

Request for Action
by
Board of Commissioners

Firm Approval of Financing for Sweetbriar (Barrington)

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for firm approval of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) tax-exempt construction financing in an amount not to exceed \$7,000,000, of which \$2,690,000 will remain as a tax-exempt permanent first mortgage for Sweetbriar (hereinafter referred to as the “Development”). East Bay Community Development Corp. is the developer (the “Developer”). Due to the project’s progress, Development Division staff is requesting that the Board of Commissioners provide firm approval for this financing rather than preliminary approval.

B. DISCUSSION

Sweetbriar is a preservation development in Barrington, which is currently in the RIHousing portfolio. The Development was built in 2009 and was designed as a Traditional Neighborhood Development with community greens and open spaces forming several distinct neighborhoods within the overall community. The Development is made up of 22 buildings consisting of flats and townhomes and a freestanding garage/laundry building. Sweetbriar is comprised of one one-bedroom unit, 17 two-bedroom units, and 29 three-bedroom units, all catering to households with incomes at or below 50% to 60% of area median income ("AMI"). Ten of the units benefit from Section 8 Project-Based Vouchers, and the Development has consistently maintained a 98% occupancy rate.

Based on the findings of the Capital Needs Assessment, the planned interior and exterior renovations will include, at a minimum, new roofing, replacement of exterior decks, platforms, stairs, and trim, regrading and repaving of all parking areas, re-lamping of all streetlights, new flooring, replacement of boilers, appliances, and interior lighting, and painting of all interiors and exteriors.

This approval will preserve 47 units of affordable housing, and the refinancing will include funding from the sale of 4% Low Income Housing Tax Credits ("LIHTC") at a price of \$0.92 per credit. Santander Bank, N.A. has committed to being the investor through Red Stone Equity Partners, LLC. The Development's proposed capital stack will include the tax-exempt permanent loan, preservation loan fund funding from the Affordable Housing Trust Fund, a sponsor loan, and existing reserves.

The current RIHousing first mortgage will be paid off at closing; however, there is approximately \$6,790,497 of existing subordinate debt on the Development, including a RIHousing Targeted Loan, a RIHousing HOME Investment Partnerships Program Loan, and other non-RIHousing loans. The Borrower is requesting to roll over approximately \$3,267,000 of this subordinate debt, including the rollover of RIHousing’s subordinate debt in full, inclusive of interest, as outlined in the table below.

<u>RIHousing Existing Debt</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Principal Balance</u>	<u>Total Accrued Interest</u>	<u>Total</u>
RIHousing Targeted Loan	30 Years	5.00%	\$673,148.70	\$336,449.21	\$1,009,597.91

RIHousing HOME	30 Years	5.00%	\$500,000	\$418,759.44	\$918,759.44
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As part of the approval process, staff has determined that the Development and Sponsor meet RIHousing's requirement for the rollover of existing debt:

- Current on first mortgage or in compliance with forbearance agreement;
- No outstanding monitoring findings and no history of significant monitoring findings;
- Demonstrated, responsible long-term ownership and management of the property;
- An equity pay-in schedule satisfactory to RIHousing;
- Maximization of amortizing debt able to be supported by the property; and
- Borrower provided guarantees to cover any deficit shortfalls.

This RFA requests firm approval of \$7,000,000 in tax-exempt financing, of which \$2,690,000 will remain as tax-exempt permanent debt, for Sweetbriar, subject to certain conditions as set forth in the attached Resolution.

C. ATTACHMENTS

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

Attachment A
Credit Summary

Approval Loan Recommendation Summary - Sweetbriar

Preliminary X

Firm X

Date: December 18, 2025

Project: The preservation of 47 affordable housing units consisting of one one-bedroom unit, 17 two-bedroom units, and 29 three-bedroom units, all catering to households with incomes at or below 60% of AMI.

Development Team:

	Name	Location	Risk Rating
Sponsor/Developer	East Bay Community Development Corp.	Bristol, RI	Low
Mortgagor	Sweetbriar Road Apartments, LP	Bristol, RI	Low
Architect	Union Studio Architecture & Community Design, Inc.	Providence, RI	Low
Legal	Chace Ruttenberg & Freedman, LLP	Providence, RI	Low
Management Agent	East Bay Community Development Corp.	Bristol, RI	Low
General Contractor	Stand Corporation	Warwick, RI	Low
Consultant	FJS Associates, Ltd.	Middletown, RI	Low
Syndicator	Red Stone Equity Partners, LLC	Braintree, MA	Low

Executive Summary:

Property Address	16 Sweetbriar Rd.	Barrington
Proposed Loan Amount(s) and Terms		
	Amount	Interest Rate/Term
Tax Exempt Construction Loan	\$7,000,000	5%, 24 months
Permanent Loan	\$2,690,000	6.5%, 40 years

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

Proposed Sources & Uses:

