcel 9 I & II were also revised to generate increased LIHTC equity. In addition, the Developer conducted a third-party utility allowance study and has received approval to use the proposed utility allowance fees for all LIHTC, Section 811, and PBV units.

The Developer has secured permanent financing through Cedar Rapids Bank & Trust for Parcel 9 I. National Equity Fund (“NEF”) is the LIHTC syndicator for both transactions. Construction financing is secured from Millennium Corporation, a Massachusetts corporation and a wholly owned subsidiary of Eastern Bank (“Eastern”), on both Parcel 9 I & II. For Parcel 9 II, Eastern will purchase the tax-exempt bonds issued by RIHousing in a Private Placement. The loan will be non-recourse to RIHousing with Eastern assuming all financial risk.

This RFA requests firm approval of a reservation of an amount not to exceed \$515,987 of 2022/2023 9% Low-Income Housing Tax Credits, as well as firm approval of: (i) a HOME Loan in an amount not to exceed \$1,217,478; and (ii) an HTF Loan in an amount not to exceed \$1,230,880 for Parcel 9 I. This RFA also requests firm approval of: (i) tax-exempt construction financing of up to \$8,200,000; and (ii) an HPF Loan in an amount not to exceed \$676,574 for Parcel 9 II. Such approvals are subject to certain conditions as set forth in the attached Resolutions.

**C. ATTACHMENTS**

- A.** Credit Summary
- B.** Resolution Parcel 9 I
- C.** Resolution Parcel 9 II

**Attachment A  
Credit Summary**

**Approval Loan Recommendation Summary – Parcel 9 I & II**

Preliminary \_\_\_\_\_

Firm  X

**Date: March 16, 2023**

**Project:** New construction of 66 (44 affordable) apartments in Providence comprised of 12 efficiency, 35 one-bedroom and 19 two-bedroom units

**Development Team:**

	<b>Name</b>	<b>Location (city/state)</b>	<b>Risk Rating (low/med/high)</b>
<b>Co-Developer</b>	Pennrose, LLC	Philadelphia, PA	Low
<b>Mortgagor</b>	Parcel 9 Phase I-9 LLC/ Parcel 9 Phase I-4 LLC	Providence, RI	Low
<b>Architect</b>	Union Studio Architecture & Community Design, Inc.	Providence, RI	Low
<b>General Contractor</b>	Haynes Construction Company	Seymour, CT	Low
<b>Legal</b>	Klein Hornig LLP	Boston, MA	Low
<b>Management Agent</b>	Pennrose Management Company	Philadelphia, PA	Low
<b>Syndicator</b>	National Equity Fund Inc.	New York, NY	Low

**Executive Summary:**

**Parcel 9 I (9%)**

	<b>Address</b>	<b>City</b>
<b>Property Address</b>	55 George M. Cohan Blvd	Providence
<b>Proposed Loan Amount(s) and Terms</b>		
	<b>Amount</b>	<b>Interest rate/Term</b>
RIH HOME Loan	\$1,217,478	AFR /42 Years
HTF Loan	\$1,230,880	AFR /42 Years

**Parcel 9 II (4%)**

	<b>Address</b>	<b>City</b>
<b>Property Address</b>	55 George M. Cohan Blvd	Providence
<b>Proposed Loan Amount(s) and Terms</b>		
	<b>Amount</b>	<b>Interest rate/Term</b>
Tax-Exempt Conduit Financing	\$8,200,000	5.24%/2 Years
HPF Loan	\$676,574	AFR/42 Years

Note: Interest rates are subject to change based on market conditions and deal specifics. RIHousing is not currently designated as the permanent lender.

**Proposed Sources & Uses:**

**Parcel 9 I (9%)**

<b>Sources</b>	<b>Preliminary</b>		<b>Delta</b>	<b>Firm</b>	
	<b>Amount</b>	<b>Per Unit</b>		<b>Amount</b>	<b>Per Unit</b>
Cedar Rapids	\$5,270,000	\$142,432	(\$1,170,768)	\$4,099,232	\$110,790
Gap- HPF/BHRI/RIRPF	\$328,945	\$8,890	(\$328,945)	\$0	\$0
RIH HOME Loan	\$1,217,478	\$32,905	\$0	\$1,217,478	\$32,905
Housing Trust Fund	\$1,230,880	\$33,267	\$0	\$1,230,880	\$33,267
Building Homes Rhode Island	\$0	\$0	\$2,182,320	\$2,182,320	\$58,982
Workforce Funds	\$400,000	\$10,811	(\$400,000)	\$0	\$0
LIHTC Proceeds	\$4,643,420	\$125,498	\$257,971	\$4,901,391	\$132,470
Deferred Developer Fee	\$97,178	\$2,626	(\$97,178)	\$0	\$0
City of Providence AHT	\$0	\$0	\$1,403,586	\$1,403,586	\$37,935
Rebuild RI / DEM Funds	\$80,000	\$2,162	(\$80,000)	\$0	\$0
Energy Rebates	\$0	\$0	\$12,155	\$12,155	\$329
<b>Total Sources</b>	<b>\$13,267,901</b>	<b>\$358,592</b>	<b>\$1,779,140</b>	<b>\$15,047,041</b>	<b>\$406,677</b>

