

Rhode Island: A Statewide Approach



Rhode Island NSP \$19.5 Million (M) Budget in a Nutshell (sidebar)
\$4 M Land Bank (\$3.5 M for acquisition, \$100K for property management, \$100K for legal expenses, \$200K transaction costs)
\$2 M Purchase Assistance
\$10 M Rehabilitation (most properties being considered are substantial rehabilitation)
\$3 M Demolition and Administration

A Statewide Program of Note: Rhode Island

The NSP program allocates funding to all fifty states. In some states where foreclosure thresholds did not require funding to entitlement communities, a flat amount of \$19.5 million is made available to the state agency that administers the CDBG program. In Rhode Island, several interesting observations have been made. First, the state has nearly obligated all of its NSP funding. This was done by using existing partnerships with the Rhode Island Housing Agency (their version of the Florida Housing Finance Corporation.) The Agency has long standing partnerships with nonprofit developers who have extensive experience in developing tax credit rental properties. A statewide Land Bank is an essential element, which is a subsidiary of the Agency. Rhode Island chose to allocate its NSP funds to make the most use of the land bank and to use it as a holding entity for real estate purchased. This strategy has allowed the program to obligate its funds rapidly while parcels are acquired by the nonprofit developers for rehab and rental. There is also a purchase assistance program with a

portion of the NSP funds. The Agency requires developers to provide a neighborhood stabilization plan to qualify for funds. This ensures that the overall intent of the NSP program- stabilizing neighborhoods- is at the forefront of all activities. Because of the high level of need for rental housing and the availability of qualified rental property managers, the program is easily exceeding its 25% set aside for low income households. Over fifty homes

have been purchased at this time and have been dedicated to the land bank.

The Rhode Island NSP program is experiencing many of the same challenges as Florida's communities.

The Rhode Island NSP program is experiencing many of the same challenges as Florida's communities. Working in a highly competitive market has resulted

in a reliance on First Look programs. The purchase contract with the sellers has had some unacceptable conditions but there is little chance for revision. Sellers retain the right to cancel contracts at any time which can be frustrating as the only recourse is a return of the earnest deposit. Some properties are found to have legal flaws in the foreclosure process just before the closing, requiring a "re-foreclosure." This puts a delay in the timing but so far the second process clears the title and closing can occur.

The FHC thanks Kim Smith, NSP Coordinator and Joe Voccio, Business Development Manager at Rhode Island Housing for the information contained in this article.