

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

**Approval of Preservation Loan Program Fund Financing for
The Cove Apartments (North Kingstown)**

A. Project Summary

This Request for Action (“RFA”) is for approval of financing in an amount not to exceed \$364,000 under the Preservation Loan Program Fund (“PLPF”) for The Cove Apartments located in North Kingstown (the “The Cove” or “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. Most of these apartments were constructed and/or rehabilitated in the 1990s and are beyond the initial 15-year tax credit compliance term. Many of these affordable apartments need improvements, and 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.

In March 2018, RIHousing issued the PLPF Program Guidelines and a Request for Proposals (“RFP”) for PLPF financing for eligible developments. Applications are being accepted on a rolling basis, and the Affordable Housing Trust Fund (the “AHT”) has designated \$3,000,000 for the PLPF in Fiscal Year 2025.

The Cove was originally developed in 1992 under the low-income housing tax credit program (“LIHTC”). The Cove’s 18 units include two 3-unit wood frame buildings and 12 stand-alone wood frame buildings on Huling Road, just off Route 1, in North Kingstown. Valley Affordable Housing Corp. (“VAH”) acquired the Development in 2021 using a RIHousing Land Bank Loan (the “Land Bank Loan”), at which time the original senior debt was retired. VAH is proposing to pay off the existing Land Bank Loan and combine the Development operationally with a recently acquired duplex located nearby at 386-438 Tower Hill Road. Additionally, VAH will perform some deferred maintenance at the Development, which VAH has already begun to address. BankRI will provide a new first mortgage, and VAH will contribute \$200,000 of its own funds to the transaction.

The Development is currently compliant with all LIHTC related requirements. Upon the expiration of the LIHTC regulatory agreement, the rents and incomes of residents will be capped at 80% of area median income.

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 VAH's proposal is consistent with the requirements of the PLPF and will help to refinance and stabilize the Development.

This RFA requests approval of financing in an amount not to exceed \$364,000 under the PLPF for The Cove Apartments, subject to certain conditions set forth in the attached Resolution.

C. Attachments

- A. Development Summary
- B. Resolution

Attachment A

Development Summary

A. 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
2	60%	1	\$ 1,275.00	\$ 1,518.00	84%	0.0%
2	60%	1	\$ 1,518.00	\$ 1,518.00	0%	0.0%
1	60%	1	\$ 1,007.00	\$ 1,265.00	80%	0.0%
2	60%	1	\$ 1,554.00	\$ 1,518.00	102%	0.0%
3	60%	1	\$ 1,728.00	\$ 1,753.00	99%	0.0%
2	60%	1	\$ 1,829.00	\$ 1,518.00	120%	0.0%
EFF	60%	1	\$ 987.00	\$ 1,180.00	84%	0.0%
2	60%	1	\$ 1,829.00	\$ 1,518.00	120%	0.0%
1	60%	1	\$ 1,632.00	\$ 1,265.00	129%	0.0%
2	60%	1	\$ 1,329.00	\$ 1,518.00	88%	0.0%
1	60%	1	\$ 1,064.00	\$ 1,265.00	84%	0.0%
1	60%	1	\$ 1,257.00	\$ 1,265.00	99%	0.0%
1	60%	1	\$ 1,142.00	\$ 1,265.00	90%	0.0%
1	60%	1	\$ 1,257.00	\$ 1,265.00	99%	0.0%
3	60%	1	\$ 1,628.00	\$ 1,753.00	93%	0.0%
3	60%	1	\$ 2,578.00	\$ 1,753.00	147%	0.0%
2	60%	1	\$ 1,279.00	\$ 1,518.00	84%	0.0%
1	60%	1	\$ 1,064.00	\$ 1,265.00	84%	0.0%
2	60%	1	\$ 1,685.00	\$ 1,518.00	111%	0.0%
2	60%	1	\$ 1,479.00	\$ 1,518.00	97%	0.0%
Total		20				0.0%

Note: this unit distribution includes 18 units at The Cove and two units at 386-438 Tower Hill Road.

B. Finance Summary

Sources	Firm	
	Amount	Per Unit
BankRI	\$800,000	40,000
Preservation Loan Fund Program	\$364,000	18,200
Other Equity	\$200,000	10,000
Total Sources	\$1,364,000	68,200
Uses	Amount	Per Unit
Construction	\$153,500	\$7,675
Acquisition	\$1,164,000	\$58,200
Soft Costs	\$42,500	\$2,125
Financing	\$4,000	\$200
Total Uses	\$1,364,000	\$68,200

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 \$3,000,000 in Fiscal Year 2025 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 hereby is, authorized to commit up to \$364,000 in funding to Valley Affordable Housing Corp. or an affiliated entity (the “Borrower”) to finance the rehabilitation of the multi-family development known as The Cove Apartments in North Kingstown, Rhode Island.
- Resolved,** that the foregoing resolution is subject to the following conditions:
- Simultaneous closing of the BankRI loan in an amount sufficient to achieve project feasibility; and
 - Completion of all items required for closing in accordance with normal underwriting and processing requirements
- Resolved,** that the Executive Director, Deputy Executive Director, and Director of Real Estate Development of RIHousing, each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.