

**Request for Action
by
Board of Commissioners**

**Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and
Financing for Center City Apartments Phase I**

A. PROJECT SUMMARY

This Request for Action (“RFA”) is for firm approval of the reservation of up to \$1,625,000 of 2024 and/or 2025 Low-Income Housing Tax Credits (“LIHTC”) and firm approval of: (i) a Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) taxable first mortgage loan in an amount up to \$5,300,000; (ii) a Capital Magnet Fund (“CMF”) Loan in an amount not to exceed \$999,000; (iii) a HOME-American Rescue Plan Program (“HOME-ARP”) Loan in an amount not to exceed \$2,000,000; (iv) a Development of Affordable Housing 2 Program (“DAH-2”) Loan in an amount not to exceed \$2,006,861; and (v) Community Revitalization Program (“CRP”) funding in an amount not to exceed \$993,139 for Center City Apartments Phase I (“CCA Phase I” or the “Development”), a 95-unit rental housing development to be located in East Providence. Olneyville Housing Corporation d/b/a ONE Neighborhood Builders is the developer (“ONENB” or “Developer”) and is working in conjunction with the other members of the Taunton Avenue Collaborative (the “Collaborative”) on this project. The Development received preliminary approval from the Board of Commissioners on May 16, 2024 (“Preliminary Approval”).

The Collaborative is a partnership among four effective and respected nonprofit organizations serving Rhode Islanders in need. Collaborative members acknowledged that the extent of the affordable housing crisis limits their individual impact. Thus, they are leveraging their combined expertise and capacity to create affordable apartments at CCA Phase I. ONENB is the project sponsor, developer, majority owner, and managing member of the borrower entity. Crossroads Rhode Island, Family Service of Rhode Island, and Foster Forward will provide social services for a portion of the residents at CCA Phase I, and each has a minority stake in the borrower entity as non-managing members. Crossroads Rhode Island will primarily provide housing-based case management to residents who have recently experienced homelessness. Family Service of Rhode Island is a multi-faceted provider of health and human services and will provide residents with an array of home, community, and office-based services and support. Foster Forward will provide housing-based case management to residents who are youth leaving foster care and/or youth who have recently experienced homelessness.

CCA Phase I is the first phase of a larger development that the Collaborative intends to develop on a three-acre blighted site on Taunton Avenue in East Providence. The allocation of 9% LIHTC contemplated herein will result in 95 new units at 330 and 350 Taunton Avenue, consisting of 41 newly constructed units (330 Taunton Avenue) and 54 rehabilitated units in an existing building (350 Taunton Avenue).

Since Preliminary Approval, costs have increased by more than \$4,200,000. While some soft costs have increased, this increase is primarily attributable to a \$3,200,000 increase in hard

costs and contingency due to final scope development, including all site and civil drawings, materials cost increases, and concerns of future tariff implications. The site requires significant soil and water containment work, and extensive civil and geotechnical engineering is needed. In addition, the acquisition cost allocated to CCA Phase I was increased to reflect the current appraisal. The construction lender has also required a higher interest reserve and operating and replacement reserves. In addition, the final LIHTC credit pricing dropped from \$0.92 to \$0.91.

To address these cost increases, the Developer has employed several strategies, including value engineering, resulting in changes to the façade materials, refining the scope of soil removal, and several other design changes. The first mortgage has also been increased as a result of higher rents, and the Developer has elected to defer additional developer fee. In addition, the Developer is requesting the reallocation of certain resources from a future Phase II that was to be financed with tax-exempt bonds and 4% LIHTC and which also received Preliminary Approval in May 2024 (“CCA Phase II”). Specifically, the Developer has requested that Building Homes Rhode Island (“BHRI”) and Emergency Rental Assistance 2 (“ERA2”) funding sources allocated to CCA Phase II be reallocated to CCA Phase I. ONENB has received approval from the Rhode Island Housing Resources Commission (“HRC”) to reallocate \$1,000,000 in BHRI funding, and the reallocation of ERA2 funding is under review with the State.

