

**Request for Action
by the Trustees of the
Affordable Housing Trust Fund**

Approval of Preservation Loan Program Fund Financing for The Avenue

A. Project Summary

This Request for Action (“RFA”) is for approval of up to \$1,500,000 in financing under the Preservation Loan Program Fund (“PLPF”) for The Avenue located in Providence (the “Development”). The PLPF was created to provide a flexible source of capital to be utilized for the preservation of existing affordable housing with priority given to developments previously financed by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”).

B. Summary of Issues

RIHousing’s portfolio includes approximately 13,000 affordable apartments. In addition, more than 1,430 affordable residential homes have been financed under the state’s HOME Investment Partnerships Program. Many of these affordable apartments need improvements. These apartments were constructed and/or rehabilitated in the 1990s and are beyond the initial 15-year tax credit compliance term. Several developments lack adequate reserves to conduct necessary improvements to ensure that residents are housed in a safe and healthy environment. In addition, there are unrestricted apartments in the Rhode Island market currently available for developers to acquire, rehabilitate and deed restrict to ensure long term affordability. Thus, there is a need to upgrade these affordable apartments and homes to meet health and safety standards, make necessary improvements and address physical deterioration due to wear and tear.

The Affordable Housing Trust Fund (the “AHT”) has designated \$16,000,000 for the PLPF. In November 2022, RIHousing issued the Program Guidelines and a Request for Proposals (“RFP”) for the PLPF financing. Applications are being accepted on a rolling basis.

The Development consists of two separate components that will comprise one single economic entity. One component, Elmwood Neighborhood Revitalization II (“ENR II”), is an existing post-year-15 low-income housing tax credit (“LIHTC”) project for families. ENR II contains 46 units located on scattered sites in the Elmwood neighborhood of Providence. The units range in size from one to four bedrooms. ENR II has historically run with a 2% vacancy rate. The units need moderate rehabilitation to ensure they are maintained as safe, affordable housing for families in Providence. The second component is the new construction of 39 units of housing on a vacant site located at 434 Atwells Avenue in the Federal Hill neighborhood of Providence. The residential units will be located on floors 2-5 with commercial space and project amenities located on the first floor. The developer is Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (the “Developer”).

The Developer is seeking the PLPF loan to undertake a portion of the rehabilitation and pay soft costs associated with the transaction. With respect to the other sources of financing, the Development was previously approved for Building Homes Rhode Island (“BHRI”) funds and the Developer is simultaneously requesting (i) a tax-exempt construction loan in the amount of \$15,500,000, (ii) a permanent loan, (iii) a Development of Affordable Housing 2 Program loan, (iv) a Community

Revitalization Program award and (v) a Capital Magnet Fund loan from RIHousing. The Developer has also requested that RIHousing roll over the existing Targeted Loans currently encumbering the ENR II units in the approximate amount of \$1,775,450. RIHousing will require that 50% of the Development's surplus cash go toward repayment of the rolled over Targeted Loans.

Staff from the Development Division, including the Design and Construction team and Asset Management Department, have reviewed the application for eligibility in accordance with the Program Guidelines and determined that the Olneyville Housing Corporation d/b/a ONE Neighborhood Builders proposal is consistent with the requirements of the PLPF and will help to refinance and stabilize the Development.

This RFA requests approval of up to \$1,500,000 in financing under the PLPF for The Avenue subject to certain conditions set forth in the attached Resolution.

C. Attachments

- A. Development Summary
- B. Resolution

Attachment A

Development Summary

Proposed Sources & Uses:

Sources	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$3,600,000	42,353	(\$200,000)	\$3,400,000	\$40,000
Building Homes Rhode Island	\$3,445,000	40,529	\$0	\$3,445,000	\$40,529
Preservation Loan Fund Program	\$1,500,000	17,647	\$0	\$1,500,000	\$17,647
Capital Magnet Fund	\$952,001	11,200	\$0	\$952,001	\$11,200
Community Revitalization	\$2,000,000	23,529	\$0	\$2,000,000	\$23,529
Middle Income	\$1,320,000	15,529	(\$1,320,000)	\$0	\$0
DAH-2	\$3,874,000	45,576	\$0	\$3,874,000	\$45,576
Rollover Debt	\$1,755,451	20,652	\$0	\$1,755,451	\$20,652
City of Providence	\$0	0	\$802,000	\$802,000	\$9,435
LIHTC Proceeds	\$10,360,080	121,883	\$2,685,269	\$13,045,349	\$153,475
Deferred Development Fee	\$650,000	7,647	\$43,000	\$693,000	\$8,153
Existing ENR II Reserves	\$285,000	3,353	(\$18,450)	\$266,550	\$3,136
Total Sources	\$29,741,532	349,900	\$1,991,819	\$31,733,351	\$373,334

