

**Request for Action
by
Board of Commissioners**

Preliminary Approval of Financing for Sweetbriar (Barrington)

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for preliminary approval of a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) tax-exempt construction loan in an amount not to exceed \$9,000,000, of which \$2,370,800 will remain as a tax-exempt permanent first mortgage, for Sweetbriar (the “Development”). East Bay Community Development Corp. (the “Developer”) is the developer. The borrower and transferee will be an affiliate of the Developer.

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 22 buildings consisting of flats and townhomes and a freestanding garage/laundry building. Sweetbriar is comprised of the following mix of units, ten of which are PBV Section 8: 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”). The Development has maintained a 98% occupancy rate.

Interior and exterior renovations are anticipated to 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 preliminary 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 \$.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 funds, a sponsor loan, and existing reserves.

There is approximately \$6,790,497 of existing debt on the Development, including a RIHousing first mortgage, a RIHousing Targeted Loan, a RIHousing HOME Investment Partnerships Program Loan, and other loans and debt. The first mortgage will be paid off at closing, and the subordinate debt will be assumed by the new borrower entity.

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.

By this RFA, staff recommends preliminary approval of the attached resolutions providing for \$9,000,000 in tax-exempt financing, of which up to \$2,370,800 will remain as a tax-exempt first mortgage, for Sweetbriar, subject to certain conditions as set forth therein.

C. ATTACHMENTS

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

Attachment A

Credit Summary

Approval Loan Recommendation Summary –

Preliminary X

Firm _____

Date: September 17, 2025

Project: The preservation of 47 affordable housing units with 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 AMI.

Development Team

	Name	Location	Risk Rating
Sponsor/Developer	East Bay Community Development Corp.	Bristol, RI	Low
Mortgagor	To Be Formed		
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	Redstone Equity Partners LLC.	Braintree, MA	Low

Executive Summary

Property Address	16 Sweetbriar Rd. Barrington, RI	Scattered Sites
Proposed Loan Amount(s) and Terms		
	Amount	Interest Rate/Term
Tax Exempt Construction Loan	\$9,000,000	5%, 24 months
Permanent Loan	\$2,370,800	6.5%, 40 years

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

Proposed Sources & Uses¹:

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$2,370,805	50,443
Preservation Loan Fund	\$1,100,851	23,422
LIHTC Proceeds	\$5,430,923	115,552
Deferred Development Fee	\$1,174,902	24,998
Existing OPEX Reserves	\$200,399	4,264
Existing Replacement Reserves	\$167,306	3,560
Roll Over Debt	\$6,790,497	144,479
Total Sources	\$17,235,683	366,717

Uses	Preliminary	
	Amount	Per Unit
Construction	\$5,348,200	\$113,791
Contingency	\$534,820	\$11,379
Acquisition	\$7,040,497	\$149,798
Soft Costs	\$704,638	\$14,992
Financing	\$919,418	\$19,562
Developer Fee	\$2,171,458	\$46,201
Operating Reserve	\$356,152	\$7,578
Replacement Reserve Year 1 Deposit	\$94,000	\$2,000
Tax + Insurance	\$66,500	\$1,415
Total Uses	\$17,235,683	\$366,717

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$366,717	\$359,139 Less Reserves
Residential Affordable Vacancy Rate	5.00%	

¹ The acquisition value is based on information provided by the Developer. An appraisal will be completed prior to Firm Approval to support the acquisition value. The Developer will not receive proceeds from the sale.

DCR Year 1	1.36	
DCR Year 15	1.23	
NOI	\$226,986	
Rental Income Trending	2.00%	
Operating Expense Trending	3.00%	
Loan to Value	TBD	Appraisal to be commissioned
Initial Installment (%) of syndication proceeds	15.00%	
Acquisition Price equal to or less than Appraised value	TBD	Waiting on Final As-Is Appraisal
Operating Reserve (Amt and confirm consistency with UW requirements)	\$356,152	Equal to six months OpEx & Debt Service
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$94,000	\$2,000 per unit

Bridge Loan Test:

	Pass Y/N	Comment
Test 1	Y	52.22%
Test 2	N	137.05%

Deviations from standard underwriting – Yes

Fails Part 2 of the Bridge Loan Test – This is a tax-exempt transaction. Currently, 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. With the passage of the One Big Beautiful Bill Act, the 50% test has been lowered to a 25% test. At this time, it is unclear if the 50% test or 25% test would apply, but at the 25% level, Test 2 is passed.

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%

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 loans at an economically acceptable rate to promote the acquisition, rehabilitation, or preservation of affordable housing;
- Whereas,** East Bay Community Development Corp. (“Applicant”) has presented an application to RIHousing requesting mortgage financing to acquire and rehabilitate the development as set forth below (the “Development”):

<u>Development</u>	<u>Applicant</u>	<u>Tax-Exempt Bonds</u>
Sweetbriar	East Bay Community Development Corp.	\$9,000,000

- 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 \$9,000,000 for rental housing known as Sweetbriar located in Barrington, Rhode Island to be financed, in part, by tax-exempt bonds.

Resolved, that RIHousing hereby declares that this preliminary 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 \$9,000,000 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 foregoing resolutions are subject to the following 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;

- A final appraisal acceptable to RIHousing prepared by an independent appraiser demonstrating that the purchase price is supported and market oriented, and 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;
- 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.