

**Request for Action
by
Board of Commissioners**

Firm Approval of Financing for Riverside Landing

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for firm approval of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) first mortgage taxable financing in an amount not to exceed \$165,000, for Riverside Landing in Coventry (hereinafter referred to as the “Development”). Coventry Housing Associates, Corporation is the developer (“CHAC” or the “Developer”).

B. DISCUSSION

This firm approval will support the adaptive reuse of two structures located along the Pawtuxet River that will provide six townhouse-style two-bedroom units, plus two single level two-bedroom units. All units will be income restricted to 50% AMI.

Originally purchased over 10 years ago by Omni Development Corporation (“Omni”), the development process for this project has been stalled due to several factors including flood plain issues. Those issues have been resolved, and Omni sold the property to CHAC using Site Acquisition Funds to develop.

CHAC will complete the new construction of the Development using the proceeds from this taxable financing, BHRI funds in the amount of \$2,713,357, and \$374,750 from the RI Rebounds Production Fund Program (“RIRPF”) which was approved on June 16, 2022.

This RFA requests firm approval of \$165,000 in taxable first mortgage financing.

B. ATTACHMENTS

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

Attachment A

Credit Summary

Approval Loan Recommendation Summary – Riverside Landing

Preliminary _____

Firm X

Date: October 20, 2022

Project: New construction of 8 affordable apartments in Coventry comprised of 8 two-bedroom units.

Development Team

	Name	Location (city/state)	Risk Rating (low/med/high)
Sponsor/Developer	Coventry Housing Associates, Corporation	Coventry, RI	low
Architect	David Presbrey Architects, A Corporation	Providence, RI	low
General Contractor	Stand Corporation	Warwick, RI	Low
Consultant	Barbara Sokoloff Associates, Inc.	Providence, RI	Low
Management Agent	Coventry Housing Associates, Corporation	Coventry, RI	low

Executive Summary

	Address	City
Property Address	633 Main Street	Coventry
Proposed Loan Amount(s) and Terms		
	Amount	Interest rate/Term
RIH First Mortgage	\$165,000	6.0%/40 years

Note: Interest rates are subject to change based on market conditions and deal specifics

Proposed Sources & Uses:

Sources	Firm	
	Amount	Per Unit
RIH First Mortgage	\$165,000	\$20,625
Building Homes Rhode Island	\$2,713,357	\$339,170
RI Rebounds Production Fund	\$374,750	\$46,844
Total Sources	\$3,253,107	\$406,638

Uses	Amount	Per Unit
Construction	\$2,432,950	\$304,119
Contingency	\$243,295	\$30,412
Soft Costs	\$379,313	\$47,414
Financing	\$2,500	\$313
Developer Fee	\$151,200	\$18,900
Operating Reserve	\$35,805	\$4,476
Replacement Reserve Year 1 Deposit	\$2,600	\$325
Other Reserves	\$5,444	\$680
Total Uses	\$3,253,107	\$406,638

There is no acquisition due to the SAP award

Loan to Value Test: (The appraisal is in draft form)

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	\$19,106	\$2,388	(\$1,842)	\$17,264	\$2,158
Appraisal Cap Rate	6.50%			6.50%	
Valuation	\$293,936	\$36,742	(\$28,333)	\$265,602	\$33,200
Loan Principal	\$165,000	\$20,625		\$165,000	\$20,625
LTV	56.13%		6%	62.12%	

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$406,638 including reserves	Higher costs due to material and labor escalations
Residential Vacancy Rate	5%	Meets requirement
DCR Yr 1	1.58	Meets requirement
DCR Yr 15	1.15	Meets requirement

NOI	\$17,264	
Income Trending	2%	Meets requirement
Expense Trending	3%	Meets requirement
Loan to Value	62%	Meets requirement
Acquisition Price equal to or less than Appraised value	NA	Purchased through SAP program; met appraisal requirements
Operating Reserve (Amt and confirm consistency with UW requirements)	\$35,805	Meets requirement
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$2,600	Meets requirement

Deviations from Standard Underwriting: None

Unit Distribution and Revenue

Number of Units	Gross Rent	LIHTC Max Rent	Gross Rent as a % of LIHTC Max Rent	Discount from Market Rent
2	\$ 1,039.04	\$ 1,088.00	96%	0.0%
6	\$ 1,039.04	\$ 1,088.00	96%	0.0%
8				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, RIHousing intends to provide taxable loan funds for the purpose of financing qualified housing developments throughout the state;

Whereas, Coventry Housing Associates, Corporation (the “Applicant”) is requesting firm approval of taxable first mortgage for the Development as set forth below:

Applicant	Development	Taxable Mortgage
Coventry Housing Associates, Corporation	Riverside Landing	\$165,000

Whereas, the RIHousing Board of Commissioners and staff have reviewed the submission of Coventry Housing Associates, Corporation for first 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 subject to the special conditions listed below, RIHousing hereby declares firm commitment for first mortgage financing for Coventry Housing Associates, Corporation or other affiliated entity of the Applicant (the “Borrower”) in an amount not to exceed \$165,000 for first mortgage financing for rental housing known as Riverside Landing located in Coventry, Rhode Island.

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

- A final appraisal and market study 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 by RIHousing of construction plans, specifications, and supporting construction documentation;
- Execution and delivery by the Applicant of a construction completion guaranty in form and substance satisfactory to RIHousing;
- Recordation of a RIHousing Regulatory Agreement in a form acceptable to RIHousing;
- Approval by RIHousing of management documentation; 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 Development each acting singly, be and hereby are empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.