

**Request for Action  
by  
Board of Commissioners**

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

**A. PROJECT SUMMARY**

This Request for Action (“RFA”) is for approval of a reservation of 2025 and/or 2026 9% Low-Income Housing Tax Credits (“LIHTC”) in an amount not to exceed \$1,200,000 and preliminary approval of (i) a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) taxable permanent first mortgage loan in an amount not to exceed \$2,750,000; and (ii) a Housing Production Fund loan in an amount not to exceed \$2,700,000 (the “HPF Loan”) for Penny Lane (the “Development”), a 40-unit rental housing development to be located in Warren, RI. East Bay Community Development Corp. is the developer (the “Developer”).

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 units for families with incomes at or below 60% of area median income (“AMI”). The Warren Housing Authority has set aside eight Project Based Vouchers for residents at or below 30% of AMI. Two units of the proposed 40 units will be designed to be handicapped 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.

The Developer submitted their proposal in response to the Request for Proposals issued by RIHousing in December 2024. The Funding Committee, which is comprised of senior staff, a member of the RIHousing Board of Commissioners, and the Secretary of Housing, awarded the Development the fourth highest score in the 2025 9% LIHTC round based on the strength of the application and the criteria outlined in the State of Rhode Island 2025 Qualified Allocation Plan (“QAP”). This proposed LIHTC allocation for Penny Lane is available due to a modified funding approval for another project that returned its 2025 LIHTC allocation.

Subject to certain conditions as set forth in the attached Resolution, this RFA requests approval of a reservation of 2025/2026 9% LIHTC in an amount not to exceed \$1,200,000 and preliminary approval of (i) a taxable permanent first mortgage loan in an amount not to exceed \$2,750,000; and (ii) a HPF Loan in an amount not to exceed \$2,700,000.

**ATTACHMENTS**

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

**Attachment A  
Credit Summary**

**Approval Loan Recommendation Summary – Penny Lane**

**Preliminary**   X  

**Firm** \_\_\_\_\_

**Date:** May 15, 2025

**Project:** New construction of 40 units for families in Warren whose incomes are at or below 60% of AMI.

**Development Team**

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

**Executive Summary**

	<b>Address</b>	<b>City</b>
<b>Property Address</b>	581 Child Street	Warren
<b>Proposed Loan Amount(s) and Terms</b>		
	<b>Amount</b>	<b>Interest Rate/Term</b>
Taxable Loan (FFB)	\$2,750,000	7.00%, 40 Years
Housing Production Fund Loan	\$2,700,000	0.00%, 40 Years

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

### Proposed Sources & Uses:

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$2,750,000	68,750
HPF	\$2,700,000	67,500
LIHTC Proceeds	\$11,038,896	275,972
State LIHTC	\$2,000,279	50,007
<b>Total Sources</b>	<b>\$18,489,175</b>	<b>462,229</b>

Uses	Preliminary	
	Amount	Per Unit
Construction	\$13,552,000	\$338,800
Contingency	\$1,000,000	\$25,000
Acquisition	\$405,000	\$10,125
Soft Costs	\$1,618,400	\$40,460
Financing	\$693,438	\$17,336
Developer Fee	\$868,560	\$21,714
Operating Reserve	\$300,577	\$7,514
Replacement Reserve Year 1 Deposit	\$13,000	\$325
Tax + Insurance	\$38,200	\$955
<b>Total Uses</b>	<b>\$18,489,175</b>	<b>\$462,229</b>

### Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$462,229	\$453,435 Net of Reserves
Residential Vacancy Rate	5.00%	
DCR Yr 1	1.15	
DCR Yr 15	1.18	
NOI	\$235,938	
Income Trending	2.00%	
Expense Trending	3.00%	
Loan to Value	TBD	Appraisal to be Commissioned
Initial Installment (%) of syndication	7.83%	

proceeds		
Acquisition Price equal to or less than Appraised value	TBD	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$300,577	Six Months of Debt Service and Operating Expenses
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$13,000	\$325/Unit

**Deviations from standard underwriting** – Yes. The initial installment of syndication proceeds is less than 15%; however, RIHousing is currently not expected to be the construction lender.

**Extraordinary Conditions Affecting Total Development Cost (“TDC”)** – None.

**Unit Distribution and Revenue -**

Unit	Rent Type	Number of Units	Gross Rent	LIHTC Max Rent	Gross Rent as a % of LIHTC Max Rent	Discount from Market Rent
1	30%	2	\$ 1,265.00	\$ 632.00	200%	0.0%
1	60%	6	\$ 1,265.00	\$ 1,265.00	0%	0.0%
2	30%	5	\$ 1,518.00	\$ 759.00	200%	0.0%
2	60%	11	\$ 1,518.00	\$ 1,518.00	0%	0.0%
3	30%	1	\$ 1,753.00	\$ 876.00	200%	0.0%
3	60%	15	\$ 1,753.00	\$ 1,753.00	0%	0.0%
<b>Total</b>		<b>40</b>				<b>0.0%</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 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,** the Applicant has submitted an application to RIHousing for the reservation of low-income housing tax credits (“LIHTC”) available in year 2025/2026 and approval of other financing as follows:

<b>Applicant</b>	<b>Development</b>	<b>9% LIHTC</b>	<b>RIHousing 1<sup>st</sup> Mortgage</b>	<b>HPF Loan</b>
East Bay Community Development Corp.	Penny Lane	\$1,200,000	\$2,750,000	\$2,700,000

- 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 \$1,200,000 of allocated 2025/2026 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 they deem 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 preliminary commitment of up to \$2,750,000 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 a Housing Production Fund loan (the “HPF Loan”) to the Borrower in an amount not to exceed \$2,700,000 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 LIHTC in an amount sufficient to achieve project feasibility;

- Approval of an allocation of State LIHTC and State LIHTC syndication equity 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;
- A taxable construction loan from an acceptable lender in an amount sufficient to achieve project feasibility;
- A final appraisal 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 property;
- 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 Borrower of a construction completion guaranty in form and substance satisfactory to RIHousing and any lender;
- Confirmation by RIHousing that the final development budget, schedule, and unit configuration presented for approval is consistent with Borrower's application submission for 2025 LIHTC;
- Satisfactory and timely performance in accordance with the schedule established by RIHousing staff;
- 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.