

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 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. After an initial review of the applications, Development Division 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 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”).

RIHousing staff recommends funding for the proposals set forth at Attachment A. One proposal is contingent upon the applicant’s ability to secure additional committed funding by August 1, 2022. These ARP awards will directly fund 42 residential units and one new public facility.

2. Recommendation

The attached resolution authorizing the allocation of up to \$5,031,197 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 A

Summary of Recommendations

ARP Funds Recommended for Approval \$ 5,031,197

Distribution of Recommended Funds

Residential Projects \$ 3,531,197

Commercial Projects \$ 0

Public Facilities \$ 1,500,000

Recommendations include:

Community Music Works Center (Community Music Works (“CMW”), Sponsor): CMW will construct a new 24,000 square foot community facility on a vacant lot at 1326 Westminster Street in Providence. This project will transform a blighted lot into a vibrant community center promoting youth music education, music performance, and community-building. CMW is a 25-year-old organization. The new facility will include performance space, classrooms, a music library, administrative offices, and a ground floor café open to the public.

Sources		Uses	
ARP	\$1,500,000	Acquisition	\$275,000
RI DEM	\$300,000	Construction	\$ 8,832,000
State of RI Cultural Facilities	\$84,000	Contingency	\$487,000
Private Foundations	\$3,000,000	Hard Costs	\$2,005,000
Gifts	\$9,254,000	Soft Costs	\$1,539,000
		Reserves	\$1,000,000
TOTAL	\$14,138,000	TOTAL	\$14,138,000

- Copley Chambers Phase I (Marathon Development, Sponsor): Marathon Development will renovate a blighted historic building at 206 Broad Street in Providence into a mixed-use development. This project will provide 26 affordable housing units and supportive services for residents earning between 30% and 80% of area median income (“AMI”) as well as an ancillary commercial space for a service provider. The building is officially listed on the National Register of Historic Places.

Sources		Uses	
ARP	\$1,620,313	Acquisition	\$900,000
1 st Mortgage	\$2,391,000	Construction	\$3,674,698
Fed Historic Tax Credits	\$722,842	Contingency	\$380,711
BHRI IV	\$1,950,000	Financing	\$443,615
Deferred Dev Fee	\$58,612	Soft Costs	\$573,798
		Developer Fee	\$587,282
		Reserves	\$182,663
TOTAL	\$6,742,767	TOTAL	\$6,742,767

- Hannah Homes (SWAP, Sponsor): The proposal includes the demolition of existing blighted buildings and the new construction of three two-family homes in Providence. The owner-occupied units will be restricted to eligible buyers at 100% of AMI. The rental units will be restricted to tenants with incomes at or below 80% of AMI.

Sources		Uses	
ARP	\$910,884	Acquisition	\$360,000
Sale Proceeds/RIH MCL	\$957,000	Construction	\$1,140,504
		Contingency	\$64,000
		Soft Costs	\$103,250
		Developer Fee	\$200,130
TOTAL	\$1,867,884	TOTAL	\$1,867,884

- Central Street Phase II (Pawtucket Central Falls Development (“PCFDC”), Sponsor): PCFDC will revitalize an existing blighted building and vacant lot located in Central Falls creating ten affordable three-bedroom rental units for residents between 30% and 80% AMI. Three units will be designated for homeless youth transitioning out of Foster Care. PCFDC has partnered with Foster Forward, who will provide a subsidy and long-term case management for residents of these three units. The award is contingent upon approval of the remaining financing and the correction of several compliance findings on existing PCFDC developments.

Sources		Uses	
ARP	\$1,000,000	Acquisition	\$300,000
RIH 1 st Mortgage	\$300,000	Construction	\$2,130,000
HTF	\$300,000	Contingency	\$213,000
Capital Magnet Fund	\$300,000	Financing	\$36,000
BHRI	\$1,414,477	Soft Costs	\$280,705
		Developer Fee	\$294,000
		Reserves	\$60,772
TOTAL	\$3,314,477	TOTAL	\$3,314,477

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 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 along with an external advisory committee (“Advisory Committee”) recommend that ARP funds be committed to the proposals listed in Attachment A; and

WHEREAS, RIHousing staff and the Advisory Committee have 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 \$5,031,197 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 proposals reviewed by staff and the Advisory Committee, as set forth in Attachment A.

RESOLVED, that said commitments of funds are subject to (i) approval of all other financing; and (ii) completion of all items required for closing in accordance with normal RIHousing underwriting processes.

RESOLVED, that the Executive Director, Deputy Executive Director, and Director of Development, each acting singly, are hereby empowered and directed to take any

and all actions they deem necessary to carry out the foregoing resolutions.