

Request for Action
by
Board of Commissioners

**Preliminary Approval of Reservation of HOME Investment Partnerships
Program Funds**

1. Summary of Issues

Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has administered the U. S. Department of Housing and Urban Development (“HUD”) HOME Investment Partnerships Program (the “HOME Program”) since 1992. The State of Rhode Island’s 2020 HOME Program year allocation was \$3,617,597. Combined with the remaining balance from past program years and program income, RIHousing has \$7,012,168.35 available for approval of preliminary reservation to projects.

In October of 2020, RIHousing issued a Request for Proposals (“RFP”) for HOME Program funds. In response to the RFP, RIHousing received nine proposals requesting \$9,389,165 in HOME Program funds.

After initial review of the HOME Program application packages, RIHousing requested additional information where necessary to ensure applications were complete. The HOME Program applications were then reviewed in accordance with RIHousing’s threshold criteria for awards:

- Applications must be complete, including all attachments.
- The applicant must be an eligible applicant for the funding source being sought.
- Properties and activities proposed for consideration must be eligible.
- Developer must demonstrate capacity to complete the proposed project.
- Proposals must be financially feasible as presented.
- Projects must be ready to proceed within six months of firm financing commitment.
- Proposed assistance amounts must meet all appropriate funding source requirements.
- Proposals must meet all applicable construction and rehabilitation guidelines.
- Proposals must be consistent with the State Land Use Plan, applicable Municipal Affordable Housing Plan, State Comprehensive Housing Plan, and State Consolidated Plan.
- Projects must meet funding priority requirements.
- Projects must be consistent with the appropriate HOME Program income targeting requirements.

Eligible HOME Program applications deemed to have met threshold requirements were then reviewed by RIHousing staff and scored based upon the criteria outlined in the HOME Program Annual Action Plan, as approved by HUD.

RIHousing program staff reviewed and scored qualifying applications and conducted cost allocations to ensure funding requests conformed with HOME Program subsidy limits. RIHousing program staff met with senior staff and reviewed the applications based on thresholds and scoring. As a result of that review, five HOME Program proposals seeking program resources in the amount of \$5,220,955 are being recommended for preliminary reservation at this time.

The recommended developments will help build 153 units, 44 of which will be HOME Program-assisted. The projects are located in Providence, Bristol, Middletown and East Providence. Four recommended applications in this round were submitted by non-profit developers.

2. Recommendation

The attached resolution authorizing the preliminary reservation of up to \$5,220,955 in HOME Program funds is contingent upon (i) the availability of HOME Program funding, (ii) completion of environmental reviews as necessary in accordance with requirements of 24 CFR §92.352, and (iii) compliance with HOME Program regulations including underwriting and subsidy layering review. Requests for firm approval of reservations will be presented to the Board of Commissioners upon completion of final underwriting.

3. Attachments

- A. Summary of Recommendations
- B. Resolution

Attachment A
Summary of Recommendations

HOME Program Funds recommended for preliminary reservation for new projects in current funding round \$ 5,220,955

Distribution of recommended funds

Community Housing Development Organizations \$ 2,735,000

Other Nonprofit Organizations \$ 885,955

For Profit Organizations \$ 1,600,000

Leveraging with recommended current round HOME Program funds:

HOME Cost	Total Cost	# of HOME Units	Total # of Units	HOME Cost per HOME Unit
\$5,220,955	\$35,549,383	44	153	\$118,658

Preliminary project recommendations are as follows:

- Omni Development Corporation / Wingate Companies, LLC, Joseph Caffey Apartments (“JCA”), Providence (\$1,600,000 in HOME Program funds) – This site was formerly known as Barbara Jordan 2 (“BJ2”) Apartments. JCA entails the acquisition and demolition of BJ2, and the new construction of 79 affordable rental units in 11 buildings. The developer has proposed a bifurcated 9%/4% structure to fund the development. The 9% transaction will be known as Phase A and will consist of 39 units. Phase B will be 40 units funded with tax-exempt bonds, 4% low-income housing tax credits, HOME Program, and National Housing Trust Fund assistance. The two phases will close simultaneously. Upon completion, the 79 rental units will include 10 one-bedroom, 36 two-bedroom, 27 three-bedroom and six four-bedroom units. Sixteen units will be available at 30% AMI rents, five units will be available at 50% AMI rents and 58 units will be available at 60% AMI rents. Sixteen units are expected to receive Project-Based Vouchers (“PBV”) by the Providence Housing Authority. Eleven units will be HOME Program-assisted.