CCA Phase I will utilize income averaging, allowing all 95 units to be fully affordable to households with incomes at or below 80% of area median income (“AMI”). Of the 95 units, 31 will be affordable to households with incomes at or below 30% of AMI, 31 will be affordable to households with incomes at or below 60% of AMI, and 33 will be affordable to households with incomes at or below 80% of AMI. Bedroom sizes range from efficiency to three-bedroom.

The syndicator is National Equity Fund (“NEF”), which is paying \$.91 per credit. The investor is Bank of America, N.A. (“BOA”), which will also be the construction lender.

This RFA requests firm approval of a reservation of an amount not to exceed \$1,625,000 of 2024 and/or 2025 9% LIHTC and firm approval of (i) a first mortgage taxable loan in an amount not to exceed \$5,300,000; (ii) a CMF Loan in an amount not to exceed \$999,000; (iii) a HOME-ARP Loan in an amount not to exceed \$2,000,000; (iv) a DAH-2 Loan in an amount not to exceed \$2,006,861; and (v) a CRP Loan in an amount not to exceed \$993,139 for Center City Apartments Phase I, subject to certain conditions as set forth in the attached Resolution.

B. ATTACHMENTS

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

**Attachment A
Credit Summary**

Approval Loan Recommendation Summary – Center City Apartments Phase I

Preliminary _____

Firm X

Date: May 15, 2025

Project: New construction of 95 affordable apartments in East Providence comprised of 13 efficiency, 20 one-bedroom, 43 two-bedroom, and 19 three-bedroom units.

Development Team

	Name	Location	Risk Rating
Sponsor/Developer	Olneyville Housing Corporation d/b/a ONE Neighborhood Builders	Providence, RI	Medium
Mortgagor	Center City Apartments, LLC	East Providence, RI	Low
Architect	Union Studio Architecture & Community Design, Inc.	Providence, RI	Low
Legal	Klein Hornig,LLP	Boston, MA	Low
Management Agent	Peabody Properties, Inc.	Braintree, MA	Low
General Contractor	Pezzuco Construction, Inc.	Cranston, RI	Low
Consultant	NA		
Syndicator	National Equity Fund, Inc.	Chicago, IL	Low

Executive Summary

	Address	City
Property Address	330 & 350 Taunton Ave.	East Providence
Proposed Loan Amount(s) and Terms		
	Amount	Rate/Term
Taxable Loan (FFB)	\$5,300,000	6.50% / 40 years
CMF Loan	\$999,000	1.00% / 40 years
HOME-ARP Loan	\$2,000,000	0.00% / 40 years
DAH-2 Loan	\$2,006,861	0.00% / 40 years
CRP Loan	\$993,139	0.00% / 40 years

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

Proposed Sources & Uses:

Sources	Preliminary (5-16-24)		Delta	Firm	
	Amount	Per Unit		Amount	Per Unit
RIH First Mortgage	\$4,000,000	\$42,105	\$1,300,000	\$5,300,000	\$55,789
RI Foundation	\$3,000,000	\$31,579	\$0	\$3,000,000	\$31,579
Capital Magnet Fund	\$999,000	\$10,516	\$0	\$999,000	\$10,516
Priority Projects Fund	\$8,335,000	\$87,737	\$0	\$8,335,000	\$87,737
HOME-ARP	\$2,000,000	\$21,053	\$0	\$2,000,000	\$21,053
Building Homes Rhode Island	\$582,437	\$6,131	\$1,000,000	\$1,582,437	\$16,657
DAH-2	\$2,006,861	\$21,125	\$0	\$2,006,861	\$21,125
Community Revitalization	\$993,139	\$10,454	\$0	\$993,139	\$10,454
ERA2	\$3,500,000	\$36,842	\$723,182	\$4,223,182	\$44,455
Federal Earmark	\$1,320,000	\$13,895	\$680,000	\$2,000,000	\$21,053
CDBG	\$154,000	\$1,621	\$0	\$154,000	\$1,621
LIHTC Proceeds	\$14,948,505	\$157,353	(\$162,486)	\$14,786,019	\$155,642
Deferred Development Fee	\$500,000	\$5,263	\$350,394	\$850,394	\$8,952
Grants: RIFoundation, HMNE	\$165,000	\$1,737	(\$10,000)	\$155,000	\$1,632
Champlin Foundation	\$250,000	\$2,632	(\$250,000)	\$0	\$0
Seller Loan (SAP)	\$0	\$0	\$656,250	\$656,250	\$6,908
Total Sources	\$42,753,942	\$450,041	\$4,287,340	\$47,041,282	\$495,171

