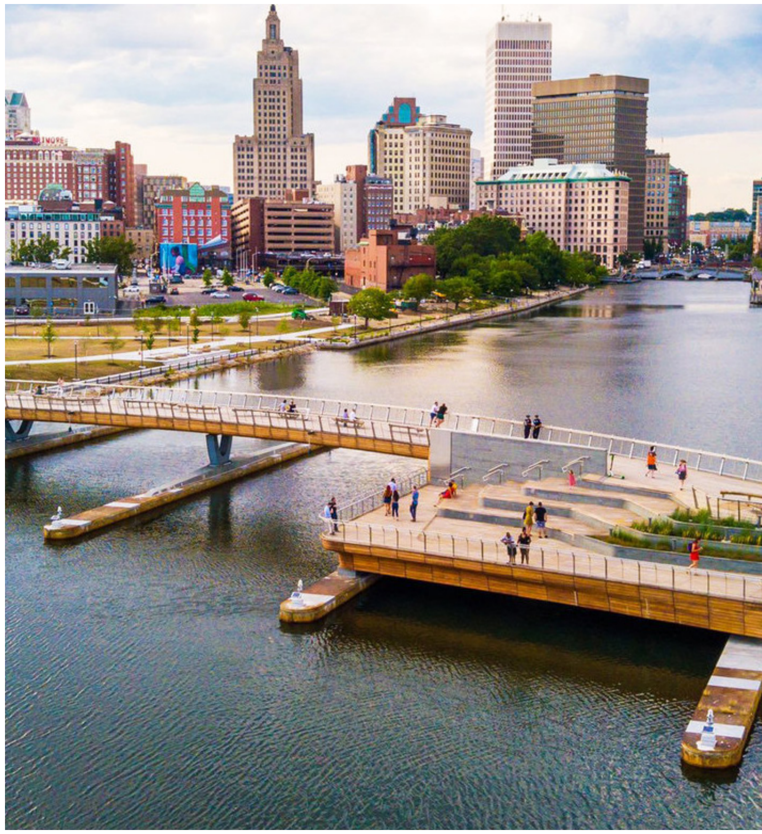

Providence Transit Center Joint Development Project
Task 2, Part I – Site Evaluations & Commercial Feasibility

Submittal for RIPTA

Next Wave
Rhode Island

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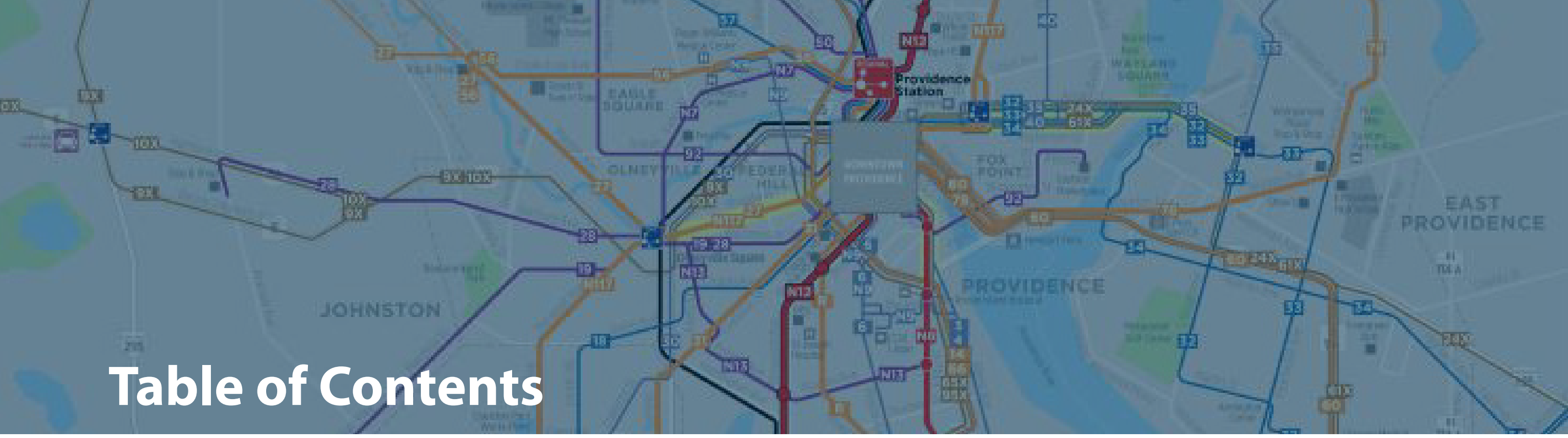

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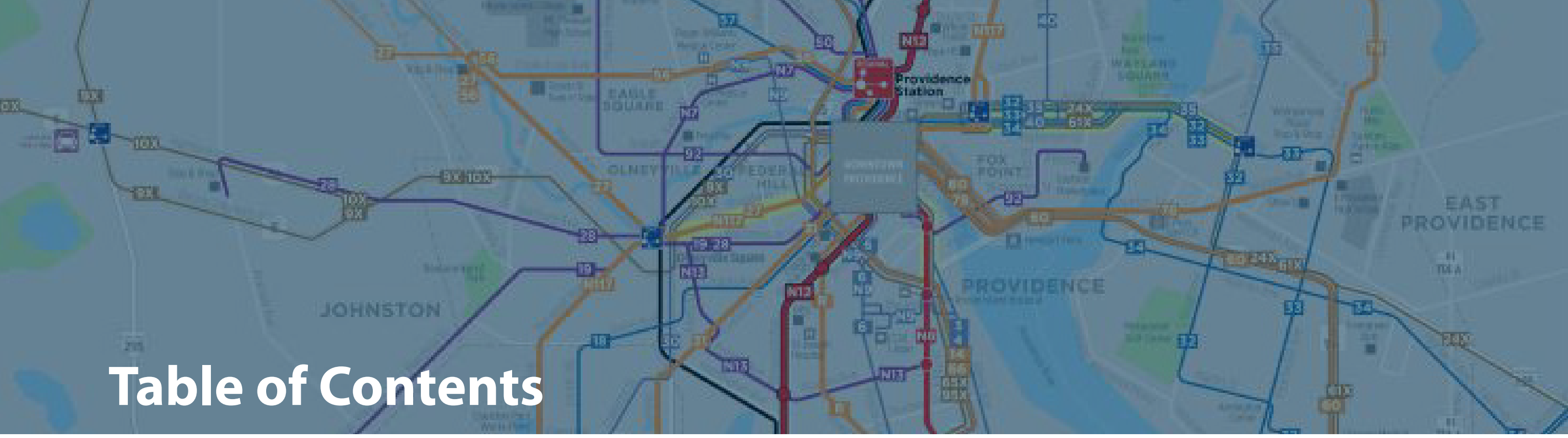

