

Request for Action
by
Board of Commissioners
Approval of Housing Production Fund Extremely Low-Income
Operating Reserve (HPF-ELI) Awards

1. Summary of Issues

The Housing Production Fund (“HPF”) was established by the State of Rhode Island General Assembly in June 2021 by amendment to Rhode Island General Laws Section 42-128, known as the Housing Resources Act of 1998, to provide funding for the planning, production, and preservation of affordable housing. Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) was authorized by the General Assembly to administer HPF program funds for a range of housing production initiatives. The enabling legislation for the HPF specifically establishes a priority for households either exiting homelessness or earning not more than thirty percent (30%) of area median income (“AMI”).

In conjunction with the Rhode Island Housing Resources Commission Coordinating Committee, RIHousing established program guidelines for the Housing Production Fund - Extremely Low-Income Operating Reserve (“HPF-ELI”) Program to support units serving households earning 30% AMI or below; and the General Assembly has appropriated \$10,000,000 for this purpose. RIHousing anticipates that the program funding will capitalize a project operating reserve to support developments providing units designated to serve extremely low-income (“ELI”) households, including those experiencing homelessness or at risk of homelessness. These program funds bridge the gap between the established 30% and 50% AMI rents for the applicable unit size, and such operating reserves are anticipated to be capitalized for an average period of 15 years. However, the length of assistance may vary depending on the development status.

In October 2024, RIHousing issued a Request for Proposals (the “RFP”) for HPF-ELI Program funding. The RFP anticipated approximately \$1,800,000 in HPF-ELI Program funding to be available; however, after adjustments through the end of Fiscal Year 2024, \$2,818,200 is available for award.

In response to the RFP, RIHousing received four proposals requesting approximately \$5,800,000 in HPF-ELI funds. Staff from RIHousing reviewed applications in accordance with the published program review criteria. Of the four proposals received, staff recommends funding the two HPF-ELI proposals described in Attachment A in the amount of \$2,818,200, which will allocate the remaining award funds. These two HPF-ELI awards will support a total of 29 residential units for terms of 15 years and 12 years, respectively.

2. Recommendation

The attached resolution authorizing the allocation of up to \$2,818,200 in HPF-ELI funds for

the two developments described in Attachment A is recommended for approval, contingent on (i) receipt of the HPF-ELI funds from the State of Rhode Island; (ii) the availability of all other funding for transactions that have not yet closed; and (iii) compliance with HPF-ELI guidelines.

3. Attachments

- A. Summary of Recommendations
- B. Resolution

Attachment A

Summary of Recommendations

HPF-ELI Funds Recommended for Approval \$ 2,818,200

Connolly and Partners, LLC: South Point Commons

Connolly and Partners, LLC, a subsidiary of First Hartford, was founded in 2005 with the goal of sustainably developing mixed-income and affordable multifamily housing. They have been preliminarily awarded 9% Low-Income Housing Tax Credits (“LIHTC”) for the development of a new construction 72-unit property in Westerly named South Point Commons. Out of the 72 total units, they are requesting HPF-ELI operating support for 16 units. The proposed property management company is FHRC, which is under the umbrella of First Hartford and has strong experience managing 100% affordable housing in four other states. Connolly and Partners, LLC is partnering with The WARM Center, which will provide services to the tenants in these HPF-ELI units. The WARM Center, an established service provider for Washington County, will refer eligible tenants from its existing client list. The proposed operating expenses are reasonable and the proforma reflects positive cash flow. Staff is recommending HPF-ELI funding to support these 16 units for 15 years, which computes to an award of \$1,578,378.

Pawtucket Central Falls Development Corporation: Barton Street Revitalization

Pawtucket Central Falls Development Corporation (“PCFDC”) is a non-profit community organization focused on development of affordable housing in the areas of Pawtucket and Central Falls. Barton Street Revitalization began operating in 2003 as a 27-unit scattered site development and is the oldest of PCFDC’s five active LIHTC-restricted properties. Barton Street Revitalization recently depleted a similar operating subsidy under the Neighborhood Opportunities Program (“NOP”) for six of its units serving ELI tenants. PCFDC has requested HPF-ELI subsidy to support 13 HPF-ELI units, including the six units that recently depleted their NOP subsidy. Supportive Services will be provided by a Resident Service Coordinator on staff with PCFDC, as well as by AccessPoint RI, which is a Rhode Island service organization specializing in serving adults with disabilities who are experiencing or facing homelessness. Since there is not currently enough funding for a full 15-year term, staff is recommending HPF-ELI funding to support these 13 units for 12 years, which computes to an award of \$1,239,822.

Attachment B

Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

- WHEREAS, Pursuant to title 42, chapter 128, section 2.1 of the Rhode Island General Laws, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has been designated by the Rhode Island General Assembly to administer a Housing Production Fund (“HPF”) to assist in the development of new affordable housing and the preservation of existing affordable units, with priority given to households exiting homelessness or earning not more than thirty percent (30%) of area median income;
- WHEREAS, the State of Rhode Island General Assembly passed a state budget bill authorizing the appropriation of \$10,000,000 to support HPF housing production initiatives for extremely low-income families and individuals (the “HPF-ELI Funds”);
- WHEREAS, the applicants listed in Attachment A have submitted applications that meet the requirements set forth in HPF-ELI program guidelines duly established by RIHousing with the collaboration of the Rhode Island Housing Resources Commission Coordinating Committee;
- WHEREAS, staff of RIHousing have reviewed each of the eligible applications and recommend that HPF-ELI Funds be committed to the proposals listed in Attachment A; and
- WHEREAS, RIHousing staff have 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 \$2,818,200 in HPF-ELI Funds for the proposals listed in Attachment A, contingent on (i) receipt of the HPF-ELI funds from the State of Rhode Island; (ii) the availability of all other funding for any transactions that have not yet closed; and (iii) compliance with HPF-ELI guidelines.
- RESOLVED, that the Executive Director, Deputy Executive Director, Director of Leased Housing and Rental Services, and Director of Real Estate Development, each acting singly, are hereby empowered and directed to take any and all actions they deem necessary to carry out the foregoing resolution.