

**Request for Action  
By  
Board of Commissioners**

**Approval of Public Housing Authority Fund Program  
(Predevelopment and Technical Assistance Grants)**

**I. SUMMARY OF ISSUES**

This Request for Action is for authorization to administer the Public Housing Authority Fund Program (the “Program” or “PHA Fund”) on behalf of the State of Rhode Island, including the award of predevelopment and technical assistance funds. The Program is funded by State and Local Fiscal Recovery Funds (“SFRF”) appropriated to the United States Department of Treasury (“Treasury”) through the American Rescue Plan Act of 2021 (“ARPA”). Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has been authorized to implement and administer the PHA Fund using \$10,000,000 in funds to help qualified Public Housing Authorities (“PHAs”) and/or their affiliates pay for unit creation and rehabilitation, predevelopment, and technical assistance costs associated with the development of public housing units.

**II. DISCUSSION**

In May 2023, Treasury and the State of Rhode Island authorized RIHousing to implement and administer the Program to deploy \$10,000,000 in SFRF funds on behalf of the State of Rhode Island. RIHousing staff, in conjunction with the Department of Housing, developed the Program Guidelines set forth at Attachment A which outline details of the Program. Eligible Activities under the Program Guidelines include (i) the production of new units, (ii) rehabilitation associated with transitioning an existing portfolio or project to a more stable financial model, and (iii) the provision of predevelopment and technical assistance funds intended to address the difficulties faced by PHAs and their affiliates in raising capital necessary to determine the feasibility of prospective projects.

In June 2023, RIHousing issued a Request for Proposals (“RFP”) for Program funds from qualified applicants for the three different award types: development, predevelopment and technical assistance. All applications have been reviewed by Development Division staff in accordance with the published Program Guidelines, and awards for development funds under the Program were presented to the Board in November 2023.

This Request for Action is intended to provide authorization for RIHousing staff to administer and approve predevelopment and technical assistance grants in accordance with the Program Guidelines and SFRF requirements.

Predevelopment and technical assistance funding under the Program will be provided as a grant to eligible PHAs and/or their affiliates. The maximum grant amount under the Program will be limited to \$250,000 for predevelopment costs and \$50,000 for technical assistance costs. Developments may be located across the state. Where the real estate is already owned by the PHA or its affiliate, RIHousing will either (i) ensure that the PHA property is subject

to a current Declaration of Trust or Annual Contributions Contract with a term of no less than 20 years or (ii) enforce affordability requirements pursuant to a deed restriction for a minimum of 30 years for units developed by PHA affiliates.

### **III. RECOMMENDATION**

Staff recommends approval of the attached resolution authorizing the administration and award of predevelopment and technical assistance grants under the Public Housing Authority Fund Program in accordance with the Program Guidelines at Attachment A and program priorities and evaluative criteria set forth in the Request for Proposals.

### **IV. ATTACHMENTS**

- A. Program Guidelines
- B. Resolution

Attachment A

STATE OF RHODE ISLAND

PUBLIC HOUSING AUTHORITY FUND PROGRAM DESCRIPTION

<b>1. Program Overview</b>	Funding for a pilot program to assist public housing authorities with increasing the supply of affordable housing and stabilizing existing affordable housing. The source for the Public Housing Authority Fund (PHA Fund) is State and Local Fiscal Recovery Funds (“SLFRF”) funded through the American Rescue Plan Act of 2021.
<b>2. Eligible Applicants</b>	Public Housing Authorities in Rhode Island
<b>3. Program Goal</b>	The PHA Fund may be used to:  (i) support the creation of new units  (ii) fund rehabilitation associated with transitioning an existing portfolio or project to a more stable financial model  (iii) fund technical assistance to PHAs to assist in evaluating the opportunity to create new units and/or transition its portfolio to a more stable financial model  (iv) fund predevelopment activities associated with (i) above
<b>4. Target Population/Areas</b>	Residents of Public Housing Authorities and affiliated non-profit entities
<b>5. Program Allocation</b>	\$10,000,000
<b>6. Eligible Activities</b>	<ul style="list-style-type: none"><li>• The production of new units by a PHA or a non-profit affiliate of the PHA, which may include demolition of obsolete housing in conjunction with the construction of net new housing units. Direct PHA investments must be for units under current ACC and subject to a Declaration of Trust having a remaining term of no less than 20 years.</li><li>• Technical assistance to a PHA to assist it in evaluating the opportunity to create new units and/or transition its portfolio to a more stable financial model.</li><li>• Pre-development funds related to a specific project that will</li></ul>

