

**Request for Action
by
Board of Commissioners**

**Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and
Financing for Penny Lane (Warren)**

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for firm approval of the reservation of up to \$1,200,000 of 2025 and/or 2026 9% Low-Income Housing Tax Credits (“LIHTC”) and firm approval of (i) a taxable leasehold first mortgage loan in an amount up to \$1,975,000 and (ii) a Housing Production Fund loan in an amount up to \$1,097,392 (the “HPF Loan”) for Penny Lane (the “Development”), a 40-unit rental housing development to be located in Warren. East Bay Community Development Corp. is the developer (the “Developer”). The Development received preliminary approval from the Board of Commissioners (the “Board”) on May 15, 2025 (“Preliminary Approval”).

B. DISCUSSION

Penny Lane will be completed utilizing a traditional neighborhood design with closely spaced houses connected by a pedestrian-friendly streetscape and green spaces. The Development will include 40 affordable units for families with incomes at or below 60% of area median income (“AMI”). Two units will be designed to be accessible. The units range in size from one to three bedrooms. A small community building housing a common laundry room, property management office, and mailboxes will also be constructed. This neighborhood design was successfully implemented by the Developer at two locations in Barrington over the past 15 years.

In addition, the Development will be designed to meet ENERGY STAR Single-Family New Homes National Program Requirements, Version 3.1 (Rev. 12) and to achieve Rhode Island Residential New Construction (RNC) Program’s Tier II Path to Energy Efficiency.

Since Preliminary Approval, the State LIHTC award has increased by \$2,682,000 and the HPF Loan amount has decreased by \$1,602,608, accordingly. However, the total development cost has increased by \$224,417. Although the Developer was able to work with the general contractor to hold pricing since Preliminary Approval, this cost increase was primarily caused by financing fees related to the Federal Financing Bank (“FFB”) reserve required under the FFB Risk-Sharing Program.

The syndicator is Redstone Equity Partners LLC, which is paying \$0.90 per credit. The upper tier investor and construction lender will be Santander Bank, N.A. The State LIHTC will be purchased by Tax Incentive Finance, which is paying \$0.74 per Credit.

This RFA requests firm approval of a reservation of an amount not to exceed \$1,200,000 of 2025 and/or 2026 LIHTC and firm approval of (i) a taxable leasehold first mortgage loan in an amount up to \$1,975,000 and (ii) a Housing Production Fund loan in an amount up to

\$1,097,392 for Penny Lane, 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 – Penny Lane

Preliminary

Firm X

Date: December 18, 2025

Project: The new construction of 40 affordable housing units, consisting of eight one-bedroom, 16 two-bedroom, and 16 three-bedroom units, for families in Warren whose incomes are at or below 60% of AMI.

Development Team

	Name	Location	Risk Rating
Sponsor/Developer	East Bay Community Development Corp.	Bristol, RI	Low
Mortgagor	581 Child Street Limited Partnership	Bristol, RI	Low
Architect	Union Studio Architecture and Community Design, Inc.	Providence, RI	Low
Legal	Chace Ruttenberg & Freedman, LLP	Providence, RI	Low
Management Agent	East Bay Community Development Corp.	Bristol, RI	Low
General Contractor	Stand Corporation	Warwick, RI	Low
Consultant	FJS Associates, Ltd.	Middletown, RI	Low
Syndicator	Redstone Equity Partners, LLC	Braintree, MA	Low

Executive Summary

	Address	City
Property Address	581 Child Street	Warren
Proposed Loan Amount(s) and Terms		
	Amount	Interest Rate/Term
Taxable Loan (FFB)	\$1,975,000	6.35%, 40 Years
HPF Loan	\$1,097,392	0%, 40 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	\$2,750,000	68,750	(\$775,000)	\$1,975,000	\$49,375
Housing Production Fund	\$2,700,000	67,500	(\$1,602,608)	\$1,097,392	\$27,435
LIHTC Proceeds	\$11,038,896	275,972	(\$239,970)	\$10,798,926	\$269,973
State LIHTC	\$2,000,279	50,007	\$2,681,995	\$4,682,274	\$117,057
Deferred Development Fee	\$0	0	\$160,000	\$160,000	\$4,000
Total Sources	\$18,489,175	462,229	\$224,417	\$18,713,592	\$467,840

