

RESOLUTION OF THE CITY COUNCIL

No. 760

Approved October 29, 1993

RELATIVE TO THE GUIDELINES OF THE PROVIDENCE PLAN HOUSING CORPORATION

WHEREAS, the Providence Plan Corporation (hereinafter referred to "PPHC"), is a newly formed city-wide non profit housing corporation; and

WHEREAS, the Providence City Council has authorized financing of the program through bond anticipation notes and tax incremental bonds; and

WHEREAS, the Council has authorized the financing of the comprehensive housing program substantially in accordance with the intent outlined in amended Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED, That the Council has authorized this financing only if the following guidelines are adhered to by the Providence Plan Housing Corporation:

a.) The TIF Bond proceeds shall be kept in an account by the Finance Director for the purposes of the housing program and shall be administered by the Providence Plan Housing Corporation. The City Council shall have the authority to transfer the funds from the account held by the Finance Director in a sum not to exceed THREE MILLION (\$3,000,000.00) DOLLARS, unless so approved and authorized by the City Council.

The Committee on Finance and the Committee on Urban, Redevelopment, Renewal and Planning, meeting jointly, shall consider the proposed transfer, render a decision by majority vote of each committee and refer the matter back to the full Council within fourteen (14) business days of having the resolution referred from the Council. The City Council must approve or disapprove the transfer at the next meeting of the City Council. If the City Council fails to do so, the Finance Director shall have the authority to make the transfer as proposed.

b.) The City Council may direct the Internal Auditor of the City of Providence to conduct an audit of the Corporation's operations. The

Internal Auditor may conduct the audit, or retain a certified public accounting firm to conduct the audit, in which case the cost of the audit shall be borne by the Corporation. The Council shall have authority to order an audit, if upon consideration by the Committees meeting jointly there is reason to believe that this audit may reveal activities in violation of laws or regulations that govern the activities of the Corporation. The resolution shall specify the activities of the Corporation to be examined. The auditor shall have the authority to examine such records of the Corporation as would be available to an independent auditor conducting an independent audit. When the audit is complete, the Internal Auditor shall supply copies of the Chairpersons of the Finance and Urban Redevelopment, Renewal and Planning Committee of the City Council, to the Corporation, and to all members of the City Council. The Council Committee, meeting in joint session, shall review the completed audit and shall give the Corporation the opportunity to respond to any findings of the audit. Upon a finding by the Committees, meeting jointly, that action is necessary, the Council and the Corporation agree to attempt to reach an appropriate remedy. If no such agreement is reached, the City Council shall have the authority, by majority vote, to order, by resolution, a suspension of the spending of the affected Section 108 funds by the Corporation.

c.) Repayment of loan funds to the corporation shall be kept in a revolving fund administered by the Finance Director for the purpose of housing.

d.) Except as otherwise noted herein, there will be a strict requirement of owner-occupancy for all of the corporation's programs, except that, in the case of abandoned housing, the alternative to owner-occupancy would be ownership by the corporation or other Providence-based, housing non-profit organization, whose primary program activity by its charter is providing affordable home-ownership within the City of Providence.

Absentee owners may qualify for home improvement loans only under the following conditions:

At the time of application, the owner, corporation or organization may not own or have equitable or legal ownership interest of more than ten

percent (10%) in more than two residential properties, not to exceed nine units combined. The Board may, in its sole discretion, allow non profit organizations, that primarily provide programs for owner-occupants, to qualify for home improvement loans even though they may have more than a ten percent (10%) interest in two residential properties. The mortgage placed on the property will include a maintenance clause giving the corporation the right to foreclose if the property fails to meet minimum housing code. Priority will be given to absentee landlords with cases pending before the Housing Court.

The applicant must not have any outstanding municipal liens, including, but not limited to boarding, environmental and tax, or any properties located in the City under the same ownership in order to qualify for assistance.

f.) The Board of Directors shall consist of seventeen (17) directors. The composition of the Board shall be such that at least 51% of the directors shall be from the private sector.

The directors shall be selected as follows:

The duly elected Mayor of Providence shall appoint four (4) members, all of whom shall be residents of the City of Providence. Said appointees shall be barred from applying or receiving any funds from the Corporation. These appointments shall become effective when submitted in writing by the Mayor to the Corporation.

The Providence City Council, shall appoint four (4) members, all of whom shall be residents of the City of Providence. Said appointees shall be barred from applying for or receiving any funds from the Corporation.

The non-profit housing corporations which receive funding through the City of Providence's Community Development Block Grant program (other than the PPHC), by majority vote, shall appoint three (3) directors, all of whom shall be residents of the City of Providence. Under no circumstances shall a Director appointed under this subsection be a Director, Officer, employee, staff or Board member of one of the non-profit housing corporations receiving funding through the Community Development Block Grant Program. The voting corporations shall inform the PPHC in writing of the Directors they have appointed.

Financial institutions that provide capital and other sources of support, shall, at the discretion of the PPHC board, be entitled to board membership as non-voting members.

As a result of the position held, the following shall be appointed Directors:

The Director of the Department of Planning and Development, City of Providence, shall be a Director of the Corporation.