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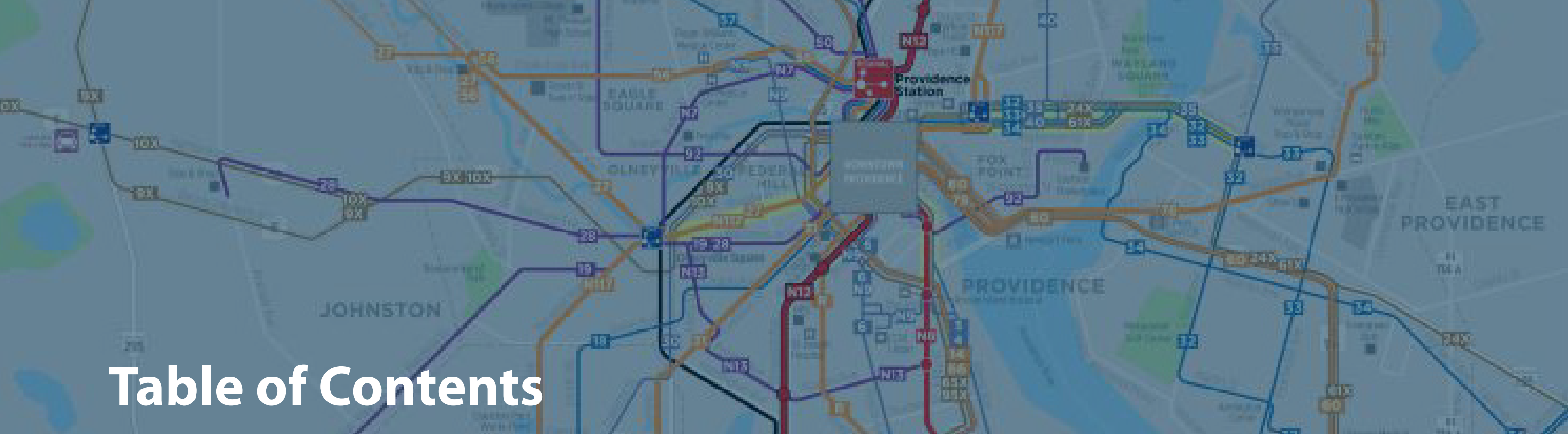

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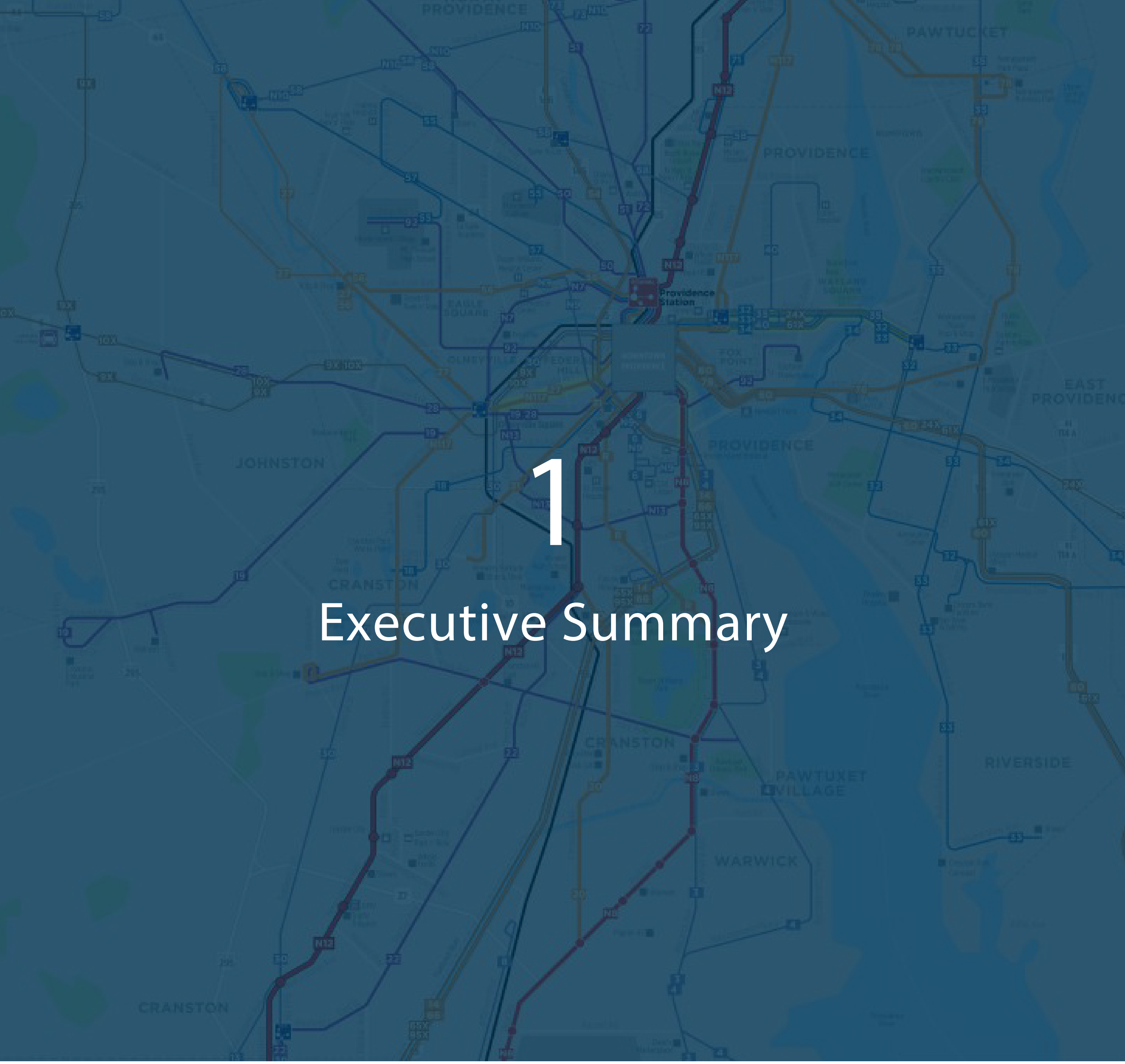

1
Executive Summary

Next Wave Rhode Island

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1.0 Executive Summary

This document represents the first of a two-part report detailing the findings and recommendations of Next Wave Rhode Island Partners LLC ("NWRIP") in its capacity as counterparty to the Rhode Island Public Transit Authority ("RIPTA") under the Preliminary Services Agreement for the Transit Center Joint Development Project ("PSA"). NWRIP's scope of work in Task 2 of the PSA focused on the following key activities:

› Working in close coordination with RIPTA, engaging the public, key stakeholders and elected officials about the Project objectives and PSA process as well as soliciting input on critical early-stage issues, most notably potential locations for the new transit center.