Uses	Amount	Per Unit	Delta	Amount	Per Unit
Construction	\$13,552,000	\$338,800	\$0	\$13,552,000	\$338,800
Contingency	\$1,000,000	\$25,000	(\$23,132)	\$976,868	\$24,422
Acquisition	\$405,000	\$10,125	\$0	\$405,000	\$10,125
Soft Costs	\$1,618,400	\$40,460	(\$26,369)	\$1,592,031	\$39,801
Financing	\$693,438	\$17,336	\$311,262	\$1,004,700	\$25,117
Developer Fee	\$868,560	\$21,714	\$0	\$868,560	\$21,714
Operating Reserve	\$300,577	\$7,514	(\$37,506)	\$263,071	\$6,577
Replacement Reserve Year 1 Deposit	\$13,000	\$325	\$0	\$13,000	\$325
Tax + Insurance	\$38,200	\$955	\$162	\$38,362	\$959
Total Uses	\$18,489,175	\$462,229	\$224,417	\$18,713,592	\$467,840

Loan to Value Test:

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	\$255,640	6,391	(90,898.30)	\$164,742	\$4,119
Appraisal Cap Rate	5.25%			5.25%	
Valuation	\$4,560,000	114,000	(1,422,062.82)	\$3,137,937	\$78,448
Loan Principal	\$1,975,000	49,375		\$1,975,000	\$49,375
LTV	43.31%		19.63%	62.94%	

LIHTC Equity Pay-In Schedule:

Milestone	Equity Pay-in %	Amount
Construction Closing	15.00%	\$1,619,838
Substantial Completion/ Temporary CO	30.00%	\$3,239,676
Permanent CO/ Three Months 90% Occupancy	53.00%	\$5,723,427
8609	2.00%	\$215,979
Total	100.00%	\$10,798,920

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$467,840	\$459,979 Net of Reserves
Residential Vacancy Rate	5.00%	
DCR Yr 1	1.21	
DCR Yr 15	1.15	
NOI	\$164,742	
Income Trending	2.00%	

Expense Trending	3.00%	
Loan to Value	62.94%	
Initial Installment (%) of syndication proceeds	15.00%	
Acquisition Price equal to or less than Appraised value	Yes	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$263,071	Equal to Six Months of Debt Service and Operating Expenses
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$13,000	\$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 % of		Discount from Market Rent
				LIHTC Max Rent	LIHTC Max Rent	
1	30%	2	\$ 643.00	\$ 643.00	0%	0.0%
1	60%	2	\$ 1,287.00	\$ 1,287.00	0%	0.0%
2	30%	5	\$ 771.00	\$ 771.00	0%	0.0%
2	60%	12	\$ 1,543.00	\$ 1,543.00	0%	0.0%
3	30%	1	\$ 891.00	\$ 891.00	0%	0.0%
3	60%	18	\$ 1,783.00	\$ 1,783.00	0%	0.0%
Total			40			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 East Bay Community Development Corp. (“Applicant”) is eligible for the Program under the laws of the State of Rhode Island and the federal tax code;

Whereas, in May 15, 2025, the RIHousing Board of Commissioners granted preliminary approval of a reservation of low-income housing tax credits available in calendar year 2025 and/or 2026 (“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:

Applicant	Development	9% LIHTC	RIHousing 1 st Mortgage	HPF Loan
East Bay Community Development Corp.	Penny Lane	\$1,200,000	\$1,975,000	\$1,097,392

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 \$1,200,000 of allocated 2025 and/or 2026 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 \$1,975,000 for a taxable first mortgage loan to the Borrower for rental housing to be located in Warren, Rhode Island and known as Penny Lane.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$1,097,392 for a Housing Production Fund loan to the Borrower for rental housing to be located in Warren, Rhode Island and known as Penny Lane.

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

- Syndication equity from the allocation of federal Low-Income Housing Tax Credits (“LIHTC”) in an amount sufficient to achieve project feasibility;
- Syndication equity from the allocation of state Low-Income Housing Tax Credits (“SLIHTC”) in an amount sufficient to achieve project feasibility;
- Availability of subordinate financing in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- Final approval of plans and specifications by RIHousing, as well as related construction documentation;
- A taxable construction loan from Santander Bank, N.A. in an amount sufficient to achieve project feasibility;
- Final approval of plans and specifications by RIHousing, as well as related construction documentation;
- 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;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenants 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.