The Director of the R.I. Housing & Mortgage Finance Corporation shall be a Director of the Corporation.

The Chairperson of the City Council Finance Committee shall be a Director of the Corporation.

The Chairperson of the City Council Urban Redevelopment and Renewal Planning Committee shall be a Director of the Corporation.

The Chairperson of the Providence Plan Corporation (hereinafter referred to as "PPC"), a corporation that will be created pursuant to an agreement signed by the Mayor of Providence and the Governor of the State of Rhode Island on April 23, 1992, shall be a Director of the Corporation. The Chairperson of the PPC shall be entitled to vote only in order to break a tie vote during a meeting of the Corporation.

g.) The Council and the Corporation agree that the Affirmative Action Officer for the City of Providence assist the Corporation in the development of its affirmative action policy.

h.) The Council and the Corporation also agree to incorporate as a policy of the PPHC that the Corporation shall be required to abide by the federal procurement regulations and by the spirit and intent of the charter and the Code of Ordinances provisions relative to procurement requirements for the City of Providence.

The Council and the Corporation agree to incorporate as part of that policy that the Corporation be required to adhere to the spirit and the intent of the Minority and Women Business Enterprise ordinance, in Section 21-52 of the Code of Ordinances of the City of Providence.

IN CITY COUNCIL
OCT 21 1993
READ AND PASSED
James H. ...
PRES.
Michael R. Clement
CLERK

APPROVED
OCT 29 1993
Vincent A. Cianci
MAYOR

IN CITY COUNCIL
Oct. 7, 1993
FIRST READING
REFERRED TO COMMITTEE ON
Michael R. Clement CLERK

FINANCE *and*

URBAN REDEVELOPMENT
RENEWAL & PLANNING

THE COMMITTEE ON

Approves Passage of
The Within Resolution
Barbara A. Garcia
Chairman
9/28/93 Clerk

FINANCE
and

URBAN REDEVELOPMENT
RENEWAL & PLANNING

THE COMMITTEE ON

Approves Passage of
The Within Resolution, *As Amended*
Barbara A. Garcia
10/18/93 Clerk

FINANCE
and

URBAN REDEVELOPMENT
RENEWAL & PLANNING

Providence Plan Housing Corporation

Tax Incremental Financing Project Plan

PROVIDENCE PLAN HOUSING
CORP.

400 WESTMINSTER STREET,
PROVIDENCE, RI 02903

MANCHESTER STREET POWER PLANT
TAX INCREMENT PROJECT PLAN

Project Summary

- * Project to be Funded: The Providence Plan Housing Program.
- * Tax Increment Area: The Manchester Street power plant property owned by Narragansett Electric Company, including off-site improvements associated with the repowering of this facility.
- * Total Housing Plan Project Cost: Approximately \$ 132.6 million.
- * Designated Agency for Carrying Out Housing Plan: The Providence Plan Housing Corporation.
- * Designated Person for Calculating Increment: Theodore C. Littler, City Assessor for the City of Providence.

Project Description

The Housing Plan will be undertaken by a partnership that includes the City of Providence; the Providence Plan Housing Corporation (PPHC), a newly-formed, non-business corporation; the State of Rhode Island, through the Rhode Island Housing & Mortgage Finance Corporation (R. I. Housing); the United States Government, which provides funds through a variety of housing programs; and a consortium of financial institutions doing business in the City of Providence.

These partners will provide about \$ 132.6 million in low-cost financing and other funds, which will be used primarily to improve the housing stock and to improve living conditions in the neighborhoods of the City.

The financing of the Housing Program, including the support of such financing from tax increment revenues, will be accomplished pursuant to the authorization contained in Section 45-33.2 of the Rhode Island General Laws, The Tax Increment Financing Act, as amended (The "Act"). This Project Plan is submitted pursuant to the requirements of the Act.

Tax increment revenues from the Manchester Street project will support, either directly or through payment of debt service, an estimated \$22 million of the financing for the Housing Program. The tax increment will be created when Narragansett Electric invests an estimated \$600 million in repowering of the Manchester Street power plant, which is located at Point and Eddy Streets next to the Providence River. The investment extends to ancillary facilities that are off-site.

In accordance with Section 45-33.2-3 (2) (iii) of the Act, tax increment revenues, including proceeds of any borrowing supported by such revenues, will be used for some or all of the following permitted uses:

- * The issuance of low-cost loans for the purchase of new and existing homes;
- * The issuance of low-cost loans for the renovation of existing homes;
- * The establishment of a risk share reserve that will be 1/5th of the security provided by PPHC and banks to insure loans made under the Banklines program;
- * The acquisition of vacant or abandoned homes for the purpose of financing the renovation of these homes and their sale to owner-occupants;
- * The demolition of vacant or abandoned homes for the purpose of reducing density and clearing structures that cannot be economically rehabilitated;
- * The acquisition of vacant lots for the purpose of promoting the construction of new, affordable homes;
- * Site-preparation costs associated with the construction of new homes;
- * Loans for the repair of rental properties that provide rents affordable to tenants.