The sources and uses below are for the 4% phase only.

Sources		Uses	
Providence Housing Trust	\$2,750,000	Construction	\$10,250,411
LIHTC proceeds	\$6,452,277	Contingency	\$717,529
RIH HOME	\$1,600,000	Acquisition	\$674,699
HTF	\$1,960,000	Soft Costs	\$1,111,038
RIH Capital Magnet	\$1,000,000	Financing	\$932,778
RIH deferred payment loan	\$222,723	Developer Fee	\$891,500
Providence HOME	\$880,000	Operating Reserve	\$237,025
		Replacement Reserve - Yr 1	\$13,000
		Other Reserves	\$37,020
TOTAL	\$14,865,000	TOTAL	\$14,865,000

- Church Community Housing Corporation, Forest Farm Assisted Living, LP (“FFAL”), Middletown (\$850,000 in HOME Program funds) – FFAL is a licensed assisted-living facility, currently comprised of 50 one-bedroom units. It was originally constructed in 1999 with low-income housing tax credits and is in need of rehabilitation. The decommissioning of one market rate unit will allow for expanded kitchen operations. Ten units are 30% AMI rents, 25 units are 50% AMI rents, nine units are 80% AMI rents and five are market rate. Ten units will be HOME Program-assisted at 50% AMI rents. Thirty units are subsidized through a Project Based Voucher Contract. FFAL received preliminary approval of a RIHousing first mortgage loan in the amount of \$2,250,000 and a Capital Magnet Fund loan in the amount of \$750,000, contingent on a HOME Program fund award, in February 2021.

Sources		Uses	
RIH 1st Mortgage	\$2,250,000	Construction	\$ 4,127,851
BHRI	\$500,000	Contingency	\$ 412,785
HOME	\$850,000	Acquisition	\$ 1,728,500
Assumed Debt (Rollover)	\$1,019,292	Soft Costs	\$ 590,614
Preservation Loan Fund Program	\$991,170	Financing	\$ 47,813
Capital Magnet Fund	\$750,000	Developer Fee	\$ 225,114
FHLB Affordable Housing Program	\$650,000	Operating Reserve	\$ 201,283
General Partner Capital	\$449,267	Replacement Reserve - Yr 1	\$ 98,000
RI Renewable Energy	\$29,450	Other Reserves	\$ 57,219
TOTAL	\$7,489,179	TOTAL	\$ 7,489,179

- West Broadway Neighborhood Association (“WBNA”), Accessory Dwelling Unit Demonstration Project at 1192 Westminster Street, Providence (\$171,940 in HOME Program funds) – The WBNA owns 1192 Westminster Street and in 2003 rehabilitated the house into a three-bedroom affordable housing unit and non-profit office space. The property includes a vacant two-bay garage. The WBNA proposes to convert the garage into an ADA-compliant one-bedroom unit available at 60% AMI rent. It will be HOME Program-assisted. Zoning was approved for this conversion in 2020. Tenant preference is

for a veteran with a Housing Choice Voucher.

Sources		Uses	
Bank RI 1st Mortgage	\$ 28,000	Constuction	\$ 131,337.00
HOME	\$ 171,940	Contingency	\$ 13,134
		Soft Costs	\$ 27,069
		Financing	\$ 2,850
		Developer Fee	\$ 19,000
		Operating Reserve	\$ 2,750
		Replacement Reserve - Yr 1	\$ 3,800
		Other reserves	
TOTAL	\$ 199,940	TOTAL	\$ 199,940

- ONE Neighborhood Builders (“ONE/NB”), The Residences at Riverside Square, East Providence (\$1,885,000 in HOME Program funds) – ONE/NB proposes new construction to create 16 affordable rental units. ONE/NB was designated as developer by the City to revitalize this long vacant and blighted property adjacent to the East Bay Bike Path. Upon completion, the 16 units will include six one-bedroom and 10 two-bedroom units. Four units will be available at 30% AMI rents, two units will be available at 50% AMI rents, five units will be at 60% AMI rents and five units will be available at 80% AMI rents. A letter of support was provided by Foster Forward regarding their intention to partner with ONE/NB, obtain federal Foster Youth Initiative housing vouchers for the one-bedroom 30% AMI units and provide supportive services for youth aging out of foster care. In total, 11 units will be HOME Program-assisted.

