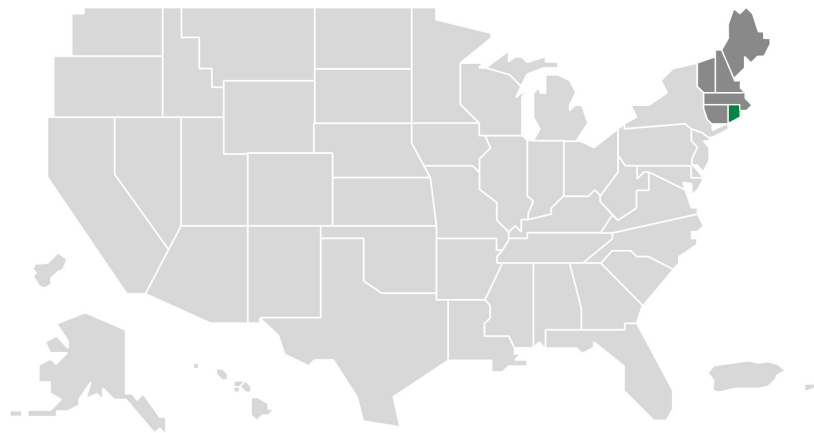


# ENHANCING LIVES, IMPACTING COMMUNITIES: THE FEDERAL HOME LOAN BANK SYSTEM



 **FHLBank Boston**

**RHODE ISLAND**  
STATE REPORT

# RHODE ISLAND STATE REPORT

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Since its creation in 1989, the Federal Home Loan Bank System’s Affordable Housing Program (AHP) has been a substantial and valuable source of real estate equity for the financing of affordable housing in the United States. From 1990 through 2016, the 11 Federal Home Loan Banks (FHLBanks) collectively contributed more than \$4.1 billion (\$5.4 billion in inflation-adjusted dollars) in AHP real estate finance equity for rental, home construction and rehabilitation activities. This equity was combined with \$65.7 billion (\$83.9 billion in inflation-adjusted dollars) in leveraged dollars from other private and public sources, enabling \$69.9 billion (\$89.3 billion in inflation-adjusted dollars) in total development funding for more than 601,000 housing units. From 1995 through 2016, the FHLBanks also collectively contributed approximately \$1.0 billion (\$1.2 billion in inflation-adjusted dollars) in AHP equity for down payment assistance and mortgage principal reduction, assisting more than 183,000 home purchase activities. Each FHLBank allocates at least 10 percent of its annual net earnings to fund its AHP. As such, the continued operating and mission success of the FHLBanks has directly enhanced the development and purchase of affordable housing throughout the country and has had a positive impact on local and state economies and on the national economy. The state of Rhode Island is in the Boston district. This report details the economic impact of housing within Rhode Island that has been enhanced by AHP funding from 1990 through 2016.\*

\* Note: some projects within Rhode Island may have received AHP funding from a Federal Home Loan Bank other than FHLBank Boston. For further detail on the economic impact study methodology, please see: Study Methodology and Appendices Report.

# RHODE ISLAND Rental, Home Construction and Rehabilitation Activities

## Economic Basis



**\$23.10** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$28.18** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$415.91** MILLION

### DEVELOPMENT COST

Development Cost refers to the cost of acquiring land or pre-existing housing units, demolition and/or relocation costs and any costs incurred while constructing, rehabilitating or redeveloping housing.

**\$495.54** MILLION

### DEVELOPMENT COST INFLATION-ADJUSTED

 **57**

### PROJECTS

Projects refers to the distinct use of AHP funding for a specific acquisition, construction or rehabilitation of building(s) or housing unit(s).

 **2,086**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

# RHODE ISLAND Home Purchase Activities

## Economic Basis



**\$2.79** MILLION

### TOTAL AHP SUBSIDY

AHP provides real estate finance equity for both rental and for-sale housing. AHP is more often referred to as a subsidy or grant and is delivered to FHLBank-member financial institutions to assist in the funding for construction, rehabilitation and purchase of affordable housing.

**\$3.54** MILLION

### TOTAL AHP SUBSIDY INFLATION-ADJUSTED



**\$19.98** MILLION

### FIRST MORTGAGES

First Mortgages refers to the volume and value of first-lien position mortgages financed by lenders in a home purchase activity.

**\$22.75** MILLION

### FIRST MORTGAGES INFLATION-ADJUSTED

 **327**

### TOTAL UNITS

Total Units refers to the total number of single-family and multifamily units constructed using AHP funding, where each individual dwelling unit in a multifamily building is counted separately.

