

Request for Action
by
Board of Commissioners

**Preliminary Approval of Reservation of Housing Trust Fund (HTF)
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”) Housing Trust Fund Program (“HTF” or the “HTF Program”) since FY 2016. For program years 2020 and 2021, RIHousing has \$5,482,844.60 available for preliminary reservation to projects.

In October of 2020, RIHousing issued a Request for Proposals (“RFP”) for HTF Program funds. In response to the RFP, RIHousing received three proposals requesting \$3,275,000 in HTF funds.

After initial review of the application packages, RIHousing requested additional information where necessary to ensure applications were complete. HTF 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 program income targeting requirements.

Eligible HTF applications deemed to have met the threshold requirements were then reviewed by RIHousing staff and scored based upon the criteria outlined in the HTF 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 HTF 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, three HTF Program proposals seeking program resources in the amount of \$3,275,000 are being recommended for preliminary reservation at this time.

The recommended developments will help build and/or preserve 153 units, including 19 extremely low-income rental units. Projects recommended for funding are located in Providence, Bristol, and East Providence. Two recommended applications in this round were submitted by non-profit developers.

2. Recommendation

The attached resolution authorizing preliminary reservation of up to \$3,275,000 in HTF Program funds from PY2020 and anticipated from PY2021 is contingent on (i) the availability of HTF Program funding, (ii) completion of environmental reviews as necessary in accordance with requirements of 24 CFR §93.301 (f)(1) and (2), and (iii) compliance with HTF 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

HTF Funds recommended for preliminary reservation
in current funding round \$ 3,275,000

Distribution of recommended funds

Community Housing Development Organization(s): \$ 515,000

Other Nonprofit Organization(s): \$ 800,000

For Profit Organization(s): \$ 1,960,000

Leveraging with recommended current round HTF funds:

HTF Cost	Total Cost	# of HTF Units	Total # of Units	HTF Cost per HTF Unit
\$3,275,000	\$35,549,383	19	153	\$172,368

Preliminary recommendations include:

- Omni Development Corporation / Wingate Companies, LLC, Joseph Caffey Apartments (“JCA”), Providence (\$1,960,000 in HTF 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 credit, HOME Program and HTF 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. Eight units will be HTF 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

- ONE Neighborhood Builders (“ONE/NB”), The Residences at Riverside Square, East Providence (\$515,000 in HTF 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 youths aging out of foster care. Three units will be HTF 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 (\$800,000 in HTF funds) - Living East Bay was established in 2004 and is comprised of 6 scattered site properties. EBCDC intends to merge 2 additional properties into LEB for a total of 47 units in eight buildings in this rehabilitation project. 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. Eight units

will be HTF 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 Housing Trust Fund Program (“HTF Program”); and

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

WHEREAS: RIHousing anticipates authorization to disburse \$3,275,000 in HTF Program funds from PY2020 funds and anticipated PY2021 funds to eligible entities to create affordable housing opportunities; and

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

WHEREAS: staff of RIHousing have reviewed each of the eligible applications submitted and has recommended that HTF Program funds be preliminary reserved to the proposals listed in Attachment A; and

WHEREAS: staff of RIHousing have determined that the recommended proposals 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 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 HTF Program funds in an amount up to \$3,275,000 in accordance with the program regulations and 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 HTF Program funds to the proposals as recommended by RIHousing staff in Attachment A in accordance with the HTF Program guidelines and regulations, and contingent on (i) the availability and receipt of HTF Program funding, (ii) completion of environmental reviews as necessary in accordance with requirements of 24 CFR §93.301 (f)(1) and (2), and (iii) compliance with HTF 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.