<b>Uses</b>			<b>Delta</b>		
	<b>Amount</b>	<b>Per Unit</b>		<b>Amount</b>	<b>Per Unit</b>
Construction	\$9,739,485	\$263,229	\$806,319	\$10,545,804	\$285,022
Contingency	\$486,974	\$13,161	\$303,961	\$790,935	\$21,377
Acquisition	\$200,396	\$5,416	(\$93,432)	\$106,964	\$2,891
Soft Costs	\$993,155	\$26,842	\$554,665	\$1,547,820	\$41,833
Financing	\$295,643	\$7,990	\$471,453	\$767,096	\$20,732
Developer Fee	\$699,300	\$18,900	\$0	\$699,300	\$18,900
Operating Reserve	\$324,542	\$8,771	\$31,413	\$355,955	\$9,620
Lease Up Reserve	\$373,402	\$10,092	(\$360,727)	\$12,675	\$343
Replacement Reserve Year 1 Deposit	\$14,800	\$400	\$0	\$14,800	\$400
Other Reserves	\$140,204	\$3,789	\$65,488	\$205,692	\$5,559
<b>Total Uses</b>	<b>\$13,267,901</b>	<b>\$358,592</b>	<b>\$1,779,140</b>	<b>\$15,047,041</b>	<b>\$406,677</b>

**Parcel 9 I - \$515,987 LIHTC @ \$0.950/Credit**

## Parcel 9 II (4%)

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$1,709,000	\$58,931	(\$1,709,000)	\$0	\$0
Gap - BHRI/HPF/RIRPF	\$4,759,658	\$164,126	(\$4,759,658)	\$0	\$0
Building Homes Rhode Island	\$0	\$0	\$4,852,685	\$4,852,685	\$167,334
Housing Production Fund	\$0	\$0	\$676,574	\$676,574	\$23,330
Deferred Fee	\$796,309	\$27,459	\$103,691	\$900,000	\$31,034
City HOME	\$0	\$0	\$400,000	\$400,000	\$13,793
City of Providence AHT	\$0	\$0	\$1,496,414	\$1,496,414	\$51,600
LIHTC Proceeds	\$3,529,332	\$121,701	\$3,715,575	\$7,244,907	\$249,824
FHLB-B	\$0	\$0	\$650,000	\$650,000	\$22,414
Energy Rebates	\$0	\$0	\$12,845	\$12,845	\$443
<b>Total Sources</b>	<b>\$10,794,299</b>	<b>\$372,217</b>	<b>\$5,439,126</b>	<b>\$16,233,425</b>	<b>\$559,773</b>

Uses	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
Construction	\$6,377,310	\$219,907	\$4,707,605	\$11,084,915	\$382,238
Contingency	\$510,185	\$17,593	\$210,334	\$720,519	\$24,845
Acquisition	\$131,217	\$4,525	(\$18,181)	\$113,036	\$3,898
Soft Costs	\$717,268	\$24,733	\$862,947	\$1,580,215	\$54,490
Financing	\$1,168,145	\$40,281	(\$358,922)	\$809,223	\$27,904
Developer Fee	\$1,344,794	\$46,372	\$103,306	\$1,448,100	\$49,934
Operating Reserve	\$170,289	\$5,872	\$4,121	\$174,410	\$6,014
Lease Up Reserve	\$0	\$0	\$94,505	\$94,505	\$3,259
Replacement Reserve Year 1 Deposit	\$11,600	\$400	\$0	\$11,600	\$400
Other Reserves	\$363,491	\$12,534	(\$166,590)	\$196,901	\$6,790
<b>Total Uses</b>	<b>\$10,794,299</b>	<b>\$372,217</b>	<b>\$5,439,126</b>	<b>\$16,233,425</b>	<b>\$559,773</b>

## Parcel 9 II - \$762,698 LIHTC @ \$0.950/Credit

Note: the childcare facility (commercial component) increases the overall per unit development costs by \$106,177. The residential portion of the 4% transaction is \$441,365 net of reserves.