**Inflation-Adjusted** refers to the measure of return that takes into account the time period's inflation rate. For example, \$100 in 1990 is worth \$192 in 2018. This study reports all economic impacts in inflation-adjusted dollars.

# RHODE ISLAND Rental, Home Construction and Rehabilitation Activities

## Economic Impact



**\$914.25** MILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with rental, home construction and rehabilitation enhanced by AHP funding.



**6,189** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced rental, home construction and rehabilitation activities.



**\$343.46** MILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**1.84**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home construction and rehabilitation of affordable rental and housing units.

**\$31.81** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

All dollars are in inflation-adjusted dollars.

# RHODE ISLAND Home Purchase Activities

## Economic Impact



**\$98.69** MILLION

### TOTAL ECONOMIC BENEFITS

Total Economic Benefits measure the economic activities associated with home purchases, enhanced by AHP funding.



**576** JOBS

### JOB CREATION

Job Creation includes new full-time, part-time, temporary, permanent, salary-based and fee-based jobs generated by the addition of AHP-enhanced home purchase activities.



**\$23.29** MILLION

### LABOR INCOME

Labor Income refers to all forms of income that stem from employment, such as salaries and hourly wages and profits made by developers, builders and contractors.

**2.02**

### MULTIPLIER (IMPLAN Factor)

Multiplier is a term used for the economic ripple effect measured by an economic impact model. In this case, the multiplier effect accounts for how each additional job or dollar of output enhanced by AHP funding impacts the home purchases of affordable housing units.

**\$5.07** MILLION

### TAX REVENUE

Tax Revenue includes the revenue generated by local and state taxes related to rental, home construction and rehabilitation.

# A Much-Needed Refresh for Affordable Housing in Rhode Island



## Park Holm II

Newport, Rhode Island is well-known for its opulent Gilded Age mansions. But the New England seaside community, where the median sales price for a single-family home reached \$405,000 in 2016, is also home to people who need more moderately priced housing.

Many families have turned to Park Holm for safe, affordable housing. Spread over 20 acres, Park Holm is owned by the Housing Authority of Newport and consists of 262 affordable housing units.

Several years ago, the housing authority and Park Holm Resident Council Development Committee undertook a planning process to address rehabilitation needs at Park Holm. With a commitment to preserve or replace each unit, the housing authority developed a project plan with Davis Square Architects. The renovation project took place in multiple phases.

Park Holm II redeveloped or replaced 111 of the most severely distressed units, completing work in June 2016. The project received \$390,145 in direct subsidy and \$429,707 in loan subsidy through Federal Home Loan Bank of Boston's Affordable Housing Program (AHP). BankNewport provided a \$4,720,000 subsidized advance, representing more than 18 percent of the project financing.

"With the continued budget cuts in affordable housing at the federal level and the increasing rents in the private market, the AHP direct subsidy and subsidized advance has proven to be an invaluable gap- financing tool to enable the housing authority to preserve its housing portfolio," says Rhonda Mitchell, executive director of the Housing Authority of Newport. "The revitalization efforts enable us to make our developments housing of choice and not housing of last resort for low-income elderly, disabled and working families in the city of Newport."

The housing authority followed a staggered redevelopment approach to limit the relocation of residents and balance demolition, new construction and rehabilitation.

Remaking the 20-acre site enabled the housing authority also to consider the site layout and infrastructure. Infrastructure work included putting utilities underground and extensive site remediation, removing high concentrations of arsenic from the soil.

The final phase of renovation, Park Holm III, also received AHP funds in 2016; work in that phase involved the construction and rehabilitation of an additional 38 housing units.

**Park Holm II**  
**Newport, Rhode Island**

# RHODE ISLAND

## Project Profile: Rental Activity



**Mercantile Block**

Artists in downtown Providence, Rhode Island had a new housing option when a historic, turn-of-the century, four-story building (the Mercantile Block) was transformed into a mixed-use property with 22 rental live-work apartments for artists. Fifteen apartments are affordable to households earning up to 60 percent of the area median income, while seven are market-rate units. The restoration included significant rehabilitation, correcting many extensive code issues and incorporated many green building elements to improve the long-term efficiency and cost operations of the property. The building also includes two floors of commercial space, including improved space for two long-term local businesses; new retail, arts and nonprofit office spaces; and additional art studios and performance space. The sponsor provides economic empowerment services, including employment opportunities, micro-business lending and job training. In addition to the Affordable Housing Program (AHP) direct subsidy, Bank Rhode Island provided permanent financing, including an AHP-subsidized advance. The other residential capital sources include state and federal historic tax credits, New Markets Tax Credits equity, federal HOME funds, a Building Homes Rhode Island state grant, a Providence Economic Development Corporation loan and state lead-abatement funding.