Uses	Preliminary		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
Construction	\$19,341,600	\$227,548	\$579,249	\$19,920,849	\$234,363
Contingency	\$1,569,273	\$18,462	(\$119,923)	\$1,449,350	\$17,051
Acquisition	\$2,730,451	\$32,123	\$100,000	\$2,830,451	\$33,299
Soft Costs	\$1,742,195	\$20,496	\$713,426	\$2,455,621	\$28,890
Financing	\$1,385,536	\$16,300	\$574,177	\$1,959,713	\$23,055
Developer Fee	\$2,257,669	\$26,561	\$156,753	\$2,414,422	\$28,405
Operating Reserve	\$512,547	\$6,030	(\$4,194)	\$508,353	\$5,981
Lease Up Reserve	\$20,000	\$235	(\$10,000)	\$10,000	\$118
Replacement Reserve Year 1 Deposit	\$104,675	\$1,231	\$0	\$104,675	\$1,231
Other Reserves	\$77,587	\$913	\$2,330	\$79,916	\$940
Total Uses	\$29,741,532	\$349,900	\$1,991,819	\$31,733,351	\$373,334

Unit Distribution and Revenue

Unit	Rent Type	Number of Units	Gross Rent	LIHTC Max		Gross Rent as a % of LIHTC Max		Discount from Market Rent
				Rent	Rent	Rent	Rent	
1	30%	4	\$ 997.00	\$ 576.00	173%		26.3%	
1	50%	1	\$ 930.00	\$ 960.00	97%		32.1%	
2	50%	3	\$ 1,120.00	\$ 1,152.00	97%		42.3%	
3	50%	1	\$ 1,290.00	\$ 1,331.00	97%		43.5%	
1	60%	2	\$ 1,090.00	\$ 1,152.00	95%		18.2%	
2	60%	10	\$ 1,310.00	\$ 1,383.00	95%		38.2%	
3	60%	1	\$ 1,500.00	\$ 1,597.00	94%		32.2%	
1	30%	3	\$ 1,066.00	\$ 576.00	185%		41.5%	
2	30%	3	\$ 1,306.00	\$ 691.00	189%		38.8%	
3	30%	3	\$ 1,450.00	\$ 798.00	182%		46.7%	
EFF	60%	2	\$ 1,010.00	\$ 1,075.00	94%		23.6%	
1	60%	7	\$ 1,080.00	\$ 1,152.00	94%		40.6%	
2	60%	7	\$ 1,300.00	\$ 1,383.00	94%		39.1%	
3	60%	17	\$ 1,475.00	\$ 1,597.00	92%		45.6%	
4	60%	2	\$ 1,550.00	\$ 1,782.00	87%		46.6%	
1	80% LIHTC	4	\$ 1,300.00	\$ 1,537.00	85%		0.0%	
2	80% LIHTC	13	\$ 1,750.00	\$ 1,844.00	95%		3.1%	
3	80% LIHTC	2	\$ 1,795.00	\$ 2,130.00	84%		16.4%	
Total		85					31.6%	

Property Addresses:

Property Addresses		
New Production	433 Atwells Avenue	Providence
ENR II	9 Moore St./691 Broad St.	Providence
ENR II	11-13 Moore St.	Providence
ENR II	50-52 Moore St.	Providence
ENR II	54-56 Moore St.	Providence
ENR II	17 Mawney St.	Providence
ENR II	34 Mawney St.	Providence
ENR II	40-42 Mawney St.	Providence
ENR II	44-46 Mawney St.	Providence
ENR II	75-77 Congress Ave.	Providence
ENR II	316 Elmwood Ave.	Providence
ENR II	213 Congress Ave.	Providence
ENR II	685 Broad St.	Providence

Attachment B

Resolution of the Trustees of the Affordable Housing Trust Fund

- Whereas,** the Affordable Housing Trust Fund (the “AHT”) was created by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) for the sole purpose of making homeownership to low- and moderate-income residents of the State of Rhode Island more affordable;
- Whereas,** one of the purposes of the AHT is to assist in the preservation of affordable housing throughout the State of Rhode Island;
- Whereas,** the AHT has increased its investment portfolio over the last several years through its preservation related activities; and
- Whereas,** the AHT created the Preservation Loan Program Fund and has set aside \$16,000,000 to assist in the preservation of affordable housing.

NOW, THEREFORE, IT IS HEREBY:

- Resolved,** that subject to the special conditions listed below, the AHT be and is hereby authorized to commit up to \$1,500,000 in funding to Olneyville Housing Corporation d/b/a ONE Neighborhood Builders or an affiliated entity (the “Borrower”) to finance the rehabilitation of the multi-family development known as The Avenue in Providence, Rhode Island.
- Resolved,** that the foregoing resolution is subject to the following conditions:
- Approval and closing of financing from RIHousing and any other lender;
 - Final approval by RIHousing of construction plans, specifications, and supporting construction documentation;
 - Execution and delivery by Applicant of a Construction Completion Guaranty in form and substance satisfactory to RIHousing;
 - Completion of all items required for closing of the PLPF loan 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.