› Identify and evaluate potential sites for the Project using criteria and data developed in partnership with the RIPTA project team and their advisors.

› Conduct technical due diligence on one or more sites deemed most viable through the evaluation process and provide a recommendation to RIPTA on sites for further study and advancement to the Basis of Design activities required under Task 3 of the PSA.

› Develop conceptual-level designs, preliminary construction cost estimates and financial options for the Transit Center and TOD project components.

Part I of the Task 2 report focuses on site selection, commercial feasibility of the TOD and potential approaches to fund and finance both components of the project. Part II of the Task 2 report will provide a more detailed study on the sites recommended for further exploration, including existing site conditions analysis, conceptual-level design, preliminary cost estimates and As further described herein, RIPTA and NWRIP's comprehensive and collaborative work in Task 2 of the PSA has yielded significant progress toward identifying a path to delivery of a state-of-the-art transit center capable of supporting RIPTA's immediate and long-term needs in a general location supported by riders, the community, and other key stakeholders.

Site Evaluations and Recommendation

RIPTA and NWRIP established a screening framework through which each prospective site would be assessed for its viability as both a standalone transit center and a transit-oriented development ("TOD"). A total of ten evaluation criteria were developed within the categories of "Transit Center Viability," "TOD Viability," and "Site Acquisition Feasibility," "Project Costs," "Financing and Funding," and "Community Support."

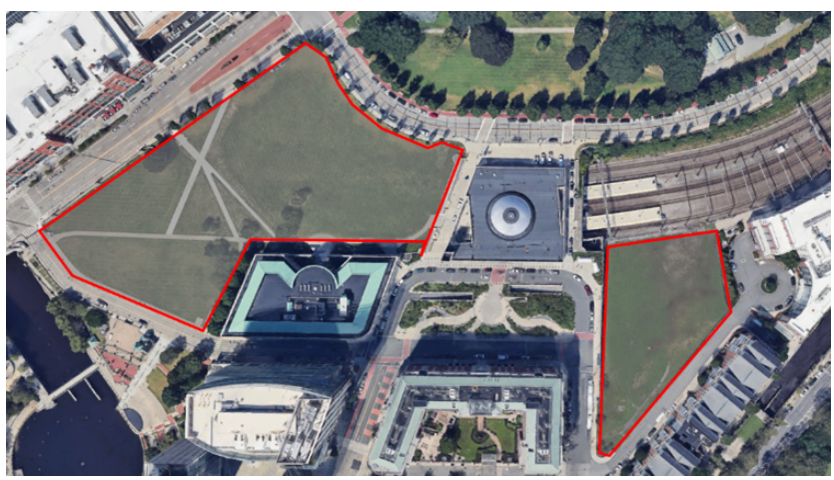


Figure 1: Aerial View of Train Station Adjacent Sites

Public outreach was a critical component in the site evaluation process and most of NWRIP and RIPTA's efforts in this area during Task 2 centered on gathering and analyzing feedback on potential sites for the new transit center. NWRIP hosted a total of seven (7) public engagement events in addition to managing a state-wide survey open to the public for more than 45 days. Sites closest to Providence Train Station received overwhelmingly positive feedback across a host of engagement activities conducted in Task 2. The preferences expressed by stakeholders led the NWRIP and RIPTA project teams to further explore all possibilities around the train station. These efforts resulted in the identification of a new site comprising parts of 1 Finance Way, 150 Francis Street and Station Park (collectively, "Francis Street") as meriting additional study. Out of the sites originally identified, NWRIP recommends the land immediately adjacent to Providence Train Station—identified as Park Row West (also known as Capital Properties Site 6C) in Section 2 of this report—as the other site for further consideration in the next phase of the PSA.

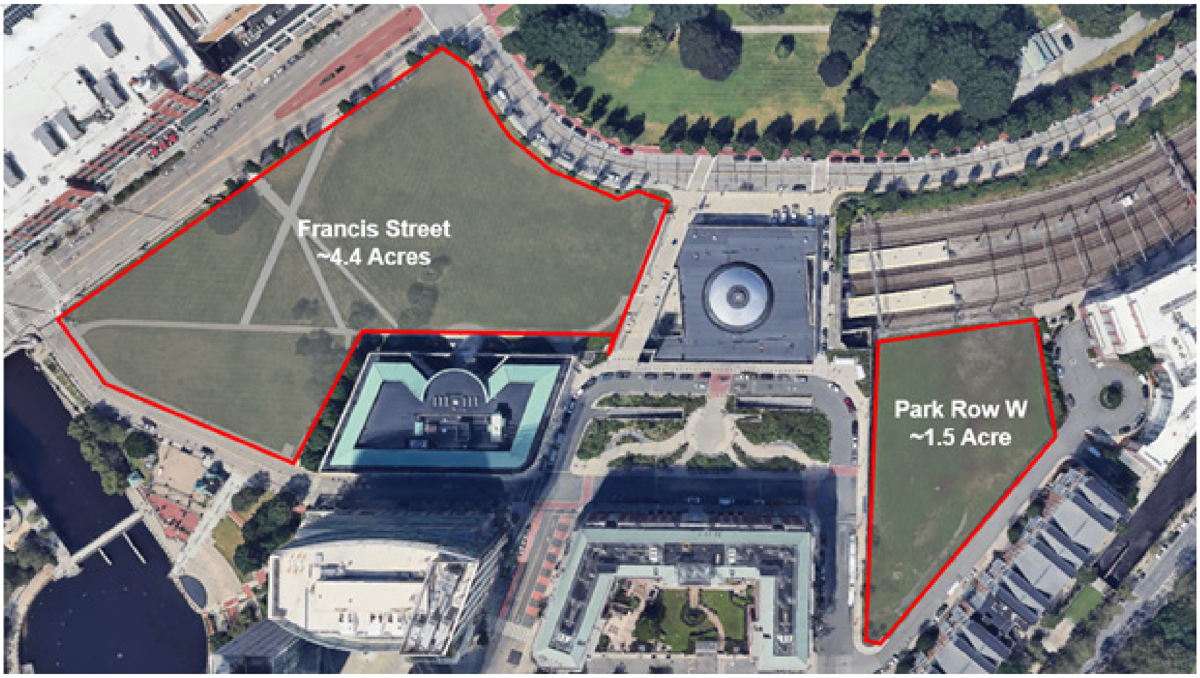


Figure 2: Aerial View of Francis Street and Park Row West

Initial Financing Options – Transit Center

NWRIP and its financial advisory team conducted a comprehensive analysis of potential sources of funding and financing programs available for the Transit Center component of the Project. As described in detail within Section 3.2 of the report, the analysis identified the following programs as warranting further exploration and pursuit by RIPTA and NWRIP in Task 3:

