

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 has 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. Under the HPF-ELI Program, funds will be awarded to capitalize a project operating reserve to ensure that developers can create and preserve affordable rental housing for families and individuals with very low income, including those who are homeless or at risk of being homeless. These funds will bridge the gap between residents’ ability to pay 30% of their gross household income toward rent and the established 50% Low-Income Housing Tax Credit rents for the applicable unit size. As of April 2024, there is approximately \$3,780,840 of HPF-ELI funding available to award.

In November 2023, RIHousing issued a Request for Proposals (“RFP”) for HPF-ELI funds as part of a consolidated funding round. In response, RIHousing received 18 proposals requesting \$15,128,206 in HPF-ELI funds. Staff from the Development and Leased Housing and Rental Services Divisions reviewed applications in accordance with the published program review criteria.

Of the 18 proposals received, staff recommends funding for the five HPF-ELI proposals described in Attachment A. The HPF-ELI awards total \$3,780,840 and will support 54 newly created 30% AMI residential units. Since four of the transactions receiving HPF-ELI funds are to be funded with low-income housing tax credits (“LIHTC”), the HPF-ELI subsidy is sized to last 15 years. This 15-year term coincides with the initial compliance period of the LIHTC program. The last project is sized for a 5-year term as there is currently not enough funding for a full 10-year term.

2. Recommendation

The attached resolution authorizing the allocation of up to \$3,780,840 in HPF-ELI funds 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

Omni Newark - Omni Newark, which is being developed by Omni Development Corporation, is the new development of 52 units at 11 Newark Street, Providence. This is a 5-story elevator building, with four floors of residential units above a ground floor consisting of covered parking and community/commercial space. The development will consist of 32 one-bedroom and 20 two-bedroom units. 41 of the units will be LIHTC units affordable to households with incomes at or below 60% of area median income (“AMI”) and 11 will be non-LIHTC units and targeted to residents at or below 80% of AMI. The Providence Housing Authority has awarded eight project-based vouchers to the development. This development is simultaneously being recommended for an allocation of 9% LIHTC, and there are three units restricted for households with incomes at or below 30% of AMI. Staff is recommending HPF-ELI funding for support of three units for 15 years, which computes to an award of \$243,287.

321 Knight Street - 321 Knight Street, which is being developed by S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY), is located at the currently blighted, highly visible corner of Westminster and Knight Streets in Providence. The development is proposed as a podium-style, elevator building with parking, community, and commercial space on the ground level and 41 units on the four floors above. The development will provide homes for larger families and individuals with disabilities. Nine (9) of the one-bedroom units will be prioritized for clients of West Bay RI, which provides support to people with intellectual and developmental disabilities. All local approvals are in place, and the developer plans to develop this as a 100% affordable development with rents ranging from 30% to 80% of AMI. This development is simultaneously being recommended for an allocation of 9% LIHTC, and there are nine units restricted for households with incomes at or below 30% of AMI. Staff is recommending HPF-ELI funding for support of nine units for 15 years, which computes to an award of \$729,862.

Center City Apartments 9% - The Developer, Olneyville Housing Corporation d/b/a ONE Neighborhood Builders, has partnered with Foster Forward, Family Service of Rhode Island, and Crossroads Rhode Island, a partnership known as the Taunton Avenue Collaborative (the “Collaborative”), to develop a three-acre blighted site located at 330, 350 and 354 Taunton Avenue into 144 new affordable apartments in two new construction buildings and an existing building which would require extensive renovations. The initial phase, which is the subject of this award, will develop 95 units at 330 and 350 Taunton Avenue consisting of 41 newly constructed units and 54 rehabilitated units. This development is simultaneously being recommended for an allocation of 9% LIHTC, and there are 10 units restricted for households with incomes at or below 30% of AMI. Staff is recommending HPF-ELI funding for support of nine units for 15 years, which computes to an award of \$859,742.

Parcel 9 Phase II - Parcel 9 Phase II, which is being developed by Pennrose, LLC, is a new construction, mixed-income development on a currently vacant parcel at the edge of the Fox Point neighborhood in Providence. Phase II will create 61 new units, providing 13 units at

30% of area median income (“AMI”), two units at 50% of AMI, 21 units at 60% of AMI, 13 units at 100% of AMI, and 12 units that will exceed 120% of AMI. The development includes a mix of bedroom sizes ranging from efficiency to three-bedroom units. This development is simultaneously being recommended for an allocation of 9% LIHTC, and there are 13 units restricted for households with incomes at or below 30% of AMI. Staff is recommending HPF-ELI funding for support of 13 units for 15 years, which computes to an award of \$1,535,963.

Crossroads Health and Housing - Crossroads Health and Housing, which is being developed by Crossroads Rhode Island, is the proposed demolition of the existing structure at 371 Pine Street in Providence and the subsequent new construction of a five-story, mixed-use building on the site. The ground floor will feature common space for residents, offices for Crossroads Rhode Island leasing and social service staff, and 2,500 square feet of commercial space which will be leased to community partners with an emphasis on health and wellness. The upper four floors will have a mix of 16 efficiencies and 19 one-bedroom apartments. All apartments will meet ADA type A requirements and will provide residents with their own kitchen and bathroom. The development is designed to address both housing and healthcare needs of people experiencing homelessness. All units will be restricted for households with incomes at or below 30% of AMI. Staff is recommending HPF-ELI funding for support of 19 units for 5 years, which computes to an award of \$411,986.

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 \$3,780,840 in HPF-ELI Funds in compliance with HPF-ELI program guidelines and subject to certain conditions, as set forth in Attachment A.

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.