

**Request for Action
by
Board of Commissioners**

**Firm Approval of Acquisition Financing
for Dakota Partners, Inc.**

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for firm approval of a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) taxable loan in an amount not to exceed \$625,000 for the acquisition of land in Lincoln, Rhode Island to facilitate the development of 72 units of housing to be known as The Villages at Manville (hereinafter referred to as the “Development”). Dakota Partners, Inc. is the developer (the “Developer”).

B. DISCUSSION

The Developer has entered into a purchase and sales agreement to purchase 5.26 acres of land in the Manville section of Lincoln (the “Property”) which is currently part of the larger St. James Church and School site. The Property was primarily used as a parking lot, however, a portion of the Property is improved with a former convent building that is vacant and in below average condition. Development plans call for the demolition of the building and the construction of 72 one and two-bedroom units in 3 three-story buildings. As currently projected, all units will be affordable to households between 30% - 80% of area median income. The Developer has completed the rezoning of the property.

The Development received Preliminary Approval of low-income housing tax credits (“LIHTC”) and subordinate financing from RIHousing in 2022 and 2023. The Developer has encountered several obstacles in the development process, including loss of a syndicator due to the bankruptcy of Signature Bank, higher interest rates and higher construction costs. The Developer is working on resolving these items so that they can move to Firm Commitment, however, the seller is no longer willing to extend the Purchase and Sales Agreement. This acquisition loan will allow the Developer to secure site control while they move forward. The loan to value ratio of the proposed loan is 40% with a purchase price of \$625,000 and an appraised value of \$1,580,000.

The terms of the acquisition loan are outlined in the attached Credit Summary.

This RFA requests firm approval of a taxable acquisition loan in an amount not to exceed \$625,000, subject to certain conditions as set forth in the attached Resolution.

C. ATTACHMENTS

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

Attachment A

Credit Summary

Approval Loan Recommendation Summary – Dakota Partners, Inc.

Preliminary ____

Firm X

Date: October 19, 2023

Project: Acquisition loan to Dakota Partners, Inc. for the purchase of 5.26 acres in Lincoln.

Development Team

	Name	Location (city/state)	Risk Rating (low/med/high)
Mortgagor/Developer	Dakota Partners, Inc.	Waltham, MA	Medium

Loan Terms:

Borrower: Dakota Partners, Inc. or a related entity

Property Address: 33 Division Street/Bouvier Avenue, Lincoln, RI

Loan Amount: Not to exceed \$625,000, based on purchase price; the acquisition loan program requires that the loan amount not exceed the lower of 80% of as-is appraised value, based on a RIHousing commissioned appraisal, or the purchase price

Loan to Value: 40% of appraised value

Term: 12 months

Interest Rate: Final interest rate is subject to market conditions and determined prior to closing using a spread to U.S. Treasury rates

Repayment: Interest due monthly; principal and any outstanding interest due at maturity

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 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, RIHousing provides acquisition financing for eligible applicants to acquire undeveloped real estate, vacant lots, developed properties, or a combination thereof, which are intended for the production of affordable housing;

Whereas, Dakota Partners, Inc. (the “Applicant”) has presented an application to RIHousing requesting taxable financing for the acquisition of real property to facilitate the development of an affordable housing project known as The Villages at Manville (the “Development”), as set forth below:

Applicant	Development	Real Property	RIHousing Acquisition Loan
Dakota Partners, Inc.	The Villages at Manville	5.26 acres located at the Intersection of 33 Division Street and Bouvier Avenue, Lincoln, RI	\$625,000

Whereas, the RIHousing Board of Commissioners and staff have reviewed the submission of the Applicant for taxable financing and determined that the Development qualifies for such 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 taxable financing for Dakota Partners, Inc., or an affiliated entity, in an amount not to exceed \$625,000 for the acquisition of real property in Lincoln, Rhode Island to facilitate the development of The Villages at Manville.

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

- Loan is in conformance with the terms as outlined herein;
- Receipt by RIHousing of evidence that all involved entities are in good standing with the Rhode Island Secretary of State; 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, be and hereby are empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.