› **FTA Buses and Bus Facilities Program (Section 5339)** - The Section 5339 Bus and Bus Facilities program, which is a compliment to the Section 5339(a) formula program, provides funding through a competitive process to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. This program is designed to provide funding for major improvements to bus transit systems that would not be achievable through formula allocations.

› **USDOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants** - The program provides for investment in road, rail, transit and port projects that promise to achieve national objectives. Previously known as the Better Utilizing Investments to Leverage Development (BUILD) and Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grants, Congress has dedicated nearly $14.3 billion for fifteen rounds of National Infrastructure Investments to fund projects that have a significant local or regional impact.

› **FTA Community Project Funding/ Congressionally Directed Spending** - CPF is appropriated and allocated from the General Fund for Transit Infrastructure Grants only on an annual basis and at the discretion of Congress. The total funding amounts are specified in the Consolidated Appropriations Act corresponding with each fiscal year, if applicable.

Initial Financing Options – Transit-Oriented Development (TOD)

Section 3.3 describes the various transaction structures considered by the NWRIP team for the residential TOD component of the Project. NWRIP's analysis identifies three essential items needed across all scenarios considered to make the TOD feasible:

- Property tax relief from the City of Providence in the form of a Tax Stabilization Agreement ("TSA") or Payment-in-Lieu-of-Taxes ("PILOT"); both arrangements are subject to approval by Providence City Council
- Utilization of the Railroad Rehabilitation & Improvement Financing (RRIF) program for the debt component of the Project capital stack.
- "Soft money" (tax credits, grants, interest free loans or other forms of subsidy) contributions from non-Federal sources such as Rhode Island Housing ("RIH"), Rhode Island Commerce, the Providence Redevelopment Agency or similar organizations.

NWRIP considered residential projects with units exclusively designated for deeply affordable (LIHTC) households, units targeting individuals at the attainable/workforce income levels and units marketed exclusively at market rates. While the Commercial & Financial Working Group will continue to vet a purely market rate scenario in Task 3, NWRIP believes a mixed-income housing project consisting of 70% market rate units and 30% traditional affordable (LIHTC) presents the best path to financial viability for the TOD. The following is a summary of the key assumptions across all financing scenarios under consideration for the TOD:

Standard TOD Assumptions Across All Scenarios	
Description	**Assumption Metric**
Construction Period	24 months
Total Units	175 – 215
Unit Types	Studios, 1BRs, 2BRs, 3BRs
Average Unit Size	695 GSF
Average Market Rate Rent Per Month	$2,806
Retail Space	5,000 GSF - 10,000 GSF
Controllable OpEx Per Unit	$6,421
Target Annual Payment to RIPTA - $	$250,000 escalating at 3% annually
Property Tax Assumptions	20-year Tax Stabilization Agreement per terms made public by City of Providence Tax Assessor

