

Request for Action
by
Board of Commissioners

Approval of Capital Magnet Fund Awards

1. Summary of Issues

Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has received four awards of Capital Magnet Fund (“CMF”) funding from the Community Development Financial Institutions Fund, an arm of the U.S. Department of Treasury. The 2021 CMF Grant award was \$12,000,000 and was received in June 2022. An Assistance Agreement was executed in December 2022. Pursuant to program requirements, the 2021 CMF Grant Award must be fully committed by December 2027. As of January 2024, there is approximately \$8,560,000 in CMF funding available.

In November 2023, RIHousing issued a Request for Proposals (“RFP”) for CMF funds from qualified applicants as part of a consolidated application for a number of funding sources. In response, RIHousing received 14 proposals requesting \$11,593,000 in CMF funding. After an initial review of the applications, Development Division staff requested clarifying information from applicants regarding apparent deficiencies. Program Review Criteria, as outlined below, was used to evaluate whether the applications contained the required threshold criteria for awards:

1. Applicant must demonstrate ability to proceed to closing on all financing and begin construction within nine months of commitment.
2. Applicant must demonstrate that the development is financially feasible for (i) the overall development costs of the project and (ii) the long-term operation of the proposed development.
3. Applicant must demonstrate that the development has a reasonable likelihood that it will achieve sustainable occupancy of 95% within six months of construction completion. For mixed-income proposals that meet the 20% at 50% or 40% at 60% set asides, the applicant must submit a third-party market study that includes an absorption schedule and a lease-up reserve as well as identifies the timeline for achieving 95% occupancy.
4. The developer must have experience in the successful development and operation of affordable housing of similar scope and complexity.

Those applications that passed threshold were further reviewed by Development Division staff in accordance with the program criteria to evaluate whether the applications met the required CMF priorities for awards as follows:

- Proposals that provide for the highest leveraging of other federal, state and private resources.
- Proposals located in Areas of Economic Distress and Qualified Census Tracts.
- Proposals that require at least 40% of the units to provide housing for households

with incomes below 50% of area median income (“AMI”).

- Proposals that address critical housing needs, including addressing housing obsolescence.
- Preservation of existing affordable housing stock.

Development Division staff met with senior RIHousing staff to review the applications based on the threshold and scoring criteria. Proposals submitted in response to the consolidated RFP that did not initially apply for CMF funding, but were otherwise eligible and met the threshold criteria, were reviewed as well. As a result of that combined review, six CMF proposals seeking program resources in the amount of \$5,271,000 are being recommended for approval at this time. The recommended developments are described in Attachment A and, collectively, they will help build or preserve 418 units, 404 of which will be CMF-assisted.

2. Recommendation

The attached resolution authorizing the allocation of up to \$5,271,000 in CMF funding is recommended for approval, contingent upon completion of each project’s capital stack and final approval of all financing for each project. Project-specific requests for firm approval will be presented to the Board of Commissioners upon completion of final underwriting.

3. Attachments

- A. Summary of Recommendations
- B. Resolution

Attachment A
Summary of Recommendations

Recommendations include:

Center City Apartments 9% - The Developer, Olneyville Housing Corporation d/b/a ONE Neighborhood Builders, has partnered with Foster Forward, Family Service of Rhode Island, and Crossroads Rhode Island, a partnership known as the Taunton Avenue Collaborative (the “Collaborative”), to develop a three-acre blighted site located at 330, 350 and 354 Taunton Avenue into 144 new affordable apartments in two new construction buildings and an existing building which would require extensive renovations. The initial phase, which is the subject of this award, will develop 95 units at 330 and 350 Taunton Avenue consisting of 41 newly constructed units and 54 rehabilitated units. This development is simultaneously being recommended for an allocation of 9% low-income housing tax credits (“LIHTC”) as well as the preliminary commitment of additional RIHousing funding sources. In addition to any other conditions in the project-specific preliminary approval for this development, this \$999,000 CMF award is contingent on completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

Omni Newark - Omni Newark, which is being developed by Omni Development Corporation, is the new development of 52 units at 11 Newark Street, Providence. This is a 5-story elevator building, with four floors of residential units above a ground floor consisting of covered parking and community/commercial space. The development will consist of 32 one-bedroom and 20 two-bedroom units. 41 of the units will be LIHTC units affordable to households with incomes at or below 60% of area median income (“AMI”) and 11 will be non-LIHTC units and targeted to residents at or below 80% of AMI. The Providence Housing Authority has awarded eight project-based vouchers to the development. This development is simultaneously being recommended for an allocation of 9% LIHTC as well as the preliminary commitment of additional RIHousing funding sources. In addition to any other conditions in the project-specific preliminary approval for this development, this \$775,000 CMF award is contingent on completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