The City originally anticipated using interim financing prior to the issuance of tax increment bonds, and for the administrative expenses of the Providence Plan Housing Corporation and other nonprofit housing corporations that are carrying out the purposes of the Housing Plan. However, the issuance of tax increment bonds in January 1994, rather than at a later date, appears to offer financial advantages. Among the advantages is: 1) a savings from having only one issuance cost, rather than two with bond anticipation notes and then tax increment bonds; and 2) limiting the number of exposures to escalating interest rates by locking in the 20-year rate in January 1994 rather than at a later date. These tax increment bonds will be used to provide: 1) funding for the calendar year 1994 Providence Plan Housing Corporation program budget, and 2) payback of the Section 108 Loan Guarantee Funds from H. U. D.

At this time, it cannot be known who will apply for, and receive loans for the purchase or renovation of homes; which vacant or abandoned houses will be acquired for rehabilitation or demolition; which vacant lots will be purchased for the preparation of sites and the construction of new homes; or which rental properties will receive loans that provide for affordable rents. Therefore, for the purpose of expending some tax increment revenues, as described below, the plan establishes a class of beneficiaries based on income instead of establishing a project area within which revenues will be spent.

Relocation: The Providence Plan Housing Corporation does not anticipate having to relocate any individuals or businesses in carrying out The Housing Program. If such relocation becomes necessary, it will be undertaken in conformance with applicable law.

Comprehensive Plan: In the opinion of Thomas Deller, the City Planner, The Housing Program is consistent with the comprehensive Plan of the City of Providence.

Description of Individual Program Activities

Paint The Town Program/Sidewalk Repair

Program Description - Up to \$3,000 is available to Providence owner-occupants to paint the exterior of their homes. It is a special loan that requires no repayment if the homeowners live in the home for three years following the painting. Family income determines the amount of Paint Loan available; families earning up to \$46,690 may be eligible for funding. The Sidewalk Repair Program is intended to be used to either repair sidewalks viewed as hazards, or to create sidewalks on properties where they currently do not exist. The program funds available, and the amount available for individual repairs/construction is to be determined.

Homebuyers Club

Program Description - PPHC offers a Community Housing Resource Center to provide assistance in the complex process of becoming a homeowner. The Homebuyers Club serves to counsel homebuyers on the responsibilities of home ownership and assists members in the purchase of their homes. The program is divided into two separate areas: 1) Homebuyers Education and 2) Homebuyers Club.

Homebuyers Education Program is required of all applicants who receive homebuyers assistance (i. e. Down Payment/Closing Cost Assistance or Second Mortgages). The program includes workshops on the following: Preparing for Home Ownership; How to Find A Home; Financing A Home; The Mortgage Closing; Life After the Closing; Budgeting; Tax Planning; Refinancing; and Tenant-Landlord Relations.

The Homebuyers Club will incorporate a workshop format similar to the Homebuyers Education Program, however the club will organize with assistance from various community groups and neighborhood non-profits. The clubs are generally long-term in nature and are designed to address the many barriers to home ownership that individuals face. Once the barrier(s) is identified, methods for overcoming and curing the barrier are addressed and put into practice. The goal is to develop marketable home purchase candidates. The program includes sessions on: Credit; Budgeting; Employment; Savings; Debt Management; Mortgage Products and Lending; as well as the programs offered in the Homebuyers Education Program.

Home Purchase Program

Program Description - Designed to help qualify households for existing home purchase programs through banks and RIHMFC, these programs can assist in a variety of circumstances.

Down Payment/Closing Cost Assistance is for qualified buyers who have insufficient funds to meet the down payment requirements of traditional lenders, or have insufficient funds for Closing Costs. PPHC offers assistance not to exceed 10% of the purchase price plus closing costs.

Second Mortgage Assistance is designed for qualified buyers who cannot afford to borrow sufficient first mortgage funds from traditional lending sources. The maximum amount of this assistance is \$15,000.

Home Repair Program

Program Description - With affordable interest rates, special deferred payments, and flexible terms, the PPHC Home Repair Program offers a variety of assistance to meet the needs of homeowners who need a little extra help in launching a fix-up project.

PPHC loans range from a maximum of \$15,000 for single family homes to \$10,000 per unit for two-to-four-family homes, up to a maximum of \$40,000. The terms are flexible and are based on the borrower's ability to repay.

PPHC is also an area office for RIHMFC Home Repair Loans. RIHMFC's Home Repair Loans will provide up to \$15,000 to owner occupants.

Finally, PPHC can offer Blended Loans. These loans are designed for homeowners who meet RIHMFC's guidelines, but who may need additional funds to complete their home repair plans. Using a "blended Loan", a homeowner may borrow up to \$30,000 for a single family; \$35,000 for a duplex; \$45,000 for a three-family home; and \$55,000 for a four-unit property.

Abandoned Housing Program - PPHC

Program Description - PPHC will assist Providence households to acquire abandoned houses in designated neighborhoods and will make rehabilitation services available either directly or through neighborhood non-profit developers. Down Payment, Closing Costs and 2nd Mortgage Assistance will be available to eligible households to supplement first mortgages obtained from other financial institutions.