Table 1: Standard TOD Assumptions Across All Scenarios

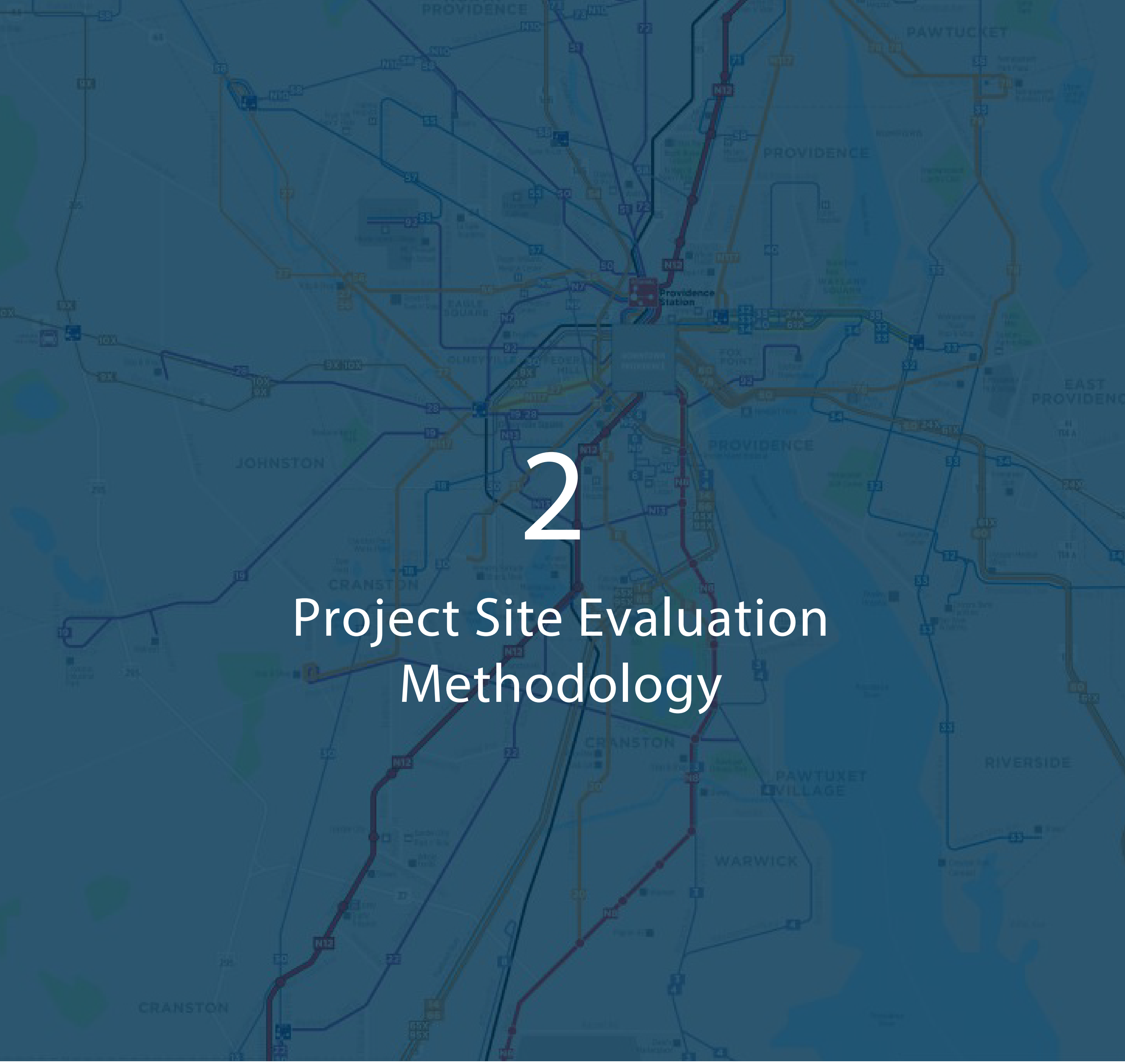
Conclusions

Completion of Task 2 is a major milestone for the Providence Transit Center Joint Development Project. The collaborative work of RIPTA and NWRIP has advanced efforts to find a central transit hub alternative to Kennedy Plaza further than any of the previous attempts over the last decade. The following key conclusions and findings from Task 2 activities must be front of mind for RIPTA, NWRIP and all other Project stakeholders moving forward:

› The recommendation for further study of the Park Row West and newly identified Francis Street sites as the home of the new Transit Center should be viewed as evidence that the PSA process has worked as intended. Community input weighed heavily in the evaluation as did the sites' merits as viable standalone bus hub and residential projects. Additional due diligence work remains to make a final site selection and to obtain site control in accordance with the acquisition guidelines provided by the FTA; Failing to carefully adhere to FTA regulations could jeopardize Federal grant eligibility.

› NWRIP and RIPTA's work in Task 3 must intensely focus on further vetting of and application for Federal grants and financing to support both components of the Project. The substantial amount of money available for the Transit Center through FTA programs represents a tremendous opportunity to significantly reduce the overall capital cost of the facility to the State.

› The TOD's viability is heavily reliant on factors highly subject to political factors that may be outside of the Project's control, namely the successful negotiation of a property tax deal with the City of Providence; obtaining committed financing under the USDOT's RRIF program, which up to this point has not yet been authorized to finance a residential project; additional financial support through "soft money" such as tax credit, grants and low-interest loans available at the state and local levels.



2

Project Site Evaluation Methodology

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2.0 Project Site Evaluation Methodology

Over the past 13 years, at least six proposals have been put forth for a new central transit hub, none of which have been realized (see Appendix 1A for a summary of previous efforts). In May of 2022, Rhode Island Public Transit Authority ("RIPTA") began canvassing Public-Private Partnership market participants to gauge potential interest in a Transit Center Joint Development project in Downtown Providence. RIPTA issued a request for proposals ("RFP") in late January 2024 seeking a private development partner under a Progressive P3 delivery model. In early 2024, RIPTA and the Next Wave Rhode Island Partners ("NWRIP") consortium executed a comprehensive Preliminary Services Agreement ("PSA") with an initial scope of work focused on site selection for the new transit center. Together, RIPTA and NWRIP identified seven sites for evaluation, all located in Downtown Providence within 3/4-mile of the current hub at Kennedy Plaza. These sites chosen based on proximity to key activity centers, accessibility to local and regional transit networks, and, in certain cases, a history of interest as a potential hub site.

