

**Request for Action  
by  
Board of Commissioners**

**Preliminary Approval of Financing for Projo Apartments (Providence)**

**A. PROJECT SUMMARY**

This Request for Action (“RFA”) is for preliminary approval of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) tax-exempt financing in an amount not to exceed \$31,405,000 for Projo Apartments (the “Development”). Standard Communities is the developer (the “Developer”).

**B. DISCUSSION**

Projo Apartments is an adaptive reuse of the historic buildings at 203 Westminster Street, formerly the Providence Journal and Kresge department store buildings. This is an elevator-serviced, four-story building, and its rehabilitation will add 115 new residential units restricted at 30%, 60%, and 80% of area median income (“AMI”) utilizing income averaging. 25 units will be restricted to residents at or below 30% of AMI. All the units are efficiencies and one-bedrooms.

These buildings have been blighted and vacant for over a decade. The Development is shovel-ready, with building permits in hand. The Developer is under contract to acquire the property from Abdo Development, which was originally pursuing the redevelopment as market-rate housing and was close to closing when they lost some of their investors. The Developer has received full zoning and historic approvals. Plans and specifications are nearly 100% complete, and the interior has been gutted to allow for an expedited construction timeline.

The Developer has structured the proposed capital stack to minimize reliance on public sources and to maximize speed of execution. Construction to permanent debt financing will be provided by JPMorgan Chase & Co. (“JPMorgan”) through a private placement of the tax-exempt bonds. The federal and state low-income housing tax credit (“LIHTC”) equity will be provided by Hudson Housing Capital, LLC, the Federal Historic Tax Credit equity will be provided by JPMorgan, and the Providence Revolving Fund will act as a pass-through for the redemption of the State Historic Tax Credit. In addition, a master-lease pass-through structure will be utilized to enable full basis on the LIHTC.

The capital stack contemplates the following sources: (i) a JPMorgan first mortgage loan; (ii) equity from the sale of 4% LIHTC; (iii) federal historic tax credit equity; (iv) state historic tax credit equity; (v) State LIHTC; and (vi) a deferred developer fee.

By this RFA, staff recommends the attached resolutions providing preliminary approval of tax-exempt financing in an amount not to exceed \$31,405,000 for Projo Apartments, subject to certain conditions as set forth therein.

**C. ATTACHMENTS**

- A.** Credit Summary
- B.** Resolutions

**Attachment A  
Credit Summary**

**Approval Loan Recommendation Summary – Projo Apartments**

**Preliminary** \_\_X\_\_

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

**Date:** April 17, 2025

**Project:** This is an elevator-serviced, four-story building, and its rehabilitation will add 115 new residential units restricted at 30%, 60%, and 80% of AMI.

**Development Team**

	<b>Name</b>	<b>Location</b>	<b>Risk Rating</b>
<b>Sponsor/Developer</b>	Standard Communities	Washington, DC	Low
<b>Mortgagor</b>	Standard Projo Venture LP	Washington, DC	Low
<b>Architect</b>	ZDS, Inc.	Providence, RI	Low
<b>Legal</b>	Levine Staller P.A.	Atlantic City, NJ	Low
<b>Management Agent</b>	The Franklin Johnston Group	Arlington, VA	Low
<b>General Contractor</b>	Bentley Companies	Warwick, RI	Low
<b>Consultant</b>	NA		
<b>Syndicator</b>	JPMorgan Chase & Co.	Washington, DC	Low

**Executive Summary**

<b>Property Address</b>	203 Westminster Street	Providence
<b>Proposed Loan Amount(s) and Terms</b>		
Tax-Exempt Construction Loan with JPMorgan Chase	\$31,405,000	One month Term SOFR plus 175 bp. / 30 months with two 6-month extension options
Tax-Exempt Permanent Loan with JPMorgan Chase	\$10,500,412	5.65% / 40 year amortization with 16 year balloon

Note: Interest rate on conduit loan will be determined by JPMorgan Chase & Co.

### Proposed Sources & Uses:

Sources	Preliminary	
	Amount	Per Unit
Chase Bank	\$10,500,412	\$91,308
LIHTC Proceeds	\$23,974,118	\$208,471
Fed. Historic Tax Credit Proceeds	\$8,917,216	\$77,541
State Historic TC Proceeds	\$8,069,181	\$70,167
State LIHTC	\$4,346,492	\$37,796
Deferred Development Fee	\$5,510,065	\$47,914
<b>Total Sources</b>	<b>\$61,317,484</b>	<b>\$533,196</b>

Uses	Preliminary	
	Amount	Per Unit
Construction	\$32,002,123	\$278,279
Contingency	\$3,200,212	\$27,828
Acquisition	\$5,248,222	\$45,637
Soft Costs	\$6,004,936	\$52,217
Financing	\$5,928,743	\$51,554
Developer Fee	\$7,857,635	\$68,327
Operating Reserve	\$696,862	\$6,060
Lease Up Reserve	\$40,000	\$348
Replacement Reserve Year 1 Deposit	\$34,500	\$300
Other Reserves	\$304,250	\$2,646
<b>Total Uses</b>	<b>\$61,317,484</b>	<b>\$533,196</b>

### Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$533,196	\$523,842 net of Reserves
Residential Vacancy Rate	5%	
DCR Yr 1	1.20	
DCR Yr 15	1.82	
NOI	\$798,641	
Income Trending	2%	
Expense Trending	3%	
Loan to Value	TBD	
Initial Installment (%) of syndication proceeds	15%	
Acquisition Price equal to or less than Appraised value	TBD	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$696,862	Equal to six months operating expenses and debt service.
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$37,375	\$325 per unit

**Deviations from standard underwriting:** The Total Development Cost is higher than the current standards due to the Davis Bacon requirements and other conditions noted below; however, staff notes that no RIHousing ancillary financing is allocated to this transaction.

**Extraordinary Conditions Affecting Total Development Cost (“TDC”):**

- Prevailing Wages triggered by the State Historic Tax Credit (approximately 30% cost increase);
- Historic preservation components on a masonry four-story structure that requires sidewalk and potential street closures to undertake reconstruction;
- Underground garage; and
- Elevated soft costs associated with historic credits and master lease structure.

**Unit Distribution and Revenue:**

Unit	Rent Type	Number of Units	Gross Rent	Gross Rent as a		Discount from
				LIHTC Max	% of LIHTC Max	
				Rent	Rent	Market Rent
EFF	30%	25	\$ 590.00	\$ 590.00	0%	69.4%
EFF	60%	15	\$ 1,180.00	\$ 1,180.00	0%	36.0%
1	60%	49	\$ 1,265.00	\$ 1,265.00	0%	36.6%
1	80% LIHTC	26	\$ 1,687.00	\$ 1,687.00	0%	14.4%
<b>Total</b>		<b>115</b>				<b>38.6%</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,** RIHousing intends to issue tax-exempt bonds for financing qualified housing developments throughout the state;
- Whereas,** said bonds shall have a term not to exceed 40 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;
- Whereas,** RIHousing is also authorized to issue tax exempt conduit financing at an economically acceptable rate to promote the acquisition, rehabilitation, or preservation of affordable housing;
- Whereas,** Standard Communities (“Applicant”) has presented an application to RIHousing requesting mortgage financing to acquire and/or rehabilitate the development as set forth below (the “Development”):

<u>Development</u>	<u>Applicant</u>	<u>Tax Exempt Bond Financing</u>
Projo Apartments	Standard Communities	\$31,405,000

- Whereas,** staff has reviewed the submission and determined that the Development may qualify for financing under RIHousing’s enabling legislation, regulations, guidelines, and policies; and
- Whereas,** RIHousing finds that:
- (1) That there exists a shortage of decent, safe, and sanitary housing at rentals 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) That 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) That 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) That the proposed housing development to be assisted will be of public use and will provide a public benefit; and

(5) That 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, Chapter 55 of Title 42 of the Rhode Island General Laws.

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

**Resolved,** that subject to the special conditions listed below, RIHousing hereby declares preliminary commitment for tax-exempt mortgage financing for the Applicant or other affiliated entity of the Applicant (the “Borrower”) in an amount not to exceed \$31,405,000 for rental housing known as Projo Apartments located in Providence, Rhode Island to be financed, in part, by tax-exempt bonds.

**Resolved,** that RIHousing hereby declares that this preliminary commitment of financing for the Applicant 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 \$31,405,000 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 JPMorgan Chase & Co. (the “JPMorgan 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 or the Director of Finance (each, an “Authorized Officer”), acting singly, be and each hereby is

authorized to enter into such documents with JPMorgan Chase & Co. as it may require to evidence the JPMorgan 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 (i) and (ii) to be conclusively evidenced by the taking of any 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 the foregoing resolutions are subject to the following conditions:

- Syndication equity from the allocation of federal 4% LIHTC in an amount sufficient to ensure development feasibility;
- Approval of an allocation of State LIHTC and State LIHTC syndication equity in an amount sufficient to ensure development feasibility;
- Syndication from the sale or redemption of Federal and State historic tax credits in amounts sufficient to ensure development feasibility;
- Availability of subordinate financing in amounts sufficient to ensure development feasibility or alternative equity satisfactory to RIHousing;
- Draft 955 / Developer Tax Certificate along with 50% bond test;
- Approval by RIHousing of construction plans and specifications and construction documentation;
- Acceptable final appraisal by an independent appraiser demonstrating support for the acquisition price and that the first mortgage loan does not exceed 90% of the as-stabilized value of the property; and a final market study demonstrating market feasibility in compliance with LIHTC requirements;
- Approval by bond counsel that the proposed conduit loan will satisfy all required bond requirements;
- RIHousing approval of all loan documents from JPMorgan Chase & Co.;
- Approval by RIHousing of all management-related documentation,



including the marketing and tenant selection plans;

- Recordation of a RIHousing Declaration of Land Use Restrictive Covenants 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.