Uses	Parcel 9 II - 4% Commercial-Residential Construction Costs					
	Residential	Per Unit	Commercial	Per Unit	Combined	Per Unit
Acquisition	92,900	3,203	20,136	694	113,036	3,898
Construction	9,110,253	314,147	1,974,662	68,092	11,084,915	382,238
Contingency	572,420	19,739	148,099	5,107	720,519	24,845
Soft Costs	1,178,385	40,634	401,831	13,856	1,580,216	54,490
Financing	655,508	22,604	153,715	5,301	809,223	27,904
Developer Fee	1,190,136	41,039	257,964	8,895	1,448,100	49,934
Total reserves	354,692	12,231	122,724	4,232	477,416	16,463
<b>Total Uses</b>	<b>13,154,294</b>	<b>453,596</b>	<b>3,079,131</b>	<b>106,177</b>	<b>16,233,425</b>	<b>559,773</b>

## Parcel 9 I & II 9%/4% Combined

Sources	9%		4%		Combined	
	Amount	Per Unit	Amount	Per Unit	Amount	Per unit
Cedar Rapids	4,099,232	110,790	-	-	4,099,232	62,110
BHRI	2,182,320	58,982	4,852,685	167,334	7,035,005	106,591
HPF	-	-	676,574	23,330	676,574	10,251
Deferred Fee	-	-	900,000	31,034	900,000	13,636
City HOME	-	-	400,000	13,793	400,000	6,061
FHLB	-	-	650,000	22,414	650,000	9,848
Energy Rebates	12,155	329	12,845	443	25,000	379
RIH HOME	1,217,478	32,905	-	-	1,217,478	18,447
RIH HTF	1,230,880	33,267	-	-	1,230,880	18,650
LIHTC Proceeds	4,901,390	132,470	7,244,906	249,824	12,146,296	184,035
City of Providence AHT	1,403,586	37,935	1,496,414	51,600	2,900,000	43,939
<b>Total Sources</b>	<b>15,047,041</b>	<b>406,677</b>	<b>16,233,424</b>	<b>559,773</b>	<b>31,280,465</b>	<b>473,946</b>

  

Uses	9%		4%		Combined	
	Amount	Per Unit	Amount	Per Unit	Amount	Per unit
Acquisition	106,964	2,891	113,036	3,898	220,000	3,333
Construction	10,545,804	285,022	11,084,915	382,238	21,630,719	327,738
Contingency	790,935	21,377	720,519	24,845	1,511,454	22,901
Soft Costs	1,547,820	41,833	1,580,216	54,490	3,128,036	47,394
Financing	767,096	20,732	809,223	27,904	1,576,319	23,884
Developer Fee	699,300	18,900	1,448,100	49,934	2,147,400	32,536
Total reserves	589,122	15,922	477,416	16,463	1,066,538	16,160
<b>Total Uses</b>	<b>15,047,041</b>	<b>406,677</b>	<b>16,233,425</b>	<b>559,773</b>	<b>31,280,466</b>	<b>473,946</b>

## Underwriting Metrics:

### Parcel 9 I (9%)

Metric	Amount	Comment
Total Development Cost Per Unit	\$406,677	\$390,755 Net of Reserves
Residential Vacancy Rate		
Market Vacancy Rate	7.0%	
Affordable Vacancy Rate	5.0%	
DCR Year 1	1.20	
DCR Year 15	1.34	
NOI	\$357,855	
Income Trending	2.0%	
Expense Trending	3.0%	
Initial Installment (%) of syndication proceeds	18.6%	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$355,955	Equal to 6 months operating & debt service
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$14,800	Equal to \$400 per unit, exceeds RIHousing requirement

**Parcel 9 II (4%)**

<b>Metric</b>	<b>Amount</b>	<b>Comment</b>
Total Development Cost Per Unit	\$559,773 including childcare facility	\$543,310 Net of Reserves \$437,133 Net of Commercial Costs and Reserves
Residential Vacancy Rate	5%	
DCR Year 1	N/A no amortizing debt on residential	
DCR Year 15	N/A no amortizing debt on residential	
NOI	\$34,590 without the childcare facility income	If the childcare facility income is included, the NOI is \$94,198
Income Trending	2.0%	
Expense Trending	3.0%	
Initial Installment (%) of syndication proceeds	16.6%	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$174,410	Equal to 6 months operating & debt service
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$11,600	Equal to \$400 per unit, exceeds RIHousing requirement

**Deviations from standard underwriting – Yes**

The cost per unit on both Parcel 9 I & II have risen beyond the 2023 QAP cost per unit cap.