Nehemiah Program

Program Description - Omni Development, the Providence Redevelopment Authority and PPHC are working together to acquire lots in Federal Hill and Upper South Providence. Omni is the recipient of federal Nehemiah funds to develop and sell Nehemiah-funded homes with a silent second mortgage of \$15,000 payable upon sale, transfer or lease.

PPHC intends to transfer, at no cost, house lots to Omni Development to build affordable new homes. A ground breaking took place on July 27th on Federal Hill. In Federal Hill Omni expects to build and sell four homes by the end of the year and another 17 homes by the end of 1994. Similarly, Omni expects to build and sell four homes in Upper South Providence this year and develop another 10 by the end of 1994.

Abandoned Housing Program - Nonprofits

Program Description - This program provides housing developers with the resources to acquire and rehab vacant buildings that are a major component of blight in a designated neighborhood. The program is directed towards development activities that will have a positive impact in a neighborhood, create homeownership opportunities and recycle vacant and abandoned property.

Program Support

Program Description - The establishing of Focus Area Plans provides an opportunity for community residents to take an active role in reclaiming their neighborhood. This program provides technical assistance and operating resources to housing groups and neighborhood-based non-profit development organizations interested in the development and implementation of focused housing activities with a street-to-street strategy to stem deterioration and halt abandonment. As part of this focused activity, PPHC will work to demolish abandoned buildings

that are beyond rehabilitation. This program is commonly referred to as the Neighborhood Turnaround Program.

Need for Housing Program

The Housing Program that will be funded with Tax Increment Financing is needed and is in the public interest.

The Program will address a number of needs:

- * Low-cost financing will be provided for the renovation of the City's housing stock, which is comprised of old, wood-frame structures;
- * Low-cost financing will be provided for the purchase of new or rehabilitated housing by owner-occupants, thereby increasing the percentage of homes that are owner-occupied;
- * More than half of the vacant or abandoned houses in the City will be renovated for owner-occupants or will be demolished;
- * New, low-cost homes will be constructed on vacant lots, thereby increasing owner-occupancy and ridding neighborhoods of vacant lots where illegal dumping takes place;
- * And low-cost financing will give middle-class families incentives to remain in Providence or to move to the City.

Project Area

The Housing Program project area is not within the Manchester Street power plant tax increment area.

Section 45-33.2-3 (3) of the Act permits Housing Program projects to take place in areas that are not designated as "redevelopment areas." Housing Program projects will take place in various locations throughout the City, some of which happen to be within redevelopment areas. The same section of the Act permits tax increment revenues to be spent within a geographically defined project area, or on behalf of a defined group of "beneficiaries." Further, a project may have both a project area and a class of beneficiaries. Program expenditures will be governed by the following:

- * The development of Mandela Woods (as itemized under "Estimate of Total Project Cost," below) has a project area as approved by the Providence City Council for the Lower South Providence Redevelopment Area. The beneficiaries of tax increment expenditures within this area will be households whose annual income does not exceed the guidelines established by Rhode Island Housing for first-time homebuyers, adjusted for family size, except insofar as the regulations of the U. S. Department of Housing and Urban Development (HUD) permit higher income limits.

* The development of new homes on vacant lots (also itemized below) has a project area as approved by the Providence City Council for the Upper South Providence, Lower South Providence, and Federal Hill East Redevelopment Areas. The beneficiaries of tax increment expenditures within this project area will be households whose annual income does not exceed the guidelines established by Rhode Island Housing for first-time homebuyers, adjusted for family size, except where HUD regulations permit higher income limits.

* Remaining components of the Program do not have project areas. In connection with such components, increment expenditures will be used to benefit households whose annual income does not exceed the guidelines established by Rhode Island Housing for first-time homebuyers, adjusted for family size, except where HUD regulations permit higher income limits.

Estimate of Total Project Cost

Home Improvement Programs

-- R. I. Housing Loans	125 loans	1.5	RI Housing
-- PPHC Loans	354 loans	4.7	T.I.F.
-- Painting Houses/Sidewalk Repairs	T. B. D.	4.3	T.I.F./CDBG
subtotal		10.5 million	

Abandoned Housing Program

-- Selective Demolition	122 properties	1.2	T.I.F./CDBG
-- Acquisition/Rehabilitation by PPHC	260 properties	4.4	T.I.F./Hope III
-- Acquisition/Rehabilitation by Nonprofit	62 properties	1.9	HOME/T.I.F.
-- Rental Rehab. by Nonprofits	246 rental units	1.2	HOME
-- First Mortgages for buyers	260 loans	20.8	RI Housing/Banks
-- Second Mortgages for buyers	260 loans	2.6	T.I.F./Banks
subtotal		32.1 million	

New Home on Vacant Lots

-- Acquisition of lots	48 house lots	0.3	T.I.F.
-- First Mortgages for buyers	48 loans	3.8	RI Housing
-- Second Mortgages for buyers	48 loans	0.7	Nehemiah
subtotal		4.8 million	