321 Knight Street - 321 Knight Street, which is being developed by S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY), is located at the currently blighted, highly visible corner of Westminster and Knight Streets in Providence. The development is proposed as a podium-style, elevator building with parking, community, and commercial space on the ground level and 41 units on the four floors above. The development will provide homes for larger families and individuals with disabilities. Nine (9) of the one-bedroom units will be prioritized for clients of West Bay RI, which provides support to people with intellectual and developmental disabilities. All local approvals are in place, and the developer plans to develop this as a 100% affordable development with rents ranging from 30% to 80% of AMI. This development is simultaneously being recommended for an allocation of 9% LIHTC as well as the preliminary commitment of additional RIHousing funding sources. In addition to any other conditions in the project-specific preliminary approval for this development, this \$500,000 CMF award is contingent on completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

Park Holm V – Park Holm V, which is being developed by the Housing Authority of the City of

Newport, Rhode Island, is the final phase in the redevelopment of the former Park Holm public housing development in Newport. The 45 units in the development will consist of 12 one-bedroom units, 27 two-bedroom units, two three-bedroom units, and four four-bedroom units. Area median income (“AMI”) will range from 30-60%. There will be 38 units with Project-Based Section 8 vouchers, and 7 units will have an Annual Contributions Contract subsidy. Phase V will incorporate all new site landscaping and infrastructure, including new parking areas, new interior streets, and walking paths. Existing overhead utilities will be relocated underground. The units will be constructed to Tier II Energy Star standards. This development is simultaneously being recommended for an allocation of tax-exempt bonds as well as the preliminary commitment of additional RI Housing funding sources. In addition to any other conditions in the project-specific preliminary approval for this development, this \$999,000 CMF award is contingent on completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

Lockwood Plaza Phase II - Lockwood Plaza Phase II, which is being developed by WinnCompanies LLC, consists of a six-story apartment building with 104 one- and two-bedroom, flat-style units. Phase II proposes to complete the renovation of the master site by rehabbing the six-story midrise building. In addition to the site’s 104 rental units, Lockwood Plaza Phase II will include a community room and kitchen, management offices, laundry facilities, and 131 surface parking spaces. This is a 100% affordable community with rents at 50% and 60% of AMI. This \$999,000 CMF award constitutes partial funding for the project contingent on completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

Newport Heights Phase I - Newport Heights Phase I, which is being developed by Trinity Financial, Inc., is the proposed recapitalization of 81 units originally developed as a LIHTC transaction in 2001. This proposed transaction will utilize a RAD conversion of the existing ACC rents, and the developer has received a Commitment to Enter into a Housing Assistance Payments (CHAP) from HUD for the conversion. 67 of the units are affordable to households below 60% of AMI and the balance are unrestricted. This \$999,000 CMF award constitutes partial funding for the project contingent on completion of standard underwriting within 9 months of this award and closing within 12 months of this award.

Summary of CMF Awards:

Development	CMF Award Amount	30%-50% AMI Units	60% AMI Units	80% AMI Units	Market Rate Units
Center City Apartments	\$ 999,000.00	31	31	33	0
Omni Newark	\$ 775,000.00	11	30	11	0
321 Knight Street	\$ 500,000.00	9	32	0	0
Park Holm V	\$ 999,000.00	20	25	0	0
Lockwood Plaza Phase II	\$ 999,000.00	50	54	0	0
Newport Heights Phase I	\$ 999,000.00	27	40	0	14
Totals	\$ 5,271,000.00	148	212	44	14
		Total Units	418		
		Total CMF Units	404		

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”) has entered into an agreement with the U.S. Department of Treasury Community Development Financial Institutions Fund to administer a FY 2021 Capital Magnet Fund Award (“CMF”);
- Whereas,** RIHousing is authorized to make investments of CMF proceeds to promote the acquisition, rehabilitation, creation or preservation of affordable housing;
- Whereas,** the applicants listed in Attachment A have submitted applications which meet the requirements of the CMF Program;
- Whereas,** staff of RIHousing have reviewed each of the eligible applications submitted and recommend that CMF resources be preliminarily reserved to the proposals listed in Attachment A;
- Whereas,** staff of RIHousing have determined that the recommended proposals may qualify for financing under RIHousing’s enabling legislation, regulations, guidelines and policies; and
- Whereas,** RIHousing finds:
- (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 sponsors undertaking the proposed housing developments 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 developments to be assisted will be of public use and will provide a public benefit; and
 - (5) that the proposed housing developments will be undertaken, and the housing sponsors regulated pursuant to the authority and within the

restrictions provided for by the Rhode Island Housing and Mortgage Finance Corporation Act, Chapter 55 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED, that RIHousing is authorized to commit up to \$5,271,000 in CMF proceeds in compliance with CMF program guidelines, subject to certain conditions and the receipt of other sources of funds, for the projects set forth in Attachment A.

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 resolution.