Approximately 80% of the cost increases can be attributed to increased construction costs. The developer has done significant value engineering since Preliminary, however, due to the inclusion of the childcare facility in the residential condominium, the overall construction cost increase is approximately 25%. Parcel 9 II, specifically, is carrying the cost to build the commercial space shell so the developer can capture this cost in eligible basis and generate LIHTC equity. The construction contingency is 7% on Parcel 9 I and 6% on Parcel 9 II. Overall, the current combined TDC net of reserves is \$457,787 which exceeds the current cap of \$429,000 by \$28,787. Our construction team has evaluated the current proposed schedule of values and determined that the current pricing is consistent with pricing on other similar elevator-served buildings.

It is also worth noting that as a I-195 parcel, there are public amenities required by the I-195 Commission that add some costs related to site and infrastructure.

**Loan to Value:**

**Parcel 9 I (9%)**

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	\$423,073	\$11,434	(\$65,218)	\$357,855	\$9,672
Appraisal Cap Rate	6.00%			6.00%	
Valuation	\$7,220,000	\$195,135	(\$1,255,744)	\$5,964,256	\$161,196
Loan Principal	\$4,099,232	\$110,790		\$4,099,232	\$110,790
LTV	56.78%		12%	68.73%	

**Parcel 9 II (4%)**

N/A



**Unit Distribution and Revenue (Combined):**

Rent Type	Bedrooms	# of Units			Gross Rent	Net Rent	LIHTC Max Rent
		9%	4%	Total			
30%	EFF	-	4	4	1,594	1,467	507
	1	-	2	2	1,761	1,612	544
	1	3	-	3	1,671	1,522	544
	2	4	-	4	2,014	1,820	653
50%	EFF	1	-	1	889	762	846
	1	1	-	1	1,671	1,522	1,088
60%	EFF	3	2	5	1,058	931	1,088
	1	1	15	16	1,144	995	1,088
	2	2	6	8	1,384	1,190	1,306
120%	1	1	-	1	2,016	1,867	NA
	2	3	-	3	2,433	2,239	NA
>120%	EFF	2		2	1,837	1,710	NA
	1	12		12	2,264	2,115	NA
	2	4	-	4	2,894	2,700	NA
	<b>Total</b>	<b>37</b>	<b>29</b>	<b>66</b>			

## 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 Pennrose, LLC (“Applicant”) is eligible for the Program under the laws of the State of Rhode Island and the federal tax code;

**Whereas,** in April 21, 2022, the RIHousing Board of Commissioners granted preliminary approval of a reservation of low-income housing tax credits available in calendar year 2022/2023 (“LIHTC”), and preliminary approval of permanent financing;

**Whereas,** since preliminary approval the request for permanent financing from the Applicant listed below has increased to the following:

<b>Applicant</b>	<b>Development</b>	<b>9% LIHTC</b>	<b>HOME Loan</b>	<b>HTF Loan</b>
Pennrose, LLC	Parcel 9 I	\$515,987	\$1,217,478	\$1,230,880

**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 \$515,987 of allocated 2022/2023 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 a HOME Investment Partnerships Loan in an amount not to exceed \$1,217,478, to the Borrower for rental housing to be located in Providence, Rhode Island and known as Parcel 9 I.

**Resolved,** that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of a Housing Trust Fund Loan in an amount not to exceed \$1,230,880 to the Borrower for rental housing to be located in Providence, Rhode Island and known as Parcel 9 I.

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

- Final appraisals and market studies 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 phases and that sufficient demand exists for the proposed units;

- The simultaneous closing of Parcel 9 I and Parcel 9 II;
- Availability of permanent financing from Cedar Rapids Bank & Trust in an amount sufficient to achieve project feasibility;
- Closing of a construction loan with Eastern Bank in an amount sufficient to achieve project feasibility;
- Completion of the HUD Environmental Review and Subsidy Layering by Providence Housing Authority for the Project Based Voucher contract;
- Execution and delivery by the Borrower of a construction completion guaranty in form and substance satisfactory to RIHousing and any lender;
- Approval by RIHousing of design and construction plans, specifications, and construction documentation;
- Approval of bifurcation of the \$2,900,000 City of Providence AHT Loan between Parcel 9 I and II to achieve project feasibility;
- Approval of funding required to develop the childcare facility;
- Approval by RIHousing of all management-related issues, including the marketing and tenant selection plans;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenant and Regulatory Agreement in form(s) acceptable to RIHousing; 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.