Financing for Home Purchases

-- Reserve against bank losses	N/A	0.2	T.I.F.
-- First Mortgages	430 loans	34.4	RI Housing
-- Second Mortgages	430 loans	4.2	T.I.F./HOME
subtotal		38.8 million	

Development of Mandela Woods

-- Demolition	N/A	3.5	P.R.A.
-- Site Preparation	136 units	1.5	T.I.F.
-- First Mortgages	N/A	22.0	RI Housing
-- Syndicated Tax Credits	N/A	7.3	Syndications
subtotal		34.3 million	

PPHC Administration (2 years) N/A 2.3 million T.I.F./HOME

Grants to other Nonprofits N/A 0.4 million T.I.F./HOME

Small Rental Rehabilitation Loans 132 properties 1.5 million T.I.F./HOME

Bank / PPHC Financing To Be Devel. 6.5 million Banks

Construction Financing Pool N/A 0.9 million T.I.F.

Interest Expense N/A 0.5 million T.I.F.

TOTAL 132.6 million

Estimated Sources of Funds

R. I. Housing & Mortgage Finance Corp. 77.2 million

Funds Controlled by City

-- Tax Increment Financing	22.0
-- Federal HOME Grants (3 years)	4.8
-- Federal Hope III Grants	1.7
--Providence Redevelopment Agency	3.5

-- Federal CDBG Funds	0.4
subtotal	32.4 million
Financial Institutions	15.0 million
Nehemiah Program	0.7 million
Private Developer Syndication	7.3 million
TOTAL	132.6 million

Note: The contribution from R. I. Housing assumes that existing lending programs of the agency are utilized for this program to the maximum feasible extent. The agency makes decisions whether to lend on a case-by-case basis. In addition, it is possible that private financial institutions will provide a portion of the financing assigned to R. I. Housing by this plan, although there are no agreements for such participation at this time.

Projected Use of Proceeds from Tax Increment Financing

Home Improvement Loans by PPHC	8.7 million
Acquisition of abandoned homes	3.3
Acquisition of vacant lots	0.3
Reserve against bank losses	0.2
Mandela Woods: Site preparation	1.5
Home Purchase Loans by PPHC	3.2
Demolition activities	1.0
Nonprofit technical support	0.2
Small Rental Rehabilitation Loans by PPHC	0.2
Construction Financing Pool	0.9
Interest Expense	0.5
Administration	2.0
Total:	22.0 million

Tax Increment Provisions

- * Estimated amount of indebtedness: \$26.6 million.
- * Base Date: December 31, 1991.

- * Estimate of annual average tax increment to be generated: Approximately \$7.5 million annually over a 23-year period.
- * Officer responsible for calculating the tax increment: Theodore C. Littler, Providence City Assessor as of the date of enactment of this ordinance.
- * Tax Increment Area: The tax increment area includes the real estate occupied by the Manchester Street power plant, and additional improvements located outside the boundaries of the power plant that are integral to the repowering project of Narragansett Electric Company.

The Manchester Street power plant is located within the following parcels identified in the records of the Tax Assessor of the City as of December 31, 1991 as:

<u>Plat</u>	<u>Lot</u>
22	96, 145, 185
21	312
46	591

The tax increment on these parcels includes investments undertaken by the Narragansett Electric Company and its affiliated companies, as well as the gas line to be constructed on this property by the Algonquin Gas Transmission Company and the gas metering station to be constructed on this property by Algonquin. These gas service improvements will be subject to separate taxation on these plats and lots.

In addition to the improvements on the plats and lots itemized above, the tax increment area includes property on which are located improvements associated with the repowering project and made by Narragansett Electric that are not located on the above plats and lots. These improvements include:

-- A 14-inch-diameter fuel oil pipeline that runs from the Sprague Oil Terminal at 144 Allens Avenue beneath Henderson Street for a distance of 25 feet until it enters the Manchester Street site.

-- An upgraded well at Narragansett's Olneyville substation that will draw groundwater for power plant use. The existing well is presently a capped pipe in the ground. Narragansett plans to add a deep-well submersible pump and a below-grade valve pit containing valving and metering equipment.

-- An underground water line that will carry the pumped water from the well at the Olneyville substation to the Manchester Street site (see Attachment 2 for a description of the substation location and the path the water line will take).

-- And an underground power line and conduit that will run underground from the Providence/Johnston border to the Manchester Street site (See Attachment 3 for the routing of this transmission line within the City of Providence).

* Method of Calculation: In the chart that follows below, the estimated tax increment is calculated for each of the following fiscal years of the City:

FY 1993 - 1994: The 2-year period from approval of this ordinance until the expected date when tax incremental financing bonds will be issued in conformance with this ordinance.

FY 1994: The year during which bonds are expected to be sold.

FY 1995 - 2014: The 20-year period during which the City expects to appropriate funds set aside under provisions of this ordinance for the purpose of paying debt service on the bonds.

It is assumed that the repowering project commences during the summer of 1992 and is completed sometime in the year before December 31, 1996.