Uses	Amount		Delta	Per Unit	
	Amount	Per Unit		Amount	Per Unit
Construction	\$31,850,001	\$335,263	\$2,072,549	\$33,922,549	\$357,079
Contingency	\$1,493,284	\$15,719	\$1,155,461	\$2,648,745	\$27,882
Acquisition	\$3,000,000	\$31,579	\$500,000	\$3,500,000	\$36,842
Soft Costs	\$2,336,875	\$24,599	\$288,205	\$2,625,080	\$27,632
Financing	\$1,265,000	\$13,316	\$110,275	\$1,375,275	\$14,477
Developer Fee	\$2,018,940	\$21,252	\$0	\$2,018,940	\$21,252
Operating Reserve	\$658,975	\$6,937	\$87,181	\$746,156	\$7,854
Lease Up Reserve	\$13,200	\$139	\$6,800	\$20,000	\$211
Replacement Reserve Year 1 Deposit	\$30,875	\$325	\$0	\$30,875	\$325
Other Reserves	\$86,793	\$914	\$66,869	\$153,661	\$1,617
Total Uses	\$42,753,942	\$450,041	\$4,287,340	\$47,041,282	\$495,171

Loan to Value Test: -

	Appraisal	Per Unit	Variance	Current UW	Per Unit
NET OPERATING INCOME	\$678,231	7,139	(\$11,372)	\$666,859	\$7,020
Appraisal Cap Rate	5.50%			5.50%	
Valuation	\$12,300,000	129,474	(\$175,285)	\$12,124,715	\$127,629
Loan Principal	\$5,300,000	55,789		\$5,300,000	\$55,789
LTV	43.09%		1%	43.71%	

Underwriting Metrics:

Metric	Amount	Comment
Total Development Cost Per Unit	\$495,171	\$485,164 net of reserves
Residential Vacancy Rate	5.00%	
DSC Yr 1	1.15	DSC based on both RIH 1 st and RI Foundation 2 nd
DSC Yr 15	1.28	

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May 15, 2025

NOI	\$666,859	
Income Trending	2.00%	
Expense Trending	3.00%	
Loan to Value	43%	
Initial Installment (%) of syndication proceeds	15%	
Acquisition Price equal to or less than Appraised value	Yes	
Operating Reserve (Amt and confirm consistency with UW requirements)	\$746,156	Consistent with RIH underwriting standards
Replacement Reserve (Amt and confirm consistency with UW requirements)	\$30,875	Consistent with RIH underwriting standards

Deviations from standard underwriting – None

Extraordinary Conditions Affecting Total Development Cost (“TDC”):

- All electric Tier II construction;
- Extensive soil remediation issues;
- Water containment challenges; and
- Gut rehabilitation of existing partial podium building with elevator.

Unit Distribution and Revenue -

Unit	Rent Type	Number of Units	Gross Rent	Gross Rent as a		Discount from Market Rent
				LIHTC Max Rent	% of LIHTC Max Rent	
EFF	30%	13	\$ 590.00	\$ 590.00	0%	70.5%
1	30%	8	\$ 632.00	\$ 632.00	0%	73.7%
1	30%	7	\$ 632.00	\$ 632.00	0%	73.7%
2	30%	3	\$ 759.00	\$ 759.00	0%	71.9%
1	60%	4	\$ 1,265.00	\$ 1,265.00	0%	47.3%
2	60%	18	\$ 1,518.00	\$ 1,518.00	0%	43.8%
3	60%	9	\$ 1,753.00	\$ 1,753.00	0%	46.9%
1	80% LIHTC	1	\$ 1,550.00	\$ 1,687.00	92%	35.4%
2	80% LIHTC	22	\$ 1,900.00	\$ 2,024.00	94%	29.6%
3	80% LIHTC	10	\$ 2,250.00	\$ 2,338.00	96%	31.8%
Total		95				48.9%

