

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

Approval of Affordable Housing Trust Fund Award – 111 Westminster Street (Providence)

A. Project Summary

This Request for Action (“RFA”) is for the approval of an award from the Affordable Housing Trust Fund (“AHT”) authorizing the allocation of up to \$4,500,000 for workforce housing. The award will provide financing for the development of workforce rental housing serving households at or below 120% of Area Median Income (“AMI”). Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has funded workforce housing through the AHT since 2019.

B. Summary of Issues

In 2016, HousingWorksRI conducted a study that projected the need for additional workforce housing units at 3,500 each year for 10 years. This deficit continues today; Rhode Island’s housing stock doesn’t adequately address all segments of the housing market. Most new housing has been built in the luxury segment of the market. Moreover, RIHousing’s resources are generally reserved for low-income housing units serving families under 60% of AMI, which in Providence is approximately \$51,900 for a family of four.

Consideration for workforce housing is given to projects that include:

- Local Support
- Innovation
- Replicability
- Mixed-Income
- Areas facing gentrification
- Higher Density
- Opportunity Zones
- Employer Support
- Public Private Partnership
- Areas with market rents above 80% AMI

Applications are reviewed in accordance with certain threshold criteria:

- Applications must be complete, including all attachments.
- The applicant must be an eligible applicant for the funding source being requested.
- Properties and activities proposed for consideration must be eligible for the funding source being requested.
- At least 20% of the project units must be affordable to residents earning less than 120% of the AMI.
- A project must include at least 10 apartments.
- The applicant must demonstrate site control of the development.
- The developer must demonstrate capacity to complete the proposed project.
- Proposals must be financially feasible as presented.
- Projects must be ready to proceed within 24 months of firm financing commitment.

- Proposed assistance amounts must meet all appropriate funding source requirements.
- Proposals must meet all applicable construction and rehabilitation guidelines.

RIHousing was contacted by the Rhode Island Commerce Corporation and the developer, High Rock Development (“High Rock”), in 2021 to discuss the availability of funds to support the historic redevelopment of 111 Westminster Street in Providence, commonly known as the Superman Building. This mixed-income project would revitalize a downtown landmark, create 285 dwelling units, 57 of which would be below market rent and available to households below 120% AMI. The first-floor atrium is approximately 26,000 square feet and is intended to be a public facility. High Rock plans to renovate the atrium into a community space that will be available to community groups and organizations interested in community-oriented programming.

Through discussion of the project with the Rhode Island Commerce Corporation and High Rock, RIHousing determined that the project demonstrates alignment with the goals set forth for increasing workforce housing. Workforce housing funds have been deployed successfully in downtown Providence to provide below market rent components to market-rate projects. Given the size of the project’s need, and the desire to create the largest number of below market rate units in the project, High Rock submitted a proposal for funding to RIHousing aligned with the goals of the Workforce Housing Innovation Challenge. The total proposed award is larger than prior workforce housing awards, but that is reflective of the number of units being deed restricted; the per-unit subsidy is consistent with previously approved projects.

Staff believed that this unique opportunity to add 57 below market units in a large market-rate development was worth a substantial investment and will allow many residents to live in a transit-oriented development, close to employment opportunities, businesses and shopping. In addition to these proposed funds, the project has received awards of \$15,000,000 in Rebuild RI Tax Credits and \$5,700,000 in RI First Wave Closing Funds from the RI Commerce Corporation. The renovation and reuse of this historic building is a cornerstone of the revitalization of Downtown Providence and represents a significant commitment by the city and state to the ongoing development of Kennedy Plaza and the surrounding area. The application was submitted, reviewed and found consistent with RIHousing’s goals for workforce housing. Final approval of the funds is conditioned upon completion of the entire capital stack and financial closing with the senior lender(s).

C. RECOMMENDATION

The attached resolution authorizing the allocation of up to \$4,500,000 in AHT funds for the 111 Westminster Street project is recommended for approval contingent upon commitment of all project financing and compliance with workforce housing guidelines including final underwriting and satisfactory staff review of site environmental reports.

D. ATTACHMENTS

- A. Funding Recommendation
- B. Resolution

Attachment A

Funding Recommendation

The attached resolution recommends approval of an Affordable Housing Trust Fund (“AHT”) award totaling \$4,500,000 for workforce housing (“WH”) for the following project:

Recommendation for approval is as follows:

111 Westminster Street, High Rock Development (“High Rock”), Sponsor

WH Cost	WH Units	Total Units	WH Cost per WH Unit
\$4,500,000	57	285	\$78,947

High Rock intends to redevelop 111 Westminster Street, commonly known as the Superman Building, into a residential building with 285 units of which 57 will be earmarked for households earning between 80% and 120% of area median income. Final approval of the WH funds is conditioned upon completion of the entire capital stack and financial closing with the senior lender(s).

SOURCES		USES	
Construction Debt	\$115,652,299	Land & Building Value	\$10,000,000
Developer's Initial Equity	\$31,127,167	Hard Costs	\$167,506,168
Developer's Additional Equity	\$11,000,000	Soft Costs	\$25,805,060
Rebuild RI Credit Award	\$15,000,000	Financing & Carry Costs	\$11,721,467
RI First Wave Closing Fund	\$5,700,000	Project Contingency	\$8,088,703
RIHousing - ARP	\$1,000,000		
RIHousing - WH	\$4,500,000		
New Market Tax Credits	\$2,100,000		
City Funds	\$5,000,000		
Federal Historic Tax Credits	\$22,041,933		
Providence Housing Trust Loan	\$10,000,000		
Total Sources	\$223,121,399	Total Uses	\$223,121,399

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 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; and
- WHEREAS:** one of the purposes of the AHT is to assist in the development of housing for moderate-income households throughout the State of Rhode Island, including those earning up to 120% of annual median income; and
- WHEREAS:** the AHT has increased its investment in new affordable housing programming over the last several years; and
- WHEREAS:** the AHT has previously set aside funding to assist in the creation of affordable workforce housing in keeping with its organizational purpose; and
- WHEREAS:** staff reviewed the proposal for 111 Westminster Street according to the criteria for financing workforce housing and have determined this proposal meets those objectives.

NOW, THEREFORE, IT IS HEREBY

- RESOLVED:** that the AHT, acting by and through its Trustees, be and is hereby authorized to commit up to \$4,500,000 in funding to the project listed in the Funding Recommendation at Attachment A, subject to the receipt of commitment of all project financing and compliance with applicable guidelines, including final underwriting and satisfactory staff review of site environmental reports.
- RESOLVED:** that the AHT, acting by and through its Trustees, be and is hereby authorized to transfer such funds to RIHousing for purposes of funding the award set forth at Attachment A.
- RESOLVED:** that the Executive Director, Deputy Executive Director, and Director of 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.