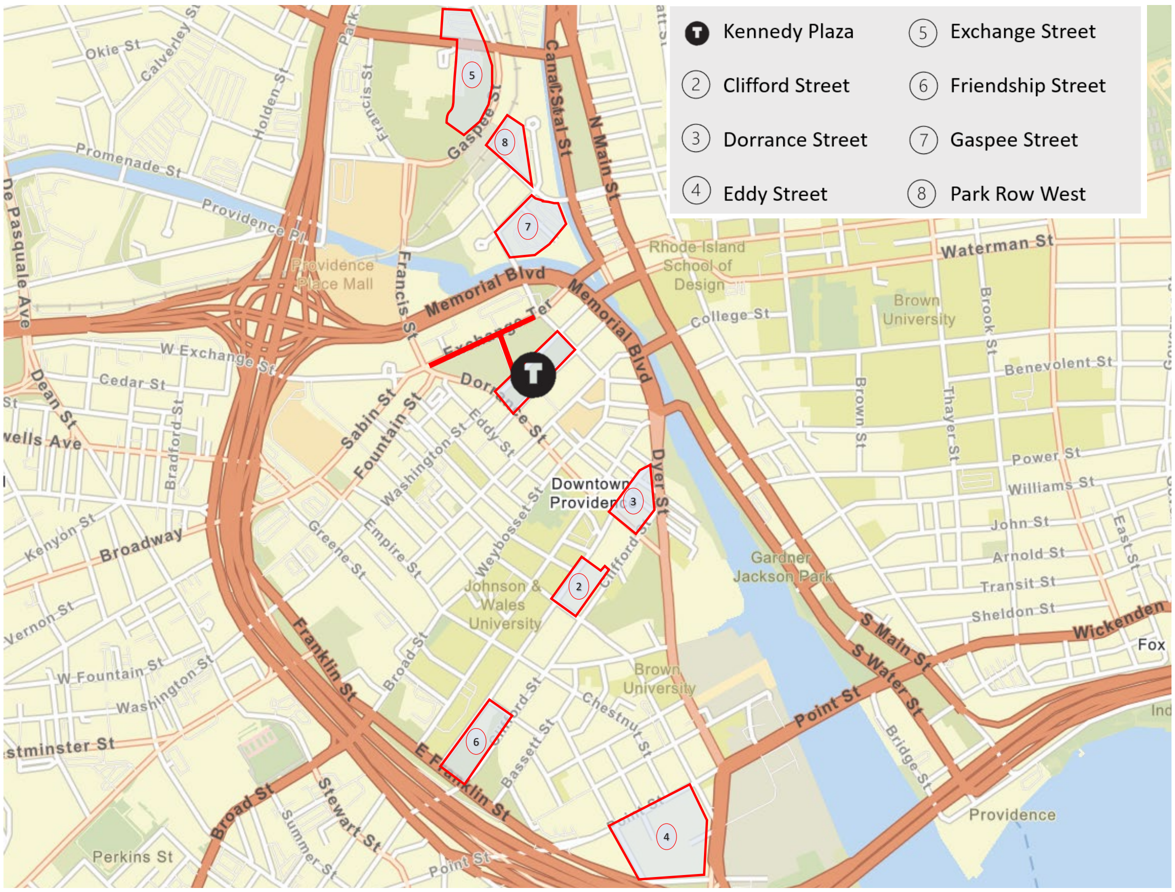


Figure 3: Proposed Sites for Exploration

Public outreach conducted during the first two tasks of the PSA found proximity to the Providence Train Station as a preference across an array of stakeholder groups. As further indicated in the subsequent pages of this section, the Park Row West site (identified as parcel #8 in the maps) received the highest overall ranking in the RIPTA and NWRIP joint assessment. With Park Row West emerging as the leading site for the new hub, the project team dedicated significant time and resources toward identifying options for RIPTA buses to access Gaspee Street more directly from the opposite side of the station (Railroad Street). Allowing for such connectivity through bus-only dedicated lanes on the eastern or western sides of the station required coordination with AMTRAK, who owns the parcel known as 150 Francis Street, which sits immediately above the train tracks leading into Providence Station from the south. While NWRIP and RIPTA have not obtained any firm commitments from AMTRAK, preliminary discussions have proven productive. The NWRIP and RIPTA teams are optimistic that a solution connecting Gaspee St and Railroad St through the AMTRAK-owned parcel can be developed through further collaboration.

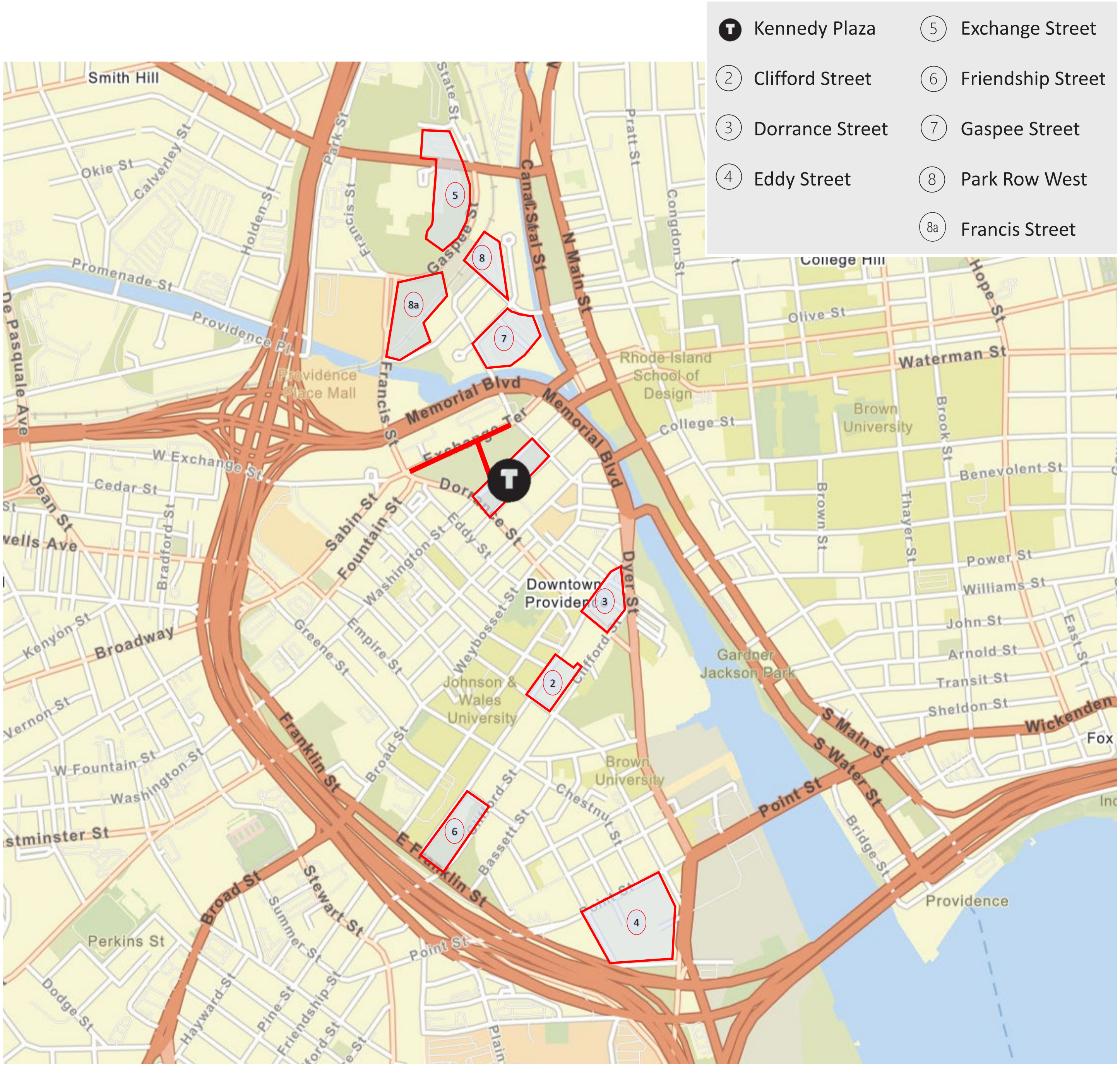


Figure 4: Proposed Sites for Exploration Including Francis Street

RIPTA and NWRIP established a screening framework through which each prospective site would be assessed for its viability as both a standalone transit center and a transit-oriented development ("TOD"). A total of ten evaluation criteria were developed within the categories of "Transit Center Viability," "TOD Viability," and "Site Acquisition Feasibility," "Project Costs," "Financing and Funding," and "Community Engagement."

For each criterion, a site under consideration was assigned one of three possible ratings.

