

**Request for Action
by
Board of Commissioners**

**Approval of Reservation of Low-Income Housing Tax Credits (LIHTC)
and Preliminary Approval of Financing for School Street Apartments (Central Falls)**

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for approval of 2025 and/ or 2026 9% Low-Income Housing Tax Credits (“LIHTC”) in an amount not to exceed \$1,200,000 as well as preliminary approval of: (i) a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) taxable permanent first mortgage loan in an amount not to exceed \$3,178,000; (ii) a Housing Trust Fund loan in an amount not to exceed \$1,530,525 (the “HTF Loan”); (iii) a Housing Production Fund loan in an amount not to exceed \$6,487,752 (the “HPF Loan”); (iv) a Capital Magnet Fund loan in an amount not to exceed \$372,100 (the “CMF Loan”); and (v) a HOME Investment Partnerships Program American Rescue Plan loan in an amount not to exceed \$2,000,000 (the “HOME-ARP Loan”) for School Street Apartments (the “Development”). The developer of School Street Apartments is Central Falls Affordable Housing Corporation (the “Developer”).

School Street Apartments will be a newly constructed six-story affordable housing complex consisting of 58 affordable units for families earning up to 60% of area median income (“AMI”), of which 12 will be reserved for families earning up to 30% of AMI. Upon completion, there will be 11 one-bedroom, 25 two-bedroom, and 22 three-bedroom units. The improvements will feature a mail room, shared laundry, a community room, and a social service space. A Central Falls Police Substation will be located on-site.

The Developer is committed to developing this building while emphasizing sustainability and minimizing the development’s environmental impact. The project will be designed to meet ENERGY STAR Multifamily New Construction National Program Requirements, Version 8, and to achieve the Rhode Island Residential New Construction (RNC) Program’s Tier II Path to Energy Efficiency. Furthermore, rooftop solar will power the common areas of the building.

The Developer has signed a memorandum of understanding with Family Service of Rhode Island, which will provide outpatient and community-based behavioral health services for children, adults, and families. Furthermore, Family Service of Rhode Island will provide referrals and warm handoffs to additional medical, social, and community-based services, as needed.

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 second 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”).

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April 17, 2025

This RFA requests 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 \$3,178,000; (ii) an HTF Loan in an amount not to exceed \$1,530,525; (iii) an HPF Loan in an amount not to exceed \$6,487,752; (iv) a CMF Loan in an amount not to exceed \$372,100; (v) a HOME-ARP Loan in an amount not to exceed \$2,000,000 for School Street Apartments, subject to certain conditions as set forth in the attached Resolution.

B. ATTACHMENTS

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

**Attachment A
Credit Summary**

Approval Loan Recommendation Summary – School Street Apartments

Preliminary X

Firm _____

Date: April 17, 2025

Project: This new construction will comprise 58 units for households with incomes up to 60% of AMI, including 12 units for households earning up to 30% of AMI. There will be 11 one-bedroom, 25 two-bedroom, and 22 three-bedroom units upon completion.

Development Team

	Name	Location	Risk Rating
Sponsor/Developer	Central Falls Affordable Housing Corporation	Central Falls, RI	Medium
Mortgagor	Entity to be formed		
Architect	William Starck Architects, Inc.	Fall River, MA	Low
Legal	Chace Ruttenberg & Freedman, LLP	Providence, RI	Low
Management Agent	Phoenix Property Management, Inc.	Warwick, RI	Medium
General Contractor	STAND Corporation	Warwick, RI	Low
Consultant	FJS Associates, Ltd.	Middletown, RI	Low
Syndicator	TBD		

Executive Summary

	Address	City
Property Address	4-6 School Street	Central Falls
Proposed Loan Amount(s) and Terms		
	Amount	Interest Rate/Term
Permanent 1 st Mortgage	\$3,178,000	7.00%, 40 Years
HTF Loan	\$1,530,525	0%, 40 Years
HPF Loan	\$6,487,752	0%, 40 Years
CMF Loan	\$372,100	1%, 40 Years
HOME-ARP Loan	\$2,000,000	0%, 40 Years

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

Proposed Sources & Uses:

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$3,178,000	54,793
HTF	\$1,530,525	26,388
HPF	\$6,487,752	111,858
Capital Magnet Fund	\$372,100	6,416
HOME ARP	\$2,000,000	34,483
LIHTC Proceeds	\$11,038,898	190,326
State LIHTC	\$3,495,283	60,264
Total Sources	\$28,102,558	484,527

Uses	Preliminary	
	Amount	Per Unit
Construction	\$21,650,000	\$373,276
Contingency	\$1,515,550	\$26,130
Acquisition	\$250,000	\$4,310
Soft Costs	\$2,138,095	\$36,864
Financing	\$762,810	\$13,152
Developer Fee	\$1,256,640	\$21,666
Operating Reserve	\$418,658	\$7,218
Lease Up Reserve	\$25,000	\$431
Replacement Reserve Year 1 Deposit	\$18,850	\$325
Other Reserves	\$66,955	\$1,154
Total Uses	\$28,102,558	\$484,527

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$484,527	\$475,398 net of reserves
Residential Vacancy Rate	5%	
DCR Yr 1	1.21	
DCR Yr 15	1.15	
NOI	\$287,266	
Income Trending	2%	
Expense Trending	3%	
Loan to Value	TBD	Appraisal to be commissioned
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)	\$418,658	Six months of debt service and operating expenses
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$18,850	\$325/unit

Deviations from standard underwriting: None

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

- Unsuitable soils (approximately \$750,000);
- Additional structural costs due to six-story structure with two elevators; and
- Solar with RNC Tier II (approximately 3-5% cost increase).

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%	3	\$ 1,265.00	\$ 632.00	200%	0.0%
1	60%	5	\$ 1,265.00	\$ 1,265.00	0%	0.0%
1	30%	3	\$ 632.00	\$ 632.00	0%	0.0%
2	30%	3	\$ 1,518.00	\$ 759.00	200%	0.0%
2	60%	21	\$ 1,518.00	\$ 1,518.00	0%	0.0%
2	30%	1	\$ 876.00	\$ 759.00	115%	0.0%
3	30%	2	\$ 1,753.00	\$ 876.00	200%	0.0%
3	60%	19	\$ 1,753.00	\$ 1,753.00	0%	0.0%
3	30%	1	\$ 876.00	\$ 876.00	0%	0.0%
Total		58				0.0%

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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 Central Falls Affordable Housing Corporation (“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 calendar year 2025/2026 as follows:

Applicant	Development	9% LIHTC	RIHousing 1st Mortgage
Central Falls Affordable Housing Corporation	School Street Apartments	\$1,200,000	\$3,178,000

HTF Loan	HPF Loan	CMF Loan	HOME-ARP Loan
\$1,530,525	\$6,487,752	\$372,100	\$2,000,000

- 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:

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(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 and/ or 2026 LIHTC be reserved for the Applicant or an affiliated entity of the Applicant (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 necessary to cause such reservation to be effective; and further, that any final allocation shall be made at such time as the applicant 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 \$3,178,000 for a taxable first mortgage loan to the Borrower for rental housing known as School Street Apartments to be located in Central Falls, Rhode Island.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves preliminary commitment of \$1,530,525 for a Housing Trust Fund loan to the Borrower for rental housing known as School Street Apartments to be located in Central Falls, Rhode Island.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves preliminary commitment of up to \$6,487,752 for a Housing Production Fund loan to the Borrower for rental housing known as School Street Apartments to be located in Central Falls, Rhode Island.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves preliminary commitment of \$372,100 for a Capital Magnet Fund loan to the Borrower for rental housing known as School Street Apartments to be located in Central Falls, Rhode Island.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves preliminary commitment of \$2,000,000 for a HOME Investment Partnerships Program American Rescue Plan loan to the Borrower for rental housing known as School Street Apartments to be located in Central Falls, Rhode Island.

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

- Final appraisal and market study acceptable to RIHousing prepared by an independent appraiser demonstrating that the first mortgage loans do not exceed 90% of the as-stabilized value of the Development phases and that sufficient demand exists for the proposed units;
- 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; without limiting the foregoing, all necessary approvals by CDFI Fund relative to the Capital Magnet Fund loan;
- A taxable construction loan from an acceptable lender in an amount sufficient to achieve project feasibility;
- Execution and delivery by the Borrower of a construction completion guaranty in form and substance satisfactory to RIHousing and any lender;
- Approval by RIHousing of design and construction plans, specifications, and construction documentation;
- Receipt and approval of all documentation RIHousing deems necessary to comply with the requirements of the Build America, Buy America Act;
- Approval of the proposed operating budget for the development, including a detailed secondary budget outlining the provision of supportive services;
- Approval by RIHousing of all management related documentation, including the marketing and tenant selection plans;
- Confirmation by RIHousing that the final development budget, schedule, and unit configuration presented for approval are consistent with Borrower's application submission for 2025 and/ or 2026 LIHTC;

- Recordation of a RIHousing Declaration of Land Use Restrictive Covenant and Regulatory Agreement in form(s) acceptable to RIHousing;
- Satisfactory and timely performance in accordance with the schedule established by RIHousing staff, 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.