

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

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 Rhode Island Commerce Corporation (“CommerceRI”) 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.

In November 2021, RIHousing issued a Request for Proposals (“RFP”) for ARP funds from qualified applicants. In response, RIHousing received 17 proposals requesting \$27,780,452 in ARP funds. All applications were reviewed by Development staff in accordance with the published Program Review Criteria to evaluate whether the applications contained the required ARP threshold criteria for awards as follows:

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 and subsequently presented them to an external advisory committee (the “Advisory Committee”). The Advisory Committee approved five applications. On March 17, 2022, four of the applications were recommended for funding and approved by the RIHousing Board of Commissioners. Now that the fifth project’s capital stack is fairly complete, staff recommends approval of funding for the project known as 111 Westminster Street set forth in Attachment A.

2. Recommendation

The attached resolution authorizing the allocation of up to \$1,000,000 in ARP funds is recommended for approval, contingent on the availability of all other funding and compliance with ARP guidelines.

3. Attachments

- A. Summary of Recommendations
- B. Resolution

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 Rhode Island Commerce Corporation (“CommerceRI”) 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 CommerceRI to administer ARP, including the award of ARP funds to projects that assist in addressing urban revitalization and blight remediation;

WHEREAS, the applicant listed in Attachment A has submitted an application that meets the threshold requirements of ARP;

WHEREAS, staff of RIHousing has reviewed the application and along with an external advisory committee (“Advisory Committee”) recommends that ARP funds be committed to the proposal listed in Attachment A; and

WHEREAS, RIHousing staff and the Advisory Committee have reviewed the submission and determined that the recommended proposal qualifies 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 \$1,000,000 in ARP funds (the “Program Funds”), in compliance with ARP guidelines and subject to certain conditions and the receipt of other sources of funds for the proposal reviewed by staff and the Advisory Committee, as set forth in Attachment A.

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

- Approval by RIHousing of all other financing;
- Completion of closing on the construction and permanent loans;
- Reinstatement of High Rock Westminster Street, LLC with the Rhode Island Secretary of State as an entity registered to do business in the State

of Rhode Island; and

- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

RESOLVED, that the Executive Director and Deputy Executive Director, each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolutions.