

**Request for Action  
By  
Board of Commissioners**

**Approval of ARPA Predevelopment Program (APP)**

**I. SUMMARY OF ISSUES**

This Request for Action is for authorization to establish and implement the ARPA Predevelopment Program (the “Program”) on behalf of the State of Rhode Island. 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 Program using \$10,000,000 in funds to help qualified developers pay for predevelopment costs associated with the development of affordable housing.

**II. DISCUSSION**

In December 2022, 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. The goal of the Program is to provide upfront capital to address the difficulties encountered by housing sponsors in raising capital necessary to determine the feasibility of prospective affordable housing development projects. The Program funds will advance potential projects so as to increase the supply of supportive housing and affordable rental and homeownership opportunities across the state.

RIHousing staff has developed the Program Guidelines set forth at [Attachment A](#) which outline details of the Program. In accordance with SFRF requirements, funding under the Program will be provided as a grant to eligible developers. The maximum grant amount under the Program will be limited to \$100,000 for projects with total development costs under \$1,000,000 and \$250,000 for projects with total development costs over \$1,000,000. Developments may be located across the state. Developers must commit to serve households at or below 80% of area median income, and RIHousing will enforce affordability requirements pursuant to a deed restriction for a minimum of 30 years.

In November 2022, RIHousing issued a Request for Proposals (“RFP”) for Program funds from qualified applicants. All applications will be reviewed by Development Division staff in accordance with the published Program Guidelines, as amended to allow for grant awards rather than long-term loans, in order to evaluate whether the applications contain the required Program threshold criteria for awards.

**II. RECOMMENDATION**

Staff recommends approval of the ARPA Predevelopment Program to deploy up to \$10,000,000 in SFRF funding on behalf of the State of Rhode Island for eligible developers. Applications under the Program will be accepted on a rolling basis and will be underwritten

in accordance with the Program Guidelines at Attachment A and program priorities and evaluative criteria set forth in the Request for Proposals.

### **III. ATTACHMENTS**

- A. Program Guidelines
- B. Resolution

**Attachment A**

**STATE OF RHODE ISLAND**

**ARPA PREDEVELOPMENT PROGRAM DESCRIPTION**

<b>1. Program Overview</b>	The purpose of the ARPA Predevelopment Program (“APP”) is to provide funding to help qualified developers pay for predevelopment costs associated with the development of deed restricted affordable and supportive housing.
<b>2. Eligible Applicants</b>	Funding is available to qualified developers including nonprofit developers, municipalities, and public housing authorities.
<b>3. Program Goal</b>	The goal of the APP is to provide upfront capital to address the difficulties encountered by housing sponsors in raising capital necessary to determine the feasibility of prospective affordable housing development projects. These funds will advance potential projects to increase the supply of supportive housing and affordable rental and homeownership opportunities across the state.
<b>4. Target Population/Areas</b>	The program will be conducted statewide. Income of households occupying housing assisted with APP funding is limited to 80% of Area Median Income (“AMI”).
<b>5. Program Allocation</b>	\$10,000,000
<b>6. Eligible Uses</b>	Eligible uses include residential development for rental or homeownership.  Mixed income and mixed-use properties are eligible. However, APP funding may only be used to support the pro rata cost for the affordable housing component of a project.

<p><b>7. Eligible Activities</b></p>	<p>Architectural and engineering studies, environmental assessments or the costs associated with other Development professionals.</p> <p>Filing fees and/or costs and expenses incurred in obtaining permits and approvals and applying for public or private grants.</p> <p>Site control costs such as deposits under real estate purchase and sale agreements or to acquire options or extensions of options or purchase and sale agreements on real estate.</p> <p>Occupied properties are eligible, though borrowers should be aware they may be responsible for relocation expenses and compliance with the Uniform Relocation Act.</p>
<p><b>8. Ineligible Uses</b></p>	<p>Work conducted on contaminated sites without an approved EPA remediation plan in place.</p> <p>Application or origination fees required by RIHousing under any of its programs.</p> <p>Developer Fees prior to Firm Approval of permanent financing.</p>
<p><b>9. Program Terms</b></p>	<p>Funds will be disbursed as a grant secured by a deed restriction.</p> <p>Properties must be redeveloped in accordance with the income and affordability provisions of the APP.</p> <p>All requests for the disbursement of APP proceeds shall be accompanied by invoices, in form satisfactory to RIHousing, from each Development professional to be paid with such grant proceeds.</p>
<p><b>10. Amount of Assistance</b></p>	<p>Projects with a total development cost less than \$1,000,000, grant limit of \$100,000 for Eligible Uses defined above.</p> <p>Projects with a total development cost greater than \$1,000,000, grant limit is \$250,000 for Eligible Uses defined above.</p>

<b>11. Term of Affordability</b>	A deed restriction of no less than 30 years enforcing affordability and income requirements will be recorded on all properties assisted with APP.
<b>12. Program Leverage with Other Financial Resources</b>	It is expected that APP funds will be matched with other public and private funds for the development of the affordable units.

**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 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 ARPA Predevelopment Program on behalf of the State of Rhode Island; 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 ARPA Predevelopment 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 borrowers and activities consistent with the terms of the Program Guidelines; 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.