* Uses of Increment: The Act permits the City to deposit as revenues in the General Fund those tax increment revenues that are not needed for the payment of debt service on tax increment financing bonds, or bond anticipation notes or other short-term financing, issued in conformance with the Act, or the provision of any required security in connection with such debt, or the direct funding of any part of the Housing Program.

The City's present intention is to obtain tax incremental bond financing no later than January 1994 in order to undertake the Housing Program during fiscal 1993 through 1995. The City anticipates that the \$22 million will be fully expended by the Housing Program in fiscal 1995 or possibly 1996. Beginning in fiscal 1995, and each year thereafter until the bonds are paid off, the City expects that debt service on the \$26.6 million in borrowings will be approximately \$2.4 million per year. The surpluses that are available after the payment of debt service will be deposited in the General Fund as revenue during the fiscal years for which tax increment bonds are outstanding.

Calculation of Increment: For each year through 2016, the chart compares taxes that would be paid under a "No-Build" and "Build" scenario. The "No-Build" scenario assumes that the repowering project does not take place; the "Build" scenario assumes that the project does take place. The difference in tax yield between the two scenarios is the gross tax increment for each year.

In calculating taxes, the following assumptions were made:

No Build Scenario

- 1) The value of the specified land remains constant from FY 1993 through FY 2016 at the assessed value as of December 31, 1991: \$8,166,800.

- 2) The value of the existing power plant buildings remains constant throughout the period at the assessed value as of December 31, 1991: \$4,786,500.
- 3) There are no tangible taxes paid on the subject property throughout the subject period.
- 4) The real estate tax rate rises annually throughout the period by 3.6 percent, beginning with the estimated tax rate of \$30.20 per thousand dollars of assessed valuation as of December 31, 1991. This tax inflator for the future years was chosen because it equals the average annual increase in the actual tax rate for a number of past years -- from FY 1983 through FY 1993 (excluding fiscal 1989, when the tax rate declined significantly as a result of the revaluation of property).
- 5) Notwithstanding the previous provision, the tax rate declines by 20 percent for FY 1999 and FY 2009, which are years for which state law requires the City of Providence to implement a revaluation of ratable property. The 20-percent deflator represents the Tax Assessor's estimate of a likely approximate decline in the tax rate for these future years.

Build Scenario

- 1) The tax-rate inflator from FY 1993 through FY 2016, and the tax-rate deflator for the revaluation years FY 1999 and 2009, are the same as provided under 4) and 5) of the No-Build assumptions above. The tangible tax rate, as provided under the City's classification plan, is equal to approximately 2.4 times the real estate tax rate for a given year.
- 2) For FY 1993, the taxes paid under the Build scenario are the same as under the No-Build scenario, since the repowering project had not commenced as of December 31, 1991.
- 3) For the ten-year period from FY 1994 through FY 2003, the taxes paid are the sum of the following:
 - The taxes that Narragansett Electric will pay pursuant to the ten-year Tax Stabilization Ordinance approved by the City Council for the repowering project (see Attachment 1); AND,
 - The taxes that will be paid for the proposed gas line and metering station on the Manchester Street property. Algonquin estimates that the pipeline will be constructed for \$834,000. Based on this estimate, the City Assessor projects that the pipeline will have a tax assessment of \$834,000 MINUS a depreciation factor of 10 percent, equals \$750,600. Algonquin estimates that the metering station will cost \$1.2 million. Based on this estimate, the City Assessor projects the metering station will have an assessed value of \$1.2 million MINUS a depreciation factor of 15 percent, equals \$1.02 million. These Algonquin improvements are expected to be subject to taxation as of fiscal 1996.
- 4) For the 13-year period from FY 2004 through 2016, the taxes are as follows:
 - The taxes on the subject land are based on an assessment of \$8,166,800, which is

presumed to hold constant throughout the period. This assessment is equal to the assessment of December 31, 1991.

-- The taxes on the Narragansett Electric buildings that are part of the repowering project are based on an assessment of \$288.6 million. For the ten-year period from FY 2004 through FY 2013, the assessment is \$288.6 million MINUS a depreciation factor of 30 percent, equals a net assessment after depreciation of \$202.0 million. For the three-year period from FY 2014 through FY 2016, the depreciation factor is 45 percent, yielding a net assessment of \$158.7 million.

-- The taxes on the gas line are based on an assessment of \$834,000. For the ten-year period from FY 2004 through FY 2013, the assessment is \$834,000 MINUS a depreciation factor of 30 percent, equals \$583,800. For the three-year period from FY 2014 through FY 2016, the assessment is \$834,000 MINUS a depreciation factor of 45 percent, equals \$458,700. The taxes on the metering station are based on an assessment of \$1.2 million MINUS depreciation factors that are the same as for the gas pipeline for the specified years. This yields an assessment of \$840,000 for FY 2004 through FY 2013, and \$660,000 for FY 2014 through FY 2016.

-- The tangible taxes on the Narragansett Electric personal property are based on an assessment of \$51.0 million. For the ten-year period from FY 2004 through FY 2013, the assessment is \$51.0 million MINUS a depreciation factor of 30 percent, equals a net assessment after depreciation of \$35.7 million. For the three-year period from FY 2014 through FY 2016, the depreciation factor is 45 percent, yielding a net assessment of \$158.7 million.