### **Attachment C**

**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,** RIHousing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

**Whereas,** RIHousing is authorized to issue conduit tax-exempt financing at an economically acceptable rate to promote the acquisition, rehabilitation, or preservation of affordable housing;

**Whereas,** on April 21, 2022 the RIHousing Board of Commissioners granted preliminary approval of tax-exempt mortgage financing to Pennrose, LLC (“Applicant”) to acquire and/or rehabilitate the affordable housing to be known as Parcel 9 II (the “Development”);

**Whereas,** the Applicant is requesting firm approval of tax-exempt mortgage financing for the Development as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax- Exempt Bonds</u>	<u>HPF Loan</u>
Parcel 9 II	Pennrose, LLC	\$8,200,000	\$676,574

**Whereas,** said bonds shall have a term not to exceed 35 years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary; and

**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.

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

**Resolved,** that subject to the special conditions listed below, RIHousing hereby declares firm commitment for tax-exempt mortgage financing for Pennrose, LLC or other affiliated entity of the Applicant (the “Borrower”) in an amount not to

exceed \$8,200,000 for rental housing known as Parcel 9 II located in Providence, Rhode Island to be financed in part with tax-exempt bonds.

**Resolved,** that RIHousing hereby declares that this firm commitment of financing for the Borrower constitutes the affirmative official act of RIHousing of its intention to issue bonds to finance, and to reimburse qualified expenditures incurred by the Borrower or RIHousing in advance of the issuance of the bonds, up to \$8,200,000 in mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder. The intent to reimburse the aforementioned bond-funded costs is intended to satisfy the requirements of Section 1.150-2 of the United States Treasury Regulations. This resolution shall take effect immediately upon adoption.

**Resolved,** that, in order to fund the loan to the Development, RIHousing may enter into a loan arrangement with Eastern Bank (the “Eastern Bank Loan”) substantially in accordance with the terms outlined in the Request for Action to which this resolution is attached.

**Resolved,** that the Executive Director, Deputy Executive Director, Director of Finance, General Counsel, and Manager of Treasury and Capital Planning (each, an “Authorized Officer”), acting singly, be and each hereby is authorized to enter into such documents with Eastern Bank as it may require to evidence the Eastern Bank Loan, including, without limitation, a funding loan agreement, note, and pledge and security agreement, each containing such terms and conditions as the Authorized Officer shall approve, each such determination to be conclusively evidenced by his/her execution thereof and each such determination is hereby fully and completely approved and adopted as the valid action of and by RIHousing, approved in all respects by the Board of Commissioners of RIHousing.

**Resolved,** that the Authorized Officers be, and each of them hereby is, authorized, empowered and directed to take any and all action necessary to effectuate the purpose and intent of the foregoing resolutions, including, without limitation, (i) the execution and delivery on behalf of RIHousing of all such other agreements, documents, and instruments and the performance by RIHousing thereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate, or advisable, and (ii) the consummation of the transactions contemplated hereby and the performance by RIHousing as required hereunder, as each of them shall determine, in his/her exclusive and reasonable judgment, to be necessary, appropriate, or advisable, each such determination pursuant to the immediately preceding clauses to be conclusively evidenced by the taking of such action by any Authorized Officer and each such determination is hereby fully and completely approved and adopted as the valid action of and by RIHousing, approved in all respects by the Board of Commissioners.

**Resolved,** that, subject to the special conditions listed below, RIHousing hereby grants firm approval for a Housing Production Fund Loan to the Borrower, in an amount not to exceed \$676,574 for rental housing known as Parcel 9 II located in Providence.

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

- Final appraisals and market studies acceptable to RIHousing prepared by an independent appraiser demonstrating the as-stabilized value of Parcel 9 - II and that sufficient demand exists for the proposed units;
- Syndication equity from the allocation of LIHTC in an amount sufficient to achieve project feasibility;
- The simultaneous closing of Parcel 9 I and Parcel 9 II;
- Availability of permanent financing from Cedar Rapids Bank & Trust in amount sufficient to achieve project feasibility;
- Approval of RIH Section 811 unit subsidies;
- Execution and delivery by the Applicant of a Construction Completion Guaranty in form and substance satisfactory to RIHousing and any lender;
- Approval by RIHousing of design and construction plans, specifications, and construction documentation;
- Approval of bifurcation of the \$2,900,000 City of Providence AHT Loan between Parcel 9 I and II to achieve project feasibility;
- Approval of funding required to develop the childcare facility;
- Approval by RIHousing of all management-related issues, including the marketing and tenant selection plans;
- Final approval of the bond related documents with Eastern Bank; and approval by bond counsel of all bond requirements;
- 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.