### SOURCES

<b>Federal and State Historic and Housing</b>		
<b>Tax Credits</b>	\$	<b>1,584,323</b>
<b>FHLBank Boston AHP Subsidized Advance</b>	\$	<b>1,296,962</b>
<b>HOME</b>	\$	<b>830,000</b>
<b>Providence Economic Development</b>		
<b>Corporation</b>	\$	<b>800,000</b>
<b>Building Homes Rhode Island</b>	\$	<b>640,000</b>
<b>Federal New Markets Tax Credits</b>	\$	<b>513,537</b>
<b>FHLBank Boston AHP Direct Subsidy</b>	\$	<b>400,000</b>
<b>Rhode Island Lead Abatement</b>	\$	<b>220,000</b>
<b>Total Sources</b>	\$	<b>6,284,822</b>



# Economic Mobility for Women in Need



## Lucy's Hearth

It was the kind of unsafe living situation that Lucy's Hearth has been addressing for more than 30 years: a mother and child were homeless, living in a car in the dead of winter. After learning about the family's plight, the organization—a provider of shelter and transitional housing for homeless women and children—offered the family an apartment at its Middletown, Rhode Island shelter. Founded in a former convent in 1984, Lucy's Hearth reached a milestone when it moved to a new site a short distance from its original one. In the former convent building, residents were sharing bathrooms and kitchens, the crowded rooms and common spaces were inappropriate for children and the organization was concerned about health and safety issues. In addition, the cost of maintaining and operating the house was escalating, with building-operating expenses one year breaking the \$100,000 mark.

Lucy's Hearth found a new home in a nearby building that had once housed a day-care center and health care offices. To help finance the move and the extensive renovations required to adapt the site, the organization mounted a capital campaign and raised more than \$2 million.

In addition to internal support, the organization received a \$500,000 grant from the Federal Home Loan Bank of Boston's Affordable Housing Program (AHP), HOME funds and U.S. Department of Housing and Urban Development funding through Rhode Island Housing. BankNewport was the conduit for the \$500,000 AHP grant and provided a \$500,000 bridge loan to keep the project moving without delays as well as a \$50,000 grant to support the new facility.

The new site has 16 apartments, each with a bathroom and kitchenette, compared with 10 rooms without either at the original house. The new site also has a learning center, a house kitchen and a large backyard with recreational equipment for children.

What sets Lucy's Hearth apart from other shelters is the comprehensive services it provides residents. Each resident has a case manager and participates in classes or workshops focused on parenting, landlord-tenant education, housing search, life skills and financial literacy.

Homework helpers and other activities are available for children.

While some of the women enter the shelter with education and work skills, most haven't completed high school or a GED.

Lucy Hearth's residents are often very young women who were raised in group homes and don't have family support to help them when they age out of that housing.

**Lucy's Hearth  
Middletown, Rhode Island**

# RHODE ISLAND

## Project Profile: Rental Activity



**Constitution Hill**

The Constitution Hill Neighborhood Stabilization Initiative preserved 44 income-restricted apartments and refurbished three blighted foreclosed properties, creating 17 new affordable units in Woonsocket, Rhode Island. This neighborhood is a gateway into the downtown district. These capital improvements extend the energy efficiency, livability and long-term viability for these rental homes. Fifty rental homes are targeted to very- low-, low- and moderate-income families; 13 units are market-rate. Residents benefit from a comprehensive network of economic-empowerment services, including employment training, job placement, financial literacy and after-school programs. All units will benefit from energy-efficiency improvements. In addition to the Affordable Housing Program (AHP) direct subsidy, the permanent debt is financed through the AHP-subsidized advance. Primary capital sources include Low-Income-Housing Tax Credit equity, federal grants (NSP, HOME, HUD 811), state Building Homes Rhode Island funds, and sponsor capital contributions and deferred fees.

### SOURCES

Low-Income-Housing Tax Credits	\$	4,440,433
Existing Private Debt Financing	\$	3,323,555
Sponsor Capital	\$	2,515,845
HUD 811	\$	1,298,000
Building Homes Rhode Island	\$	1,193,940
FHLBank Boston AHP Subsidized Advance	\$	650,000
HOME	\$	410,000
FHLBank Boston AHP Direct Subsidy	\$	400,000
Deferred Developer Fee	\$	281,000
Neighborhood Stabilization Program	\$	164,913
Other Equity	\$	158,840
<b>Total Sources</b>	<b>\$</b>	<b>14,836,726</b>