- 5) As required by state law, the amount of the tax increment is reduced by the portion of the levied amount that is appropriated to pay general obligation debt. As of FY 1993, debt service on general obligation debt represents about ten percent of the expected collection of currently levied taxes. What this portion will be in future years depends on many factors, including the amount and timing of any additional general obligation borrowings. For the purpose of this plan, it is presumed that the ten-percent factor holds throughout the projected period.

Section 108 / Bonds - 1993 & 1994
DRAFT - For Discussion Purposes ONLY

	Units of Activity			CY 1993 Budget	CY 1994 Budget Bonds	CY 1993 Actual	
	CY 1993	CY 1994	Total			Units	Amount
Paint The Town Program (or Sidewalk Repair) (Paint = \$2,143/unit, Sidewalks = \$1,200/unit)	938	938	1,876	2,010,000	2,010,000	938	2,010,000
Homebuyers Club	200	200	400	0	0	100	0
Homeowner/Homebuyer Loan Programs:							
Homeowners Rehab. Programs (1)	154	200	354	2,325,713	2,400,000	196	2,494,350
Homebuyers Assistance Programs (1)	66	250	316	0	2,500,000	146	968,750
Small Rental Rehab. - Focus Areas (1)	0	100	100	0	1,150,000	0	0
Abandoned Housing Programs:							
Acq./Rehab. Revolving Fund	51	112	163	1,044,871	1,680,000	43	692,529
Demolitions	5	100	105	39,177	1,000,000	4	39,177
Nehemiah	48	0	48	255,887	0	21	255,887
Non-Profit Technical Support				78,355	100,000		0
Mandela Woods				1,500,000	0		800,000
Loan Reserve Fund				197,455	0		0
Nonprofit Predevelopment Pool				100,000	100,000		0
Administrative Budget				900,000	1,140,000		619,750
Construction Financing Pool				0	920,000		
Interest Expense				548,542	0		0
Total Allocation of Funds -				9,000,000	13,000,000		7,880,443

Closed	31	\$356,587
Approved	34	\$432,440
In Process	131	\$1,705,323
Approved	11	\$91,250
In Process	135	\$877,500

Source of Funds:
DRAFT - For Discussion Purposes ONLY

Section 108 Loan	9,000,000	0
Interest Holdback	0	0
Bond Anticipation Notes (BAN's)	0	13,000,000
Total Sources of Funds -	9,000,000	13,000,000

9,000,000	22,000,000
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(1) - Indicates Activities forming a Permanent Revolving Loan Pool

Providence Tax Increment Financing
Projected Project Proceeds

		22MM Bond Size	Larger Bond Size
Oct-93 NOTES	Project Proceeds	18,100,000	22,000,000
	Cost of Issuance	140,000	140,000
	BAN Size	18,240,000	22,140,000
	BAN Interest Due July, 1994 Nine months at 5%	684,000	830,250
Jul-94 NOTES	Payment of October, 1993 BAN	18,924,000	22,970,250
	Cost of Issuance	125,000	124,750
	New BAN Size	19,050,000	23,095,000
	BAN Interest Due January, 1995 Six months at 5%	476,250	577,375
Jan-95 BONDS	Payment of July, 1994 BAN	19,526,250	23,672,375
	Cost of Issuance (Incl. rounding figure)	103,956	103,195
	Debt Service Reserve Fund	2,079,050	2,517,300
	Bond Insurance Premium	290,744	352,130
	Total Bond Size	22,000,000	26,645,000

