

**Request for Action**  
by  
**Board of Commissioners**  
**Approval of Public Housing Authority Program (PHAP)**  
**Funding Awards**

**1. Summary of Issues**

The Public Housing Authority Program (“PHAP”) is funded with State and Local Fiscal Recovery Funds (“SFRF”) appropriated to the United States Department of Treasury (“Treasury”) through the American Rescue Plan Act of 2021 for the production of affordable housing for households with incomes at or below 80% of area median income (“AMI”). Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) was authorized to implement and administer \$10,000,000 of PHAP funding.

PHAP funds are designated for technical assistance, predevelopment and housing production. Pursuant to Summary Guidelines established by RIHousing (the “Guidelines”), PHAP production funding must include production of new units by a Public Housing Authority (“PHA”) or a non-profit affiliate of the PHA, which may include demolition of obsolete housing in conjunction with the construction of net new housing units. Applicants can submit technical assistance and predevelopment applications on a rolling basis. Applications for housing production funds were part of a Request for Proposals (“RFP”) The Guidelines restrict occupancy of the new rental units to households that meet standard PHA eligibility.

In early June 2023, RIHousing issued a RFP for PHAP funds from qualified applicants. Applications for housing production projects were due June 30, 2023. In response, RIHousing received 3 proposals requesting \$8,070,466 in PHAP production funds. After an initial review of the applications, Development Division staff requested clarifying information from applicants regarding apparent deficiencies. Following receipt of the additional information from the applicants, all applications were reviewed in accordance with the published Program Review Criteria

A committee comprised of RIHousing staff and two representatives from the Department of Housing reviewed the proposals and recommended approval of 3 awards in the amount of \$8,116,400. The recommended awards are described in Attachment A, and all such PHAP awards are contingent upon the applicant’s ability to secure additional committed funding and close by November 30, 2024 or sooner, as outlined in Attachment A. These PHAP awards will directly fund 56 units, of which all will be reserved for households with incomes at or below 80% of AMI.

**2. Recommendation**

The attached resolution authorizing the allocation of up to \$8,116,400 in PHAP funds is recommended for approval, contingent upon (i) receipt of the PHAP funds from the State of

Rhode Island; (ii) the availability of all other funding for each project; (iii) other requirements as identified in Attachment A; and (iv) compliance with the Guidelines.

**3. Attachments**

- A. Summary of Recommendations
- B. Resolution

## Attachment A

### Summary of Recommendations

#### Galego Court:

The Pawtucket Housing Authority (“PHA”) is seeking PHAP development funding to create two (2) additional public housing units at its Galego Court development. The project will renovate and rehabilitate approximately 1,500 square feet of existing office space into one 1-bedroom and one 2-bedroom unit. The maximum award under the PHAP fund is limited to \$150,000 per unit for development. The PHA requested a higher amount so they will need to identify another source to complete the capital stack. The PHA has sufficient authority within its existing Annual Contribution Contract (“ACC”) budget under the Faircloth Amendment. The 2 new units will receive ACC operating support under the PHA’s existing budget authority.

Sources	Preliminary	
	Amount	Per Unit
PHA Development Fund	\$300,000	\$150,000
Other	\$110,506	\$55,253
<b>Total Sources</b>	<b>\$410,506</b>	<b>\$205,253</b>

Uses	Amount	Per Unit
	Construction	\$275,406
Contingency	\$20,864	\$10,432
Soft Costs	\$72,655	\$36,328
Developer Fee	\$41,580	\$20,790
<b>Total Uses</b>	<b>\$410,506</b>	<b>\$205,253</b>

#### Park Holm V:

Park Holm is an existing family development located in the City of Newport’s North End that is in the process of being redeveloped over multiple phases, with a commitment by the Housing Authority of the City of Newport (“HACN”), the developer, for the one-for-one replacement of all 262 units. Phase V of the Park Holm Revitalization (the “Development”) involves the demolition of 7 distressed buildings with 20 units, and the construction of 45 new units in three buildings. Completion of Phase V will complete HACN’s one-for-one requirement. HACN is seeking \$6.75MM of PHAP funds, or \$150,000 per unit. The Development will consist of 12 one-bedroom, 27 two-bedroom, two three-bedroom, and four four-bedroom units. All units will be at or below 60% of area median income (“AMI”) with 28 units at or below 30% of AMI. Of the 45 units 37 will have HUD Section 8 Project Based Vouchers, and 8 will be supported through an ACC subsidy from the Housing Authority.