Poor	Fair	Good

	Transit Center Viability		
	Maximize Access	Direct Service	Transfer Convenience
Poor	Site is far from most core downtown destinations	Few RIPTA routes could directly service the site	400 daily transfers or less forecasted at the site
Fair	Site is close to some core downtown destinations	At least half but not the majority of RIPTA routes could directly service the site	Forecasted transfers at the site totalling more than 400 but less than 4,000
Good	Site is close to the majority of the core downtown destinations	70% or more of RIPTA routes could directly service the site	4,000 daily transfers or more forecasted at the site
	TOD Viability		
	Housing Viability	RIPTA Offset	
Poor	Location and/or site characteristics are not likely to yield a financially viable housing project	Forecasted TOD project economics will allow for little or no RIPTA value capture	
Fair	Location and/or site characteristics may yield a financially viable housing project	Forecasted TOD project economics will allow for some RIPTA value capture	
Good	Location and/or site characteristics highly-likely to yield a financially viable housing project	Forecasted TOD project economics will allow for substantial RIPTA value capture	
	Site Acquisition Feasibility		
	Acquisition Cost	Acquisition Difficulty	
Poor	Substantial costs associated with acquiring the rights to develop a project on the site	Legal/regulatory hurdles, seller preferences and external coditions expected to make acquisition highly challenging	
Fair	Costs associated with acquisition not expected to overly burden the contemplated project	Legal/regulatory factors, seller preferences and external conditions are typical for the contemplated project	
Good	Anticipated acquisitions costs below market value	Legal/regulatory factors, seller preferences and other external conditions more likely to result in successful acquisition	
	Project Costs	**Financing & Funding**	**Community Support**
	Capital Costs	Federal Programs	Stakeholder Feedback
Poor	Site attributes are highly likely to result in higher construction costs	Site is not eligible for most advantageous Federal funding and financing programs	Majority of feedback received from public and key project stakeholders not supportive
Fair	Site attributes not expected to negatively impact design and construction costs	Site is eligible for some Federal funding and financing programs	Majority of feedback received from public and key project stakeholders neutral
Good	Site attributes expected to positively affect design and construction costs	Site is eligible for all Federal funding and financing programs	Majority of feedback received from public and key project stakeholders positive

Table 2: Ratings Criteria Summary

Sites were evaluated on a standalone basis (i.e. not relative to one another or the current Central Hub). These ratings were then aggregated and used to rank the sites from most to least preferable. The property ranked as most preferable is the site that NWRIP is formally recommending to RIPTA for a more comprehensive study, which if confirmed viable, would be the subject of further design and pre-development work.

Transit Center Viability

The appropriateness of a site to serve as a transit hub is the most crucial factor in selecting the Project location; as a result, this evaluation category held the greatest overall weight in the assessment. "Viability" of the transit center focuses on a given sites' ability to facilitate transit service improvements. The assessment of each site in this category focuses on the sub-criteria identified below. Additional background information on the development of these criteria can be found in Appendix 1B.

Maximize Access
Location's ability to improve access to residents, jobs & major activity centers

- Key Measure: Number of rider destinations within ¼ mile of each site under consideration
- More RIPTA riders travel to the core of downtown than to other locations
- Facilities within or closest to the core would serve as a terminal for more riders than those farther out

Direct Service
How a site better enables RIPTA's services to take people directly to desired destinations

- Key Measure: Number of routes that could directly serve a site under consideration
- Service should operate as directly as possible – because direct routes attract more riders than circuitous routes
- Sites closest to core of downtown could be directly served by more routes than those farther from the core

Transfer Effectiveness
Site's transfer capacity improves travel times for riders; proximity to rail stations increases optionality

- Key Measure: Number of possible daily transfers and proximity to rail transportation
- Most transit riders will transfer at the location that provides the fastest travel time
- Number of transfers reflects convenience of site as a transfer location
- Sites near Providence Station would facilitate intermodal connections

Figure 5: Transit Center Viability Criteria

Transit Oriented Development (TOD) Viability

Each prospective site was evaluated on a standalone basis residential/mixed-use TOD feasibility using commercially reasonable underwriting standards that would be applied to any other real estate development opportunity in the City of Providence. The TOD's ability to generate value for RIPTA in the form of a financial offset to the annual availability payment tied to the Transit Center's financing and operations is an equally critical factor in the evaluation. The NWRIP and RIPTA evaluation criteria for the TOD can be broken down as follows:

Housing & Mixed-Use
Site's suitability for development of a vibrant, financially feasible mixed-use residential project

- Physically and functionally integrated with Transit Center
- Dense, walkable mixed-use space with residential component inclusive of workforce and affordable housing
- Market supply & demand, rental rates, future outlook indicate path to financial feasibility

RIPTA Offset
Degree to which site attributes allow TOD to maximize value capture for RIPTA

- Value capture strategies to offset a portion of the annual payment tied to the Transit Center capital and operational costs
- Site considerations related to optimizing long-term maintenance planning and associated expenses

Figure 6: Transit Oriented Development (TOD) Viability Criteria

Community Support

Input received from the public – especially users of RIPTA's transit network – is a critically important aspect of the site evaluation process. Two in-person public workshops, two virtual (online) workshops, several pop-up events, a widely distributed survey, meetings with community stakeholders, and engagement activities hosted on the project website together provided a wealth of information to the RIPTA and NWRIP team. This feedback received from RIPTA riders, residents or Providence and communities across Rhode Island, and the business and non-profit communities has been heavily weighted in the evaluation process. A summary of the community outreach efforts, input gathered, and key findings has been provided at the end of Section 2. An aggregation of all raw data and additional materials from the community engagement events can be found in Appendix 1C.

Community Support
Direct feedback from project stakeholders and community members at public events

- Aggregation of data and comments from surveys, in-person and virtual workshops, social media and other public engagement activities
- Discussions with RIPTA riders, city leaders, neighborhood associations and members of the non-profit and business community

Figure 7: Community Support Criteria

Site Acquisition

The difficulty level in acquiring an identified site requires careful consideration. In establishing these Site Acquisition criteria, RIPTA and NWRIP notes that a given site may receive outstanding ratings under the transit evaluation framework and indicate viability as it relates to the TOD, but ultimately prove highly unlikely or even impossible to acquire (whether through fee simple or long-term ground lease). Additionally, some sites may be better positioned than others in terms of meeting State and Federal requirements for grant and/or low interest funding programs that are essential to the overall financial viability of the project.

Acquisition Cost
Effect on project economics due to cost to acquire a site (fee simple or ground lease)

- Parcels with lowest upfront cost provide most benefit to underlying project economics
- Ground lease arrangements cost-benefit analysis based on terms

Acquisition Difficulty
Evaluation of the ease in which a site can be brought under control for anticipated use

- Regulatory and legal hurdles, and the time required to address such issues may differ from site to site
- Private owners' willingness or conditions tied to selling or leasing the site may vary
- Compliance with Federal and State guidelines, including FTA requirements related to site acquisition

Figure 8: Site Acquisition Criteria

Project Costs, Financing & Funding

Capital costs and access to Federal and State programs to help fund and finance those costs, is an important consideration for the RIPTA and NWRIP team. Known environmental conditions, design limitations due to parcel sizes and shapes or other physical site characteristics will allow the NWRIP and RIPTA teams to identify anticipated construction cost implications. Assessment of a site location's impact on eligibility for financial support at the Federal, State and Local levels is another critical consideration. The Infrastructure Investment and Jobs Act ("IIJA") has made available an unprecedented amount of Federal funding and financing. Some of the most advantageous programs have eligibility requirements tied to proximity to other modes of transportation, which may result in more favorable ratings for certain sites. Any known existing site conditions that would impede the Project's ability to meet regulatory requirements under these programs must also be evaluated.