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,** the Low-Income Housing Tax Credit Program (the “Program”) was created as part of the Tax Reform Act of 1986, as amended (the “Act”);
- Whereas,** RIHousing has been designated the administrator of the Program in the State of Rhode Island;
- Whereas,** staff for RIHousing has determined that Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“Applicant”) is eligible for the Program under the laws of the State of Rhode Island and the federal tax code;
- Whereas,** on May 16, 2024, the RIHousing Board of Commissioners granted preliminary approval of a reservation of low-income housing tax credits available in calendar year 2024 and/or 2025 (“LIHTC”), and preliminary approval of permanent financing;
- Whereas,** since preliminary approval the request for permanent financing from the Applicant listed below has increased to the following:

Applicant	Development	9% LIHTC	RIHousing 1st Mortgage	CMF Loan
One Neighborhood Builders	Center City Apartments Phase I	\$1,625,000	\$5,300,000	\$999,000

HOME-ARP Loan	DAH-2 Loan	CRP Loan
\$2,000,000	\$2,006,861	\$993,139

- 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; 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 up to \$1,625,000 of allocated 2024 and/or 2025 LIHTC be reserved for the Applicant or an affiliated entity (the “Borrower”) pursuant to Section 4.4 of the Rules Relative to Multifamily Loan Programs - Allocation of Low-Income Housing Tax Credits (825-RICR-30-00-4) (the “RIHousing Regulations”), and 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 necessary to cause such reservation to be effective; and further, that any final allocation shall be made at such time as the Borrower complies with the requirements of the Act and the RIHousing Regulations.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$5,300,000 for a taxable first mortgage loan to the Borrower for rental housing to be located at 330 and 350 Taunton Avenue in East Providence, Rhode Island and known as Center City Apartments Phase I.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$999,000 for a Capital Magnet Fund loan to the Borrower for rental housing to be located at 330 and 350

Taunton Avenue in East Providence, Rhode Island and known as Center City Apartments Phase I.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$2,000,000 for a HOME Investment Partnerships Program – American Rescue Plan loan to the Borrower for rental housing to be located at 330 and 350 Taunton Avenue in East Providence, Rhode Island and known as Center City Apartments Phase I.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$2,006,861 for a Development of Affordable Housing 2 Program loan to the Borrower for rental housing to be located at 330 and 350 Taunton Avenue in East Providence, Rhode Island and known as Center City Apartments Phase I.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$993,139 for a Community Revitalization Program loan to the Borrower for rental housing to be located at 330 and 350 Taunton Avenue in East Providence, Rhode Island and known as Center City Apartments Phase I.

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

- Syndication equity from the allocation of LIHTC in an amount sufficient to achieve project feasibility;
- Availability of subordinate financing in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing;
- Approval by the State of Rhode Island of the reallocation of ERA2 funding from CCA Phase II to CCA Phase I;
- Closing of a construction loan with Bank of America, N.A., in an amount sufficient to achieve project feasibility;
- Final approval of plans and specifications by RIHousing, as well as related construction documentation;
- Approval by RIHousing of all management-related issues including the marketing and tenant selection plans;
- Execution and delivery by the Applicant of a Construction Completion Guaranty in form and substance satisfactory to RIHousing and any lender;
- Evidence of Supportive Services Agreements and/or a financial commitment to provide ongoing housing stabilization services to HOME-ARP tenants;
- Recordation of a RIHousing Declaration of Land Use Restrictive Covenants and Regulatory Agreement in form(s) acceptable to RIHousing;
- FHA Risk-Sharing Program approval from the U.S. Department of

Housing and Urban Development for a minimum of 50% of the first mortgage loan; 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 each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.