Sources	Preliminary	
	Amount	Per Unit
RIH First Mortgage	\$4,000,000	\$88,889
RIH\RIHRC	\$6,750,000	\$150,000
HACN CFP/RHF Funds	\$1,050,000	\$23,333
FHLB Affordable Housing Program	\$800,000	\$17,778
LIHTC Proceeds	\$9,679,000	\$215,089
Deferred Developer Fee	\$140,181	\$3,115
<b>Total Sources</b>	<b>\$22,419,181</b>	<b>\$498,204</b>

Uses	Preliminary	
	Amount	Per Unit
Construction	\$16,658,654	\$370,192
Contingency	\$832,935	\$18,510
Acquisition	\$1,000	\$22
Soft Costs	\$1,709,635	\$37,992
Financing	\$1,502,600	\$33,391
Developer Fee	\$945,000	\$21,000
Operating Reserve	\$479,500	\$10,656
Lease Up Reserve	\$56,000	\$1,244
Replacement Reserve Year 1 Deposit	\$18,000	\$400
Other Reserves	\$215,857	\$4,797
<b>Total Uses</b>	<b>\$22,419,181</b>	<b>\$498,204</b>

### **Narragansett Housing Authority:**

The Narragansett Housing Authority (“NHA”) owns and operates an existing portfolio of 5 properties that are located within the Narragansett Pier neighborhood of Narragansett. There are a total of 9 units consisting of 1 one-bedroom unit, 5 two-bedroom units, and 3 three-bedroom units. NHA is proposing to upgrade the properties and replace kitchens, bathrooms, windows, and siding at a mix of different levels at all five locations. RIHousing increased the construction contingency to a full 10% to ensure the budget includes a cushion for unexpected costs. The NHA is requesting \$1,066,400 of PHA Development funds, or \$118,489 per unit. The upgrades are part of the NHA’s plan to undertake a Rental Assistance Demonstration program (“RAD”) application to convert the public housing units to a Project Based Voucher Contract. Transitioning from PHA units to the RAD model results in a more sustainable financial model for the NHA, reducing reporting and administrative costs, thereby freeing up funds for resident services and operations. The PHAP award is contingent upon the initiation of the RAD conversion with HUD.

Sources	Preliminary	
	Amount	Per Unit
PHA Fund	\$1,066,400	\$118,489
2023 HUD Capital Fund	\$ 30,603	\$3,400
<b>Total Sources</b>	<b>\$1,097,003</b>	<b>\$121,889</b>

Sources	Preliminary	
	Amount	Per Unit
Construction	\$812,490	\$90,277
Contingency	\$81,249	\$9,028
Soft Costs	\$131,497	\$14,611
Developer Fee	\$71,767	\$7,974
<b>Total Sources</b>	<b>\$1,097,003</b>	<b>\$121,889</b>

## Attachment B

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

- WHEREAS, the Public Housing Authority Program (“PHAP”) was created using State and Local Fiscal Recovery Funds appropriated to the United States Department of Treasury (“Treasury”) through the American Rescue Plan Act of 2021 to assist public housing authorities to increase and stabilize the supply of affordable housing for households with incomes at or below 80% of Area Median Income;
- WHEREAS, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has been designated by the State of Rhode Island to administer the PHAP, including the award of PHAP funds to projects by which public housing authorities or non-profit affiliates thereof create new units;
- WHEREAS, the applicants listed in Attachment A have submitted applications that meet the threshold requirements of PHAP;
- WHEREAS, staff of RIHousing and the Department of Housing have reviewed each of the eligible applications submitted and recommend that PHAP funds be committed to the proposals listed in Attachment A; and
- WHEREAS, RIHousing staff have reviewed the submissions and 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 \$8,116,400 in PHAP funds in compliance with applicable PHAP guidelines for the proposals set forth in Attachment A subject to the receipt of PHAP funds from the State of Rhode Island, each project’s ability to close by November 30, 2024, and each project’s receipt of sufficient other funds, among certain other conditions; and
- RESOLVED, that the Executive Director, Deputy Executive Director, 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.