	<p>create new affordable rental or homeownership units.</p> <ul style="list-style-type: none"> <li>• The rehabilitation associated with transitioning an existing portfolio or project to a more stable financial model.</li> </ul>
<b>7. Evaluation Criteria</b>	<ul style="list-style-type: none"> <li>• Ability to meet the expenditure deadlines of the SLFRF program</li> <li>• Capacity to undertake proposal</li> <li>• For construction funding, readiness to proceed exhibited by the ability to begin work within 9 months of receipt of funding.</li> </ul>
<b>8. Program Terms</b>	<p>For direct PHA investments, Grants for public housing authority property under current ACC and subject to Declaration of Trust having a remaining term of no less than 20 years; or subject to other long term deed restriction allowable by HUD; consistent with Capital Fund Program.</p> <p>For investments to an affiliate of the PHA, the PHA Funding will be a loan secured by a 30-year deed restriction to the extent consistent with U.S. Department of Housing and Urban Development (“HUD”) requirements for LIHTC projects.</p>
<b>9. Amount of Assistance</b>	<p>A maximum of \$150,000 per unit</p> <p>For technical assistance, a maximum of \$50,000</p> <p>For predevelopment grants, a maximum of \$250,000</p>
<b>10. Term of Affordability</b>	<p>For traditional Public Housing units, subject to terms as set forth in the Deed of Trust in favor of HUD. For units developed by affiliates, a minimum of 30 years secured by a deed restriction</p>
<b>11. Program Leverage with Other Financial Resources</b>	<p>Dependent on the activity. New production will require other funding sources. Predevelopment assistance may not require leveraging.</p>

Applications for Technical Assistance grants will be accepted on a rolling basis. Otherwise, the Public Housing Authority Fund will accept applications in two rounds over a 12-month period. Not more than 50% of the funds will be obligated in fiscal year 2023.

Public Housing Authorities and consultant teams engaged by Public Housing Authorities to engage in the activities funded through this pilot program must meet the following requirements:

1. Generally, PHAs must have demonstrated relevant expertise in development of

affordable housing. Consultant teams must have demonstrated relevant expertise in public housing finance and regulatory context; in affordable housing development; and demonstrated experience working with PHAs and HUD.

2. For PHAs without specific experience developing affordable housing, with respect to activities related to the development of new units, they should retain a consultant team, comprising at a minimum, the following services: development, design, finance and legal. The developer must have demonstrated success in developing affordable housing. Each member of the team must have a minimum of 5 years of experience in their field.
3. With respect activities related to the transition of an existing portfolio or project to a more stable financial model, absent PHA experience, consultants/consultant teams must have relevant experience with affordable housing development, including experience repositioning PHA assets and/or RAD conversions.
4. Consultants must be eligible to work in the state of Rhode Island and be able to demonstrate good standing as a business.

## 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”) is authorized to make grants to developers, including Public Housing Authorities and their affiliates, for projects that in the judgment of RIHousing will provide decent and safe affordable housing for low and moderate income persons or families;

**Whereas,** RIHousing has been authorized to establish and implement the Public Housing Authority Fund Program on behalf of the State of Rhode Island, including the award of predevelopment and technical assistance grants; and

**Whereas,** RIHousing finds that:

(1) There exists a shortage of decent, safe, and sanitary housing at rental levels or sales prices which persons and families of low or moderate income can afford within the state;

(2) The proposed activities to be undertaken under the Program will provide a public benefit;

(3) That the activities that will be undertaken under the Program will be under the authority of and consistent with the provisions of the Rhode Island Housing enabling act, Chapter 55 of Title 42 of the Rhode Island General Laws.

#### **NOW, THEREFORE, IT IS HEREBY:**

**Resolved,** that RIHousing be and hereby is authorized to establish and administer the Public Housing Authority Fund Program, structured generally in accordance with the description contained in the Program Guidelines attached hereto, with such changes as the Executive Director, Deputy Executive Director, and Director of Real Estate Development may, in their sole discretion, determine to be necessary or advisable;

**Resolved,** that the Executive Director, Deputy Executive Director, and Director of Real Estate Development, each acting singly, be and hereby are authorized to approve grants on terms and conditions and for eligible grantees and activities consistent with the terms of the Program Guidelines; and

**Resolved,** that any such previous actions and approvals by the Executive Director, Deputy Executive Director, or Director of Real Estate Development consistent with the terms of the Program Guidelines are hereby ratified and confirmed; and

**Resolved,** that the Executive Director, Deputy Executive Director, and Director of Real Estate Development, each acting singly, be and hereby are authorized, empowered and directed to take any and all actions as each, in his/her sole discretion, shall deem necessary or advisable to carry out the foregoing resolutions.