Sources	Firm	
	Amount	Per Unit
RIH First Mortgage	\$2,690,000	\$57,234
Preservation Loan Fund	\$1,406,000	\$29,915
LIHTC Proceeds	\$4,651,379	\$98,966
Income from Operations	\$213,107	\$4,534
Deferred Development Fee	\$822,384	\$17,498
Existing OPEX Reserves	\$205,588	\$4,374
Existing Replacement Reserves	\$186,567	\$3,970
Rolled Over Debt	\$3,267,000	\$69,511
Existing Tax & Insurance Escrow	\$63,677	\$1,355
Total Sources	\$13,505,701	\$287,355
Uses	Amount	Per Unit
Construction	\$5,348,200	\$113,791
Contingency	\$534,820	\$11,379
Acquisition	\$4,200,000	\$89,362
Soft Costs	\$754,638	\$16,056
Financing	\$632,726	\$13,462
Developer Fee	\$1,720,530	\$36,607
Operating Reserve	\$154,287	\$3,283
Replacement Reserve Year 1 Deposit	\$94,000	\$2,000
Tax + Insurance	\$66,500	\$1,415
Total Uses	\$13,505,701	\$287,355

Please note: Preliminary and Firm are being requested concurrently.

Loan to Value Test:

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	\$297,921	6,339	(\$70,935)	\$226,986	\$4,829
Appraisal Cap Rate	5.25%			5.25%	
Valuation	\$5,420,000	115,319	(\$1,096,454)	\$4,323,546	\$91,990
Loan Principal	\$2,690,000	57,234		\$2,690,000	\$57,234
LTV	49.63%		12.59%	62.22%	

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$287,355	\$284,072 Net of Reserves
Residential Vacancy Rate	5.00%	
DCR Yr 1	1.20	
DCR Yr 15	1.15	
NOI	\$226,986	
Income Trending	2.00%	
Expense Trending	3.00%	
Loan to Value	49.63	
Initial Installment (%) of syndication proceeds	15.00%	
Acquisition Price equal to or less than Appraised value	Yes	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$154,287	Additional amount required added to existing reserves. Equal to six months Operating Expenses and Debt Service
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$94,000	\$2,000 per unit

LIHTC Equity Pay-In Schedule:

Milestone	Equity Pay-in %	Amount
Construction Closing	15.00%	\$697,707
Substantial Completion/ Temporary CO	40.00%	\$1,860,551
Permanent CO/ Three Months 90% Occupancy	43.00%	\$2,000,093
8609	2.00%	\$93,028
Total	100.00%	\$4,651,379

Bridge Loan Test:

	Pass Y/N	Comment
Test 1	Y	52.03%

This is a tax-exempt transaction. The Bridge Loan is sized at the minimum amount required to ensure that 50% of the aggregate basis of the project is funded with tax-exempt bond proceeds as required by the applicable tax code provisions.

Deviations from standard underwriting: None

Extraordinary Conditions Affecting Total Development Cost ("TDC"): None

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	50%	1	\$ 1,054.00	\$ 1,054.00	0%	0.0%
2	50%	5	\$ 1,518.00	\$ 1,265.00	120%	0.0%
2	50%	4	\$ 1,059.00	\$ 1,265.00	84%	0.0%
2	60%	8	\$ 1,518.00	\$ 1,518.00	0%	0.0%
3	50%	4	\$ 1,753.00	\$ 1,461.00	120%	0.0%
3	60%	25	\$ 1,753.00	\$ 1,753.00	0%	0.0%
Total		47				0.0%

Please note: *The Development has ten Project-Based Vouchers for residents at or below 30% of AMI.*

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 the purpose of financing qualified housing developments throughout the state;
- Whereas,** RIHousing is authorized to issue tax-exempt financing at an economically acceptable rate to promote the acquisition, rehabilitation, or preservation of affordable housing;
- Whereas,** due to the project’s progress, Development Division staff has recommended firm approval of tax-exempt mortgage financing to East Bay Community Development Corp. (“Applicant”) to acquire and/or rehabilitate the affordable housing to be known as Sweetbriar (the “Development”) without first seeking preliminary approval;
- Whereas,** the Applicant is requesting firm approval of tax-exempt mortgage financing for the Development as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Tax- Exempt Bonds</u>
Sweetbriar	East Bay Community Development Corp.	\$7,000,000

- 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; and
- 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.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that subject to the special conditions listed below, RIHousing hereby declares

firm commitment for tax-exempt mortgage financing for East Bay Community Development Corp. or other affiliated entity of the Applicant (the “Borrower”) in an amount not to exceed \$7,000,000 for rental housing known as Sweetbriar located in Barrington, Rhode Island to be financed in part with tax-exempt bonds.

Resolved, that RIHousing hereby declares that this firm commitment of financing for the Borrower 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 \$7,000,000 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 the Executive Director, Deputy Executive Director, Director of Finance, General Counsel, and Manager of Treasury and Capital Planning (each, an “Authorized Officer”), acting singly 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 to be conclusively evidenced by the taking of 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 special conditions:

- Syndication proceeds from the sale of 4% LIHTCs in an amount sufficient to ensure development feasibility;
- Approval of subordinate funding in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- 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;
- Approval by RIHousing of management documentation;
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue;
- 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.