

Preservation Revitalization Loan Program

Program Guidelines

Program Description: RIHousing's Preservation Revitalization Loan Program (PRLP) provides flexible subordinate capital to preserve aging RIHousing portfolio properties through capital investments in building repairs and improvements. Both for-profit and non-profit owners may take advantage of lower cost financing in order to maintain affordability and fund critical capital repairs.

Under the Preservation Revitalization Loan Program, Eligible Developments fall under three categories:

Category 1. Developments with expired or expiring 15-year tax credit compliance periods in need of capital improvements that cannot be supported by existing reserves. The borrower profile will likely be general partners looking to buy-out their limited partner and recapitalize the asset while maintaining affordability over the remainder of the extended use period.

Category 2. Developments requiring critical repairs and improvements to address immediate health and safety violations.

Category 3. Developments with deferred maintenance repairs such as painting and redecorating and for which a Development lacks replacement reserves to address the required deferred maintenance.

Funding Availability: \$3,000,000

Funding Type: Deferred Loans

Maximum Funding Amount: \$30,000 per unit or \$1,500,000 per development

Availability of Funds: Funds will be available on a rolling basis based on funding availability. Funding is available in the form of deferred loans for rental developments. On a case-by-case basis, RIHousing will consider third-party expenses such as: legal fees, engineering and environmental costs, appraisal, etc. Operating funds and funds for supportive services are not available through the PRLP.

Income Targeting: Developments must provide benefits to low-income individuals and families with gross annual incomes at or below 80% of Area Median Income adjusted for family size.

Eligible Applicants: Owners of rental properties that were financed through RIHousing under the Rental Production Program, the state HOME Program or other similar subsidy program provided through RIHousing. Priority will be given to properties that have first mortgage financing with RIHousing.

Funding Priorities:

The PRLP represents a limited resource with a large mandate. To ensure that resources are committed and expended in the most efficient manner that most positively impacts the state, RIHousing has established Threshold Criteria and funding priorities.

Threshold Criteria:

- Readiness to Proceed: Owner/Developer must demonstrate ability to proceed to closing on all financing within six months of commitment of funding and to begin construction within nine months of commitment.
- Financial Feasibility: Development must demonstrate financial feasibility for the expected term of financing.
- Marketability: Development must demonstrate historic sustainable occupancy and operations and current and future demand for the housing.
- Owner/Developer Capacity: Owner/Developer must demonstrate past capacity to effectively deploy capital funds, close transactions, complete construction and operate their Developments efficiently.

Priorities:

- Proposals that provide for the highest leveraging of other federal, state and private resources.
- Development proposal that has all other funding commitments approved.
- Development that requires the least amount of PRLP funding per unit.
- Developments that incorporate “Universal Design,” “Healthy Housing,” “Green Building” and “Energy Star” or other energy efficient technologies into the scope of work.
- Proposals that address critical housing needs including, but not limited to: workforce housing; supportive housing for persons with disabilities; family housing; and housing for seniors.

Disbursement: Draws to be approved by RIHousing and will be based on completed work in place. Loans are expected to be fully advanced in 12 months.

Application Process:

Eligible Applicants will be required to submit the following information.

- PRLP application.
- Description of proposed scope of work.
- Proposed budget and realistic project schedule.
- Evidence of additional funding sources if applicable. Additional funding sources may include existing Development reserves.

Conditions Precedent to Loan Closing:

- All financing commitments
- No uncured defaults with RIHousing or senior lender
- Approved work plan

Owner/Developer Oversight Fee:

Owner/Developer may apply for a maximum Owner/Developer project Oversight Fee of up to 3% of the total cost of the repairs and improvements. The Oversight Fee will provide the Owner/Developer with funding to cover expenses associated with managing the scope of work including but not limited to construction management.