Sources		Uses	
RIH 1st Mortgage	\$ 700,000	Construction	\$ 2,871,865
BHRI	\$ 1,243,500	Contingency	\$ 287,135
HOME	\$ 1,885,000	Acquisition	\$ 225,000
HTF	\$ 515,000	Soft Costs	\$ 430,350
		Financing	\$ 97,500
		Developer Fee	\$ 302,400
		Operating Reserve	\$ 85,000
		Replacement Reserve - Yr 1	\$ 32,000
		Other Reserves	\$ 12,250
TOTAL	\$ 4,343,500	TOTAL	\$ 4,343,500

- East Bay Community Development Corporation (“EBCDC”), Living East Bay (“LEB”), Bristol (\$714,015 in HOME Program funds) - Living East Bay was established in 2004 and is comprised of six scattered site properties. EBCDC intends to merge two additional properties into LEB for a total of 47 units in eight buildings. The 47 rental units include 13 one-bedroom, 24 two-bedroom, eight three-bedroom and two four-bedroom units. Eleven units will be available at 30% AMI rents, 21 will be available at 50% AMI rents and 15 will be available at 60% rents. Eleven units will be HOME Program- assisted.

Sources		Uses	
RIH 1st Mortgage	\$ 300,000	Construction	\$ 1,863,014.00
HOME	\$ 714,015	Contingency	\$ 186,301
HTF	\$ 800,000	Acquisition	\$ 4,210,331
Capital Magnet Fund	\$ 785,000	Soft Costs	\$ 479,475
LIHTC proceeds	\$ 2,659,079	Financing	\$ 399,400
Deferred Developer Fee/Sponsor Loan	\$ 300,000	Developer Fee	\$ 800,000
Rollover Debt	\$ 2,709,757	Operating Reserve	\$ 192,500
Existing Reserves	\$ 40,699	Replacement Reserve - Yr 1	\$ 94,000
		Other Reserves	\$ 83,529.00
TOTAL	\$ 8,308,550	TOTAL	\$ 8,308,550

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”) has entered into an agreement with the U.S. Department of Housing and Urban Development to administer the HOME Investment Partnership Program (“HOME Program”); and

WHEREAS: RIHousing is authorized to issue HOME Program funds to promote the acquisition, rehabilitation or preservation of affordable housing; and

WHEREAS: RIHousing anticipates authorization to disburse \$5,220,955 in HOME Program funds to eligible entities in order to create affordable housing opportunities; and

WHEREAS: the applicants listed in Attachment A have submitted applications, which meet the requirements of the HOME Program; and

WHEREAS: staff of RIHousing have reviewed each of the eligible applications submitted and recommend that HOME Program funds be preliminarily reserved to the proposals listed in Attachment A; and

WHEREAS: staff of RIHousing have determined that the recommended proposal may qualify for financing under RIHousing’s enabling legislation, regulations, guidelines and policies; and

WHEREAS: RIHousing finds:

(1) that there exists a shortage of decent, safe, and sanitary housing at rentals or prices which persons and families of low or moderate income can afford within the general housing market area to be served by the proposed housing development;

(2) that private enterprise and investment have been unable, without assistance, to provide an adequate supply of decent, safe, and sanitary housing in the general housing market area at prices which persons or families of low and moderate income can afford or to provide sufficient mortgage financing for residential housing for occupancy by those persons or families;

(3) that the housing sponsor or sponsors undertaking the proposed housing development in this state will supply well-planned, well designed housing for persons or families of low and moderate income and that those sponsors are

financially responsible;

(4) that the proposed housing development to be assisted will be of public use and will provide a public benefit; and

(5) that the proposed housing development will be undertaken, and the housing sponsor or sponsors regulated pursuant to the authority and within the restrictions provided for by the Rhode Island Housing and Mortgage Finance Corporation 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 preliminarily reserve HOME Program funds in an amount up to \$5,220,955 in accordance with the program description as approved by the U.S. Department of Housing and Urban Development.

RESOLVED: that RIHousing be, and hereby is authorized, to approve a preliminary reservation of HOME Program funds to the proposals as recommended by RIHousing staff in Attachment A in accordance with the HOME program guidelines and regulations, and contingent on (i) the availability and receipt of HOME Program funding, (ii) completion of environmental reviews as necessary in accordance with requirements of 24 CFR §92.352, and (iii) compliance with HOME Program regulations including underwriting and subsidy layering review.

RESOLVED: that the Executive Director, Deputy Executive Director and the Director of Development, each acting singly be, and hereby is, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.