

**Request for Action**  
by  
**Board of Commissioners**  
**Approval of Acquisition and Revitalization Program (ARP)**  
**Funding Awards**

**1. Summary of Issues**

On March 2, 2021, the voters of the State of Rhode Island passed a state bond referendum authorizing the issuance of \$65,000,000 in bonds to increase the availability of affordable housing and support community revitalization through the redevelopment of existing structures, new construction, and property acquisition. Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) was authorized by the Executive Office of Commerce (“Commerce”) to implement and administer a program using \$15,000,000 of these funds for the improvement of properties that are blighted or in need of revitalization. The program is known formally as the Acquisition and Revitalization Program (“ARP”).

ARP’s purpose is to stabilize neighborhoods and communities by strategically targeting foreclosed and/or blighted residential and commercial properties and vacant lots in need of redevelopment. Encouraging redevelopment of vacant, foreclosed and/or blighted properties will revitalize neighborhoods and communities, stabilize the housing market, and improve local economies. The funding is available to non-profit and for-profit developers, municipalities and public housing authorities.

Pursuant to ARP Summary Guidelines established by RIHousing (“Guidelines”), ARP funding is available statewide but 75% of the funding is set aside for urban communities. The Guidelines restrict the income of households that will occupy the redeveloped residential or mixed-use properties to 120% of area median income (“AMI”). In addition, the Guidelines prioritize redevelopment of commercial properties and vacant lots located in low- and moderate-income census tracts or that serve low- and moderate-income households.

RIHousing previously awarded \$6,031,197 of ARP funds pursuant to a November 2021 Request for Proposals (“RFP”), leaving an available balance of approximately \$9,000,000. In November 2022, RIHousing issued a second RFP for ARP funds from qualified applicants. In response, RIHousing received 18 proposals requesting approximately \$21,022,000 in ARP funds. Two of the applications were for commercial development only. After an initial review of the applications, Development staff requested clarifying information regarding apparent deficiencies. Following receipt of the additional information from the applicants, all applications were reviewed by Development staff in accordance with the published Program Review Criteria to evaluate whether the applications contained the following ARP threshold criteria for awards:

1. Applicant must demonstrate that the development activity will commence within six

months of approval of funding.

2. Applicant must demonstrate that the development is financially feasible.
3. Applicant must demonstrate the experience and capacity to complete the project and to operate/maintain the project for a minimum 15-year period (as applicable) based upon experience with projects of similar complexity.
4. Applicant must demonstrate the need or demand for the project through market analysis, local demographics, existing demand for the project, etc.

Development staff scored only those applications that passed the threshold analysis. Of the 18 proposals received, 6 ARP proposals did not meet threshold requirements.

While it is anticipated that additional ARP awards will be made at future meetings, RIHousing staff is currently recommending funding for the 2 commercial proposals, as described in Attachment A, in the amount of \$4,000,000. The proposed awards are contingent upon the applicants' ability to secure additional committed funding to complete their capital stack by October 31, 2023. These ARP awards will directly fund 20 commercial units.

## **2. Recommendation**

The attached resolution authorizing the allocation of up to \$4,000,000 in ARP funds is recommended for approval, contingent on compliance with ARP guidelines and certain conditions as set forth in the attached Resolution.

## **3. Attachments**

- A. Summary of Recommendations
- B. Resolution



**25 Bough Street, Providence:** \$2,000,000 in ARP funding will support the redevelopment of 25 Bough Street, which is currently an abandoned, blighted building in Providence’s Olneyville neighborhood. The developer, 25 Bough, LLC (“25 Bough”), proposes to create a mixed-use commercial community center that will serve the neighborhood and beyond. 25 Bough’s mission includes education, workforce and economic development, as well as reducing health inequalities. Fifteen businesses are currently planned; nine will be third-party leases and include a bank branch, the RI Black Builders Association, and the Hispanic Chamber of Commerce. The remaining six businesses will be operated by the developer and include, at a minimum, a co-working/incubator space, function hall, and art space. This mix of uses will allow for a critical mass of businesses and services to coexist at 25 Bough Street. The developer is working on their capital stack, as estimated below, and ARP funding is contingent on completion of the full capital stack by October 31, 2023.

| <b>Sources</b>       | <b>Amount</b>       |
|----------------------|---------------------|
| Bank - Senior Loan   | \$ 1,500,000        |
| ARP Loan             | \$ 2,000,000        |
| Rebuild RI           | \$ 750,000          |
| City of Providence   | \$ 1,025,000        |
| Crowdfunding         | \$ 253,000          |
| NMTC or other        | \$ 3,679,687        |
|                      |                     |
| <b>Total Sources</b> | <b>\$ 9,207,687</b> |
|                      |                     |
| <b>Uses</b>          | <b>Amount</b>       |
| Acquisition          | \$ -                |
| Construction         | \$ 5,469,984        |
| Contingency          | \$ 546,998          |
| Soft Costs           | \$ 2,351,370        |
| Developer Fee        | \$ 839,335          |
|                      |                     |
| <b>Total Uses</b>    | <b>\$ 9,207,687</b> |

## Attachment B

### Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

WHEREAS, the voters of the State of Rhode Island passed a state bond referendum authorizing the issuance of \$65,000,000 in bonds to increase the availability of affordable housing and support community revitalization through the redevelopment of existing structures, new construction, and property acquisition (the “Bond Funds”);

WHEREAS, the State of Rhode Island authorized the Executive Office of Commerce (“Commerce”) to utilize \$15,000,000 of the Bond Funds to develop and implement a program for the improvement of properties that are blighted or in need of revitalization (the “Acquisition and Revitalization Program” or “ARP”);

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has been designated by Commerce to administer ARP, including the award of ARP funds to projects that assist in addressing urban revitalization and blight remediation;

WHEREAS, the applicants listed in Attachment A have submitted applications that meet the threshold requirements of ARP;

WHEREAS, staff of RIHousing have reviewed each of the eligible applications submitted and recommend that ARP funds be committed to the proposals listed in Attachment A; and

WHEREAS, RIHousing staff has reviewed the submissions and determined that the recommended proposals qualify for financing under RIHousing’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED, that RIHousing is authorized to commit up to \$4,000,000 in ARP funds for the recommended projects listed in Attachment A, each such project to be contingent on compliance with ARP guidelines and subject to the receipt of other sources of funds and certain conditions, as set forth below:

- Completion of full capital stack by October 31, 2023; and
- Completion of all items required for firm commitment and 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.