

**Request for Action
by
Board of Commissioners**

**Approval of Preliminary 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 (“HTF”) Program (the “HTF Program”) since FY 2016. The State of Rhode Island’s 2020 HTF Program year allocation is \$3,000,000. Combined with the remaining balance from program year 2019, RIHousing has \$4,567,871 for preliminary reservation to projects.

In March of 2020, RIHousing issued a Request for Proposals (“RFP”) for HTF Program funds. In response to the RFP, RIHousing received 8 proposals requesting \$7,401,722 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 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 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. 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, 3 HTF Program proposals seeking program resources in the amount of \$1,876,722 are being recommended for preliminary reservation at this time. These recommended developments will help build and/or preserve 86 units, including 13 extremely-low income rental units. Projects recommended for funding are located in Exeter, Woonsocket, Central Falls and East Providence. All 3 recommended applications in this round were submitted by non-profit developers.

2. Recommendation

The attached resolution authorizing preliminary reservation of up to \$1,876,722 in HTF Program funds from PY2019 and anticipated from PY2020 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 \$1,876,722

Distribution of recommended funds

Community Housing Development Organization(s): \$1,189,921

Other Nonprofit Organization(s): \$686,801

For Profit Organization(s): \$0

Leveraging with recommended current round HTF funds:

HTF Cost	Total Cost	# of HTF Units	Total # of Units	HTF Cost per HTF Unit
\$1,876,722	\$ 20,114,558	13	86	\$144,363

Preliminary recommendations include:

- Women’s Development Corporation, Pine View Apartments, Exeter (\$515,000 in HTF funds) - New construction of 40 affordable units comprised of 5 one-bedroom and 35 two-bedroom units, of which 3 will be HTF-assisted. The site is located on South County Trail adjacent to the Oak Harbor Village commercial center. Of the 40 units, the 3 HTF-assisted units will be restricted to 30% of area median income (“AMI”). In addition, 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 (\$171,801 in HTF funds) - Central Falls Housing Authority, in partnership with Women’s Development Corporation, proposes to build a 6-unit affordable development comprised of 1 one-bedroom unit, which will be HTF-assisted and have a PBV, 1 two-bedroom unit, which will be HOME Investment Partnerships Program-assisted (“HOME Assisted”) and have a PBV. Of the remaining 4 HOME-assisted units, 1 three-bedroom unit will be income restricted to 50% AMI and 3 three-bedroom units 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 (\$1,189,921 in HTF 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. There will be 9 HTF-assisted units, restricted at 30% AMI (with PBV and Continuum of Care subsidies). The remaining units are comprised of 3 units at 50% AMI and 8 units at 60% AMI, with 16 apartments 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

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 \$1,876,722 in HTF Program funds from PY2019 funds and anticipated PY2020 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 \$1,876,722 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.