Project Cost
Anticipated capital cost implications for site under consideration

- Size and shape of parcels may limit design and construction options, resulting in less efficient build
- Known conditions may require more extensive site work that drives up overall cost of the project
- Permitting and planning requirements for some sites may require more expensive construction methods and materials

Financing & Funding
Evaluation of a site location's ability to make the Transit Center and TOD more competitive for Federal and State financial assistance

- Certain Federal DOT grants and low-cost financing programs limit eligibility to sites at or near passenger rail facilities
- Compliance with Federal requirements (technical, environmental and others) may be more difficult at certain site locations

Figure 9: Project Costs, Financing & Funding Criteria

2.1 Kennedy Plaza

SITE

Kennedy Plaza (Current Transit Center)

a. Zoning
- *i. Base Zoning: Open Space District*
- *ii. Downcity Overlay District: DD*

b. Land Area
- *i. ~310,000 SF (~7.12 Acres)*

c. Height allowance
- *i. Maximum Building Height of 50 Feet*

d. Neighbors
- *i. US District Court*
- *ii. Federal Building*
- *iii. Providence City Hall*
- *iv. Financial District*

Since 1990, Kennedy Plaza has served as the central transfer point of RIPTA's statewide bus network for RIPTA of Providence. Kennedy Plaza is a public park owned by RIPTA's Downtown Providence Parks Conservancy. Every year, approximately 3 million passengers utilize Kennedy Plaza. Overcrowding at KP is common, especially at peak travel times. Passengers waiting for buses on the outer berths are squeezed onto narrow and unsheltered islands. High passenger volumes mean that buses must linger longer in berths to allow for boarding and fare payment, often falling behind schedule. Long distance buses also serve Kennedy Plaza, further increasing congestion.

Crowd management has continued to be a challenge at KP. While some problems are caused by transit riders and crowded conditions, many are caused by non-transit riders who are attracted by the large number of people at this location, creating security challenges for RIPTA and city personnel.

Over the last 13 years, there have been six different efforts involving 10 different sites with efforts focused on identifying a new significant hub outside of KP. The map below and subsequent timeline graphic outline each of these previously unsuccessful efforts.

Figure 10: Map of Previous Efforts

13 YEARS, 6 PREVIOUS EFFORTS, 10 SITES

- **2009: Providence Metro Transit Study.** Peripheral Hub concept designed to eliminate bus layovers at KP.
- **2013: Comprehensive Operations Analysis (COA).** Recommended reconfigurations of KP to reduce transit footprint, which were implemented in 2014 and 2015.
- **2014: Redesigning Downtown Transit.** Recommended three-hub reconfiguration to provide better service to downtown and further reduce transit footprint at KP.
- **2014: Bond Referendum.** $35 million statewide bond referendum to invest in mass transit infrastructure
- **2017-2018: Providence Intermodal Transportation Center.** Proposed redesign of Providence Station to improve rail facilities and incorporate a bus hub.
- **2021: Providence Multi-Hub Bus System.** RIDOT proposal for a three-hub system with a new transit hub on Dyer Street.
- **2022: Downtown Circulation Study.** RIPTA proposal for a new transit center on Dorrance Street.

Figure 11: Timeline Illustrating Previous Efforts to Relocate Central Bus Hub

RIPTA and NWRIP acknowledge there are stakeholders that believe keeping KP as the central bus hub should be among the options considered by the P3. Given the purpose of RIPTA's RFP issued in early 2023 was to partner with a private development team to find an alternative to KP as the central hub, however, the RIPTA-NWRIP's efforts have focused on identifying the future state of KP with the new hub located elsewhere. It is important to note that **service to the KP area will continue in any potential scenario** explored by RIPTA and NWRIP as a possible location for a new central hub.

SITE
Clifford Street

Site Description: This approximately 1.5-acre site was previously under consideration as part of a RIPTA multi-hub solution before construction of the Garrahy Parking Garage. The garage itself was considered as recent as July 2023 for a temporary downtown hub.

Advantages
- Relatively close to existing RIPTA service
- Currently vacant garage retail space around Richmond St could be retrofitted for passenger area

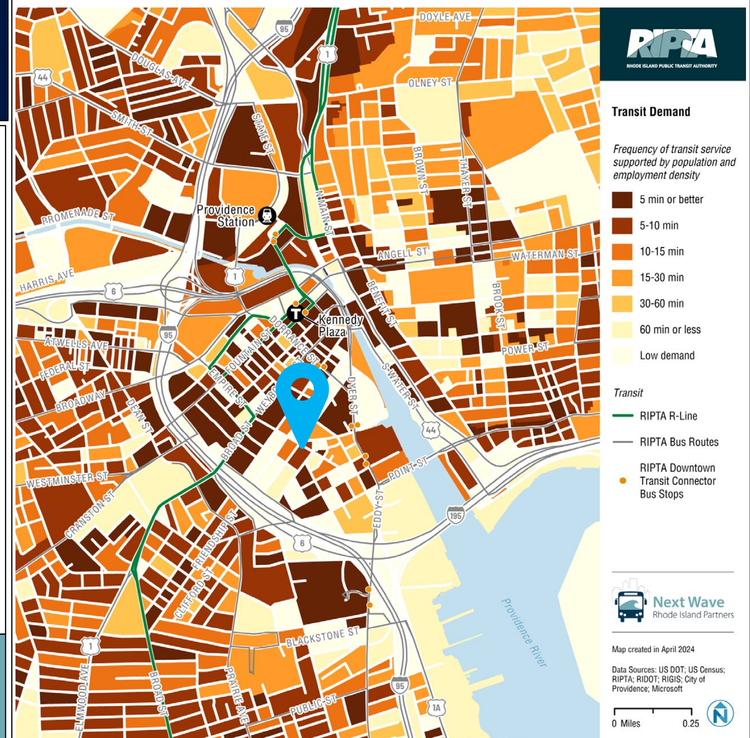
