

Request for Action
by
Board of Commissioners

**Revised Approval of Housing Production Fund (HPF) Award
for Frenchtown Road I & II**

1. Summary of Issues

This Request for Action (“RFA”) is for revised firm approval of a Housing Production Fund (“HPF”) award in an amount not to exceed \$3,626,381 for Frenchtown Road I & II (“Frenchtown I & II” or the “Development”), a proposed 63-unit mixed income development on a vacant site located at 655 Frenchtown Road in East Greenwich.

The Housing Production Fund (“HPF”) was established by the State of Rhode Island General Assembly in June 2021 by amendment to Rhode Island General Laws Section 42-128, known as the Housing Resources Act of 1998, to provide funding for the planning, production, and preservation of affordable housing. Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) was authorized by the General Assembly to implement and administer a program using \$10,000,000 of these funds to provide grants or loans for the development of new affordable housing and the preservation of existing affordable units.

On June 16, 2022, the Board of Commissioners initially approved \$3,626,381 of HPF funding for Frenchtown I & II, which is a hybrid development comprised of a 30-unit 4% LIHTC project as well as a 33-unit 9% LIHTC project, each owned by a separate entity. The capital stack approved as part of the February 16, 2023 Firm Approval for the Development included a lower HPF award than was initially approved due to the inclusion of a \$2,000,000 federal appropriation (the “THUD Award”). The inclusion of this THUD Award allowed for a HPF award of \$1,911,500; a reduction of \$1,714,881.

The THUD Award is administered by the U.S. Department of Housing and Urban Development (“HUD”), and U.S. Senator Jack Reed’s office has confirmed that it could take up to six months for HUD to issue its final approval of the appropriation. To begin construction, lock in construction pricing and close by mid-April, the developer has requested that the HPF award be increased to the original approved amount of \$3,626,381. When the THUD money is approved and available to the developer, RIHousing will discharge \$1,714,881 of the HPF loan resulting in a final HPF award consistent with the Firm Approval amount of \$1,911,500. This additional, temporary allocation of funds will allow the project to move forward in a timely manner.

2. Recommendation

The attached resolution authorizing the allocation of up to \$3,626,381 in HPF funds for Frenchtown I & II is recommended for approval, subject to the certain conditions as set forth in the attached Resolution.

3. Attachments

- A. Credit Summary
- B. Resolution

**Attachment A
Credit Summary**

Revised Sources and Uses

Sources	9%		4%		Combined	
	Amount	Per Unit	Amount	Per Unit	Amount	Per Unit
Cedar Rapids	\$2,470,415	\$74,861	\$2,419,043	\$80,635	\$4,889,458	\$77,610
RIH HOME Loan	\$1,336,164	\$40,490	\$0	\$0	\$1,336,164	\$21,209
Housing Trust Fund	\$1,781,552	\$53,986	\$0	\$0	\$1,781,552	\$28,279
Housing Production Fund	\$1,428,060	\$43,275	\$2,198,321	\$73,277	\$3,626,381	\$57,562
RIRPF	\$757,000	\$22,939	\$1,213,875	\$40,463	\$1,970,875	\$31,284
Building Home Rhode Island	\$3,075,061	\$93,184	\$3,136,381	\$104,546	\$6,211,442	\$98,594
Sponsor Loan/Deferred Fee	\$0	\$0	\$785,119	\$26,171	\$785,119	\$12,462
LIHTC Proceeds	\$5,150,726	\$156,083	\$4,370,365	\$145,679	\$9,521,091	\$151,128
Energy Rebates	\$14,078	\$427	\$10,922	\$364	\$25,000	\$397
THUD	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources	\$16,013,056	\$485,244	\$14,134,026	\$471,134	\$30,147,082	\$478,525

Uses	9%		4%		Combined	
	Amount	Per Unit	Amount	Per Unit	Amount	Per Unit
Acquisition	\$189,526	\$5,743	\$147,049	\$4,901.63	\$336,575	\$5,342.46
Construction	\$11,479,549	\$347,865	\$8,906,739	\$296,891.30	\$20,386,288	\$323,591.87
Contingency	\$573,977	\$17,393	\$801,607	\$26,720.23	\$1,375,584	\$21,834.67
Soft Costs	\$1,985,115	\$60,155	\$1,606,540	\$53,551.33	\$3,591,655	\$57,010.40
Financing	\$761,792	\$23,085	\$1,246,007	\$41,533.57	\$2,007,799	\$31,869.83
Developer Fee	\$623,700	\$18,900	\$1,067,000	\$35,566.67	\$1,690,700	\$26,836.51
Operating Reserve	\$261,672	\$7,929	\$218,130	\$7,271.00	\$479,802	\$7,615.90
Lease Up Reserve	\$55,000	\$1,667	\$55,000	\$1,833.3	\$110,000	\$1,746.03
Replacement Reserve Year 1 Deposit	\$13,200	\$400	\$12,000	\$400.00	\$25,200	\$400.00
Other Reserves	\$69,525	\$2,107	\$73,954	\$2,465.13	\$143,479	\$2,277
Total Uses	\$16,013,056	\$485,244	\$14,134,026	\$471,134	\$30,147,082	\$478,525

- The THUD Award in the amount of \$2,000,000 was eliminated.
- The amount of HPF funds was increased by \$1,714,881 for the 4% tranche.
- The deferred fee was increased \$285,119 for the 4% tranche.

Attachment B
Resolution of the Board of Commissioners
of Rhode Island Housing and Mortgage Finance Corporation

WHEREAS, the State of Rhode Island General Assembly passed a state budget bill authorizing the issuance of \$10,000,000 to support both the development of new affordable housing and the preservation of existing affordable units (the “HPF Funds”);

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has been designated by the Rhode Island General Assembly to administer the Housing Production Fund (“HPF”), including the award of HPF funds to projects that assist in the development of new affordable housing and the preservation of existing affordable units;

WHEREAS, on February 16, 2023, the RIHousing Board of Commissioners granted firm approval of financing for rental housing to be located in East Greenwich, Rhode Island and known as Frenchtown Road I & II (the “Development”);

WHEREAS, to accommodate the timing of the federal appropriation of funding to the Development, the developer has requested the allocation of additional HPF funds to the Development consistent with the preliminary approval of HPF funds from June 16, 2022;

WHEREAS, RIHousing staff has reviewed the submission and determined that the recommended proposal 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 approves an HPF award to the Borrower in an amount not to exceed \$3,626,381 for the rental housing to be located in East Greenwich and known as Frenchtown Road I & II.

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

- Completion of all special conditions laid out in the February 16, 2023 Firm Approval for the Development.

Resolved, that the Executive Director, Deputy Executive Director, and the 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.