CITY OF PROVIDENCE
PROJECTED TIF BOND ISSUE
BOND ISSUE SOLD IN JANUARY, 1994 / INTEREST CAPITALIZED FOR FY95
\$22,000,000 PROJECT PROCEEDS
DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE	FISCAL TOTAL
1/15/1994	-	-	-	-	-
6/30/1994	-	-	-	-	-
7/15/1994	-	-	863,362.50	863,362.50	-
1/15/1995	-	-	863,362.50	863,362.50	-
6/30/1995	-	-	-	-	1,726,725.00
7/15/1995	685,000.00	6.50000%	863,362.50	1,548,362.50	-
1/15/1996	-	-	841,100.00	841,100.00	-
6/30/1996	-	-	-	-	2,389,462.50
7/15/1996	730,000.00	6.50000%	841,100.00	1,571,100.00	-
1/15/1997	-	-	817,375.00	817,375.00	-
6/30/1997	-	-	-	-	2,388,475.00
7/15/1997	775,000.00	6.50000%	817,375.00	1,592,375.00	-
1/15/1998	-	-	792,187.50	792,187.50	-
6/30/1998	-	-	-	-	2,384,562.50
7/15/1998	825,000.00	6.50000%	792,187.50	1,617,187.50	-
1/15/1999	-	-	765,375.00	765,375.00	-
6/30/1999	-	-	-	-	2,382,562.50
7/15/1999	880,000.00	6.50000%	765,375.00	1,645,375.00	-
1/15/2000	-	-	736,775.00	736,775.00	-
6/30/2000	-	-	-	-	2,382,150.00
7/15/2000	940,000.00	6.50000%	736,775.00	1,676,775.00	-
1/15/2001	-	-	706,225.00	706,225.00	-
6/30/2001	-	-	-	-	2,383,000.00
7/15/2001	1,000,000.00	6.50000%	706,225.00	1,706,225.00	-
1/15/2002	-	-	673,725.00	673,725.00	-
6/30/2002	-	-	-	-	2,379,950.00
7/15/2002	1,065,000.00	6.50000%	673,725.00	1,738,725.00	-
1/15/2003	-	-	639,112.50	639,112.50	-
6/30/2003	-	-	-	-	2,377,837.50
7/15/2003	1,130,000.00	6.50000%	639,112.50	1,769,112.50	-
1/15/2004	-	-	602,387.50	602,387.50	-
6/30/2004	-	-	-	-	2,371,500.00
7/15/2004	1,205,000.00	6.50000%	602,387.50	1,807,387.50	-
1/15/2005	-	-	563,225.00	563,225.00	-
6/30/2005	-	-	-	-	2,370,612.50
7/15/2005	1,285,000.00	6.50000%	563,225.00	1,848,225.00	-
1/15/2006	-	-	521,462.50	521,462.50	-
6/30/2006	-	-	-	-	2,369,687.50
7/15/2006	1,370,000.00	6.50000%	521,462.50	1,891,462.50	-
1/15/2007	-	-	476,937.50	476,937.50	-
6/30/2007	-	-	-	-	2,368,400.00
7/15/2007	1,455,000.00	6.50000%	476,937.50	1,931,937.50	-
1/15/2008	-	-	429,650.00	429,650.00	-
6/30/2008	-	-	-	-	2,361,587.50
7/15/2008	1,550,000.00	6.50000%	429,650.00	1,979,650.00	-

Fleet/Norstar Securities, Inc.
Public Finance Department

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CITY OF PROVIDENCE
PROJECTED TIF BOND ISSUE
BOND ISSUE SOLD IN JANUARY, 1994 / INTEREST CAPITALIZED FDR FY95
\$22,000,000 PROJECT PROCEEDS
DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE	FISCAL TOTAL
1/15/2009	-	-	379,275.00	379,275.00	-
6/30/2009	-	-	-	-	2,358,925.00
7/15/2009	1,650,000.00	6.50000%	379,275.00	2,029,275.00	-
1/15/2010	-	-	325,650.00	325,650.00	-
6/30/2010	-	-	-	-	2,354,925.00
7/15/2010	1,760,000.00	6.50000%	325,650.00	2,085,650.00	-
1/15/2011	-	-	268,450.00	268,450.00	-
6/30/2011	-	-	-	-	2,354,100.00
7/15/2011	1,875,000.00	6.50000%	268,450.00	2,143,450.00	-
1/15/2012	-	-	207,512.50	207,512.50	-
6/30/2012	-	-	-	-	2,350,962.50
7/15/2012	1,995,000.00	6.50000%	207,512.50	2,202,512.50	-
1/15/2013	-	-	142,675.00	142,675.00	-
6/30/2013	-	-	-	-	2,345,187.50
7/15/2013	2,125,000.00	6.50000%	142,675.00	2,267,675.00	-
1/15/2014	-	-	73,612.50	73,612.50	-
6/30/2014	-	-	-	-	2,341,287.50
7/15/2014	2,265,000.00	6.50000%	73,612.50	2,338,612.50	-
1/15/2015	-	-	-	-	-
6/30/2015	-	-	-	-	2,338,612.50
TOTAL	26,565,000.00	-	22,515,512.50	49,080,512.50	49,080,512.50

Fleet/Norstar Securities, Inc.
Public Finance Department

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YIELD STATISTICS

Accrued Interest from 01/15/1994 to 01/15/1994...	-
Average Life.....	13.039 YEARS
Bond Years.....	346,392.50
Average Coupon.....	6.5000000%
Net Interest Cost (NIC).....	6.5000000%
Bond Yield for Arbitrage Purposes.....	6.6526560%
True Interest Cost (TIC).....	6.5000000%
Effective Interest Cost (EIC).....	6.7226947%

CITY OF PROVIDENCE
PROJECTED TIF BOND ISSUE
BOND ISSUE SOLD IN JANUARY, 1994 / INTEREST CAPITALIZED FOR FY95
\$22,000,000 PROJECT PROCEEDS
SOURCES AND USES

Dated 1/15/1994	Delivery 1/15/1994
Par Amount of Bonds.....	\$26,565,000.00
Total Sources	\$26,565,000.00
Costs of Issuance.....	150,000.00
Gross Bond Insurance Premium.....	331,476.52
Deposit to Debt Service Reserve Fund (DSRF).....	2,394,171.34
Deposit to Capitalized Interest Fund (CIF).....	1,688,636.40
Deposit to Project Construction Fund.....	22,000,000.00
Contingency.....	715.74
Total Uses	\$26,565,000.00

Fleet/Norstar Securities, Inc.
Public Finance Department

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