

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.

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.

In August 2022, RIHousing approved the allocation of \$1,004,880 of HPF-ELI funds; leaving approximately \$9,000,000 for additional projects. In November 2022, RIHousing issued a Request for Proposals (“RFP”) for HPF-ELI funds as part of a consolidated funding round from qualified applicants. In response, RIHousing received 12 proposals requesting \$8,527,000 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 12 proposals received, staff recommends funding for 7 HPF-ELI proposals in the amount of \$4,589,280. The HPF-ELI awards will support 62 newly created 30% AMI residential units to be funded with low-income housing tax credits (“LIHTC”) for 15 years. The 15-year term coincides with the initial compliance period of the LIHTC program. Staff will continue its review and analysis of the remaining applications and expects to bring additional awards for approval at a later date.

2. Recommendation

The attached resolution authorizing the allocation of up to \$4,589,280 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

Rosebrook Commons - Rosebrook Commons (the “Development”) is a new construction, mixed-income, mixed-use development to be located on West Main Road in Middletown. The developer is Mesolella Development Corp. The Development will provide 64 residential units and 23,000 square feet of ground floor commercial space. Of the 64 units, 51 of the units are affordable Low-Income Housing Tax Credits (“LIHTC”) units and 13 units are designated as Middle Income Program units. The 51 affordable units will serve households with a range of incomes from 30% - 60% of AMI and will consist of one, two and three-bedroom units. There are 13 units restricted for households with incomes at or below 30% of AMI. HPF-ELI funding for support of 13 units for 15 years computes to an award of \$1,022,580.

Southpoint Commons - Dakota Partners, Inc. (“Dakota”) has proposed the new construction of 72 units of mixed-income housing on Route 1 in Westerly to be known as Southpoint Commons. The site is controlled by Dakota via a purchase option, and Dakota expects to purchase the property once the U.S. Department of Housing and Urban Development (“HUD”) Environmental Review is completed in May 2023. The proposed development will consist of two three-story residential buildings containing a total of 72 units, as well as an additional community building containing office space, a clubhouse and other project amenities. As proposed, 16 units will be made available to households with incomes at or below 30% of AMI, 41 units will be made available to households with incomes at or below 60% of AMI, and 15 units will be unrestricted. HPF-ELI funding for support of 16 units for 15 years computes to an award of \$1,134,720.

Ade Bethune House - Ade Bethune House is a new construction project that consists of a single building with 54 units of affordable, 55+ age-restricted housing and a new Senior Center in Portsmouth. Church Community Housing Corporation (“CCHC”) is the developer. CCHC plans to reuse the site of the former Portsmouth Senior Center to construct the new building. Of the 54 housing units, 6 one-bedroom units will be restricted to households with incomes at or below 30% of AMI and the remaining one and two-bedroom units will be available to households with incomes up to 60% of AMI. The 30% units will receive operating subsidy through the HPF-ELI program. HPF-ELI funding for support of 6 units for 15 years computes to an award of \$471,960.

Broad Street Homes - Broad Street Homes (the “Development”) consists of three proximate lots along Broad Street in the heart of Central Falls adjacent to City Hall. A development agreement between Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONE|NB”) and the City of Central Falls has been executed which designates ONE|NB as the developer for these properties. The proposed Development will include the new

construction of 47 units ranging from efficiency to 3-bedroom units. All the units will be fully affordable at or below 60% of AMI. Six of the units will be at 30% of AMI. HPF-ELI funding for support of 6 units for 15 years computes to an award of \$474,300.

Potters Tigrai Apartments - Potters Tigrai Apartments (“Potters Tigrai”) is a 57-unit development comprised of two separate components located on scattered sites in South Providence. The developer is S.W.A.P., INC. (STOP WASTING ABANDONED PROPERTY) (“SWAP”). One component of the Development is the existing scattered site, post-year-15 LIHTC project, which is in need of capital improvements. 37 existing units are located in 16 buildings and range in size from one to four-bedrooms. The other component of the Development is the new construction of 20 apartments in 11 buildings on vacant sites already under SWAP’s ownership. The 20 new units will range in size from one to three-bedrooms and are proposed to serve tenants earning between 30% and 60% of AMI. HPF-ELI funding for support of 5 units for 15 years computes to an award of \$378,360.

Reynolds Farm Senior Housing II - Valley Affordable Housing Corp. has proposed the new construction of 40 affordable, 55+ age-restricted units in North Kingstown to be known as Reynolds Farm Senior Housing II (the “Development”). The Development will include a combination of 31 one-bedroom units and 9 two-bedroom units. Eleven units will be restricted to households with incomes at or below 30% of AMI and the remaining units will be restricted to households with incomes at or below 60% of AMI. HPF-ELI funding for support of 11 units for 15 years computes to an award of \$716,760.

The Avenue – Olneyville Housing Corporation d/b/a ONE Neighborhood Builders (“ONE|NB”) is the developer of the proposed development known as The Avenue, which consists of two separate components. The first component, Elmwood Neighborhood Revitalization II (“ENR II”), is a post-year-15 LIHTC project in need of some capital improvements. ENR II contains 46 units located on scattered sites in the Elmwood neighborhood of Providence. The second component is the new construction of 39 units of housing on a vacant site located at 434 Atwells Avenue in Providence. The residential units will be located on floors 2-5 of this new building with commercial space and project amenities located on the first floor. The 39 new units will range in size from studios to three-bedrooms and are proposed to serve tenants earning between 30% of AMI and 80% of AMI. There will be 17 Middle Income Program units. HPF-ELI funding for support of 5 units for 15 years computes to an award of \$390,600.

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 \$4,589,280 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.