

**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 is \$3,617,597. Combined with the remaining balance from past program years and program income, RIHousing has \$9,349,545 available for approval of preliminary reservation to projects.

In March of 2020, RIHousing issued a Request for Proposals (“RFP”) for HOME Program funds. In response to the RFP, RIHousing received 9 proposals requesting \$7,710,332 in HOME Program funds.

After initial review of the 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 6 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. On August 18, 2020, RIHousing program staff met with senior staff and reviewed the applications based on thresholds and scoring. As a result of that review, 4 HOME Program proposals seeking program resources in the amount of \$4,565,696 are being recommended for preliminary reservation at this time. The recommended developments will help build 86 units, 31 of which will be HOME Program-assisted. The projects are located in Exeter, Woonsocket, Central Falls and East Providence. All recommended applications in this round were submitted by non-profit developers.

2. Recommendation

The attached resolution authorizing the preliminary reservation of up to \$4,565,696 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. A request for firm approval of reservation 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 \$ 4,565,696

Distribution of recommended funds

Community Housing Development Organizations \$ 1,817,497

Other Nonprofit Organizations \$ 2,748,199

For Profit Organizations \$ 0

Leveraging with recommended current round HOME Program funds:

HOME Cost	Total Cost	# of HOME Units	Total # of Units	HOME Cost per HOME Unit
\$4,565,696	\$20,790,682	31	86	\$147,280

Preliminary project recommendations are as follows:

- Women’s Development Corporation, Pine View Apartments, Exeter (\$1,459,000 in HOME Program funds) - New construction of 40 affordable units comprised of 5 one-bedroom and 35 two-bedroom units, of which 11 will be HOME Program-assisted. The site is located on South County Trail adjacent to the Oak Harbor Village commercial center. Of the 40 units, 3 units will be restricted to 30% of area median income (“AMI”), 5 units will be restricted to 50% AMI and 32 will be restricted to 60% AMI. There will be 8 project-based vouchers (“PBV”) provided by the Coventry Housing Authority.

Sources		Uses	
HOME	\$ 1,459,000	Acquisition	\$ 1,340,000
HTF	\$ 515,000	Construction	\$ 7,825,828
RIH 1st Mortgage	\$ 2,150,000	Contingency	\$ 785,452
Deferred Developer Fee	\$ 374,703	Soft Costs	\$ 1,015,818
Housing Tax Credit (equity)	\$ 3,232,534	Financing	\$ 708,188
BHRI	\$ 4,640,000	Developer Fee	\$ 1,072,000
CMF	\$ 625,000	Operating reserve	\$ 203,956
		other reserves	\$ 44,995
TOTAL	\$ 12,996,237	TOTAL	\$ 12,996,237

- Central Falls Housing Authority, School Street Apartments, Central Falls (\$1,289,199 in HOME Program funds) - Central Falls Housing Authority, in partnership with Women’s Development Corporation, proposes to build a 6 unit affordable housing development, of which 5 will be HOME Program-assisted. The project will be comprised of 1 one-bedroom unit, which will be Housing Trust Fund (HTF)-assisted and have a PBV, 1 two-bedroom unit, which will be HOME Program-assisted and have a PBV, with the remaining 4 HOME Program-assisted units comprised of 1 three-bedroom unit, which will be income restricted to 50% AMI and 3 three-bedroom units, which will be restricted to 60% AMI. The new units will replace the existing 2 unit two-bedroom building on the site.

Sources		Uses	
HOME	\$ 1,289,199	Acquisition	\$ 155,000
HTF	\$ 171,801	Construction	\$ 1,180,686
RIH 1st Mortgage	\$ 414,000	Contingency	\$ 114,040
		Architect/Engineer	\$ 95,000
		Soft Costs	\$ 106,474
		Financing	\$ 87,500
		Reserves	\$ 14,500
		Developer Fee	\$ 121,800
TOTAL	\$ 1,875,000	TOTAL	\$ 1,875,000

- ONE Neighborhood Builders, Sutton Street Apartments, East Providence (\$1,392,497 in HOME Program funds) – Sutton Place is a 36 unit development comprised of 22 one-bedroom units and 14 studio apartments located between the Downtown and Rumford neighborhoods of East Providence, within walking distance of the eastside of Providence. Of the 36 units, 11 will be HOME Program-assisted. 9 units will be restricted at 30% AMI (with PBV and Continuum of Care subsidies), 3 HOME Program-assisted units at 50% AMI and 8 HOME-assisted units at 60% AMI. The remaining 16 apartments will be restricted at 80% AMI.

Sources		Uses	
HOME	\$ 1,392,497	Acquisition	\$ 3,420,000
Deferred Fee	\$ 65,903	Construction	\$ 1,037,804
HTF	\$ 1,189,921	Contingency	\$ 103,780
RIH 1st Mortgage	\$ 1,315,000	Soft Costs	\$ 140,095
EP Waterfront	\$ 200,000	Financing	\$ 47,900
RIH PLFP	\$ 1,080,000	Developer Fee	\$ 300,000
		Operating Reserve	\$ 98,000
		Replacement Reserve Yr 1	\$ 72,000
		Other Reserves	\$ 23,742
TOTAL	\$ 5,243,321	TOTAL	\$ 5,243,321

- NeighborWorks Blackstone River Valley (“NWBRV”), 146 Sayles Street (Frontline Childcare Worker Residence), Woonsocket (\$425,000 in HOME funds) - The overall objective of this rehabilitation project is to provide affordable housing for workers in NWBRV's state licensed elementary school-age before-and-afterschool program, which is located in the lower level of the building. The project is located in the Constitution Hill neighborhood in Woonsocket. It will consist of 4 efficiency units with a shared kitchen. All units will be HOME Program-assisted. Two (2) units will be restricted to 30% AMI. Two (2) additional units will be restricted to 50% AMI.

Sources		Uses	
HOME	\$ 425,000	Acquisition	\$ 239,400
Cash	\$ 11,724	Construction	\$ 276,142
Property Donation	\$ 239,400	Contingency	\$ 30,682
		Financing	\$ 7,500
		Soft Costs	\$ 30,400
		Reservers	\$ 32,000
		Developer Fee	\$ 60,000
TOTAL	\$ 676,124	TOTAL	\$ 676,124

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”) expects to enter 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 \$4,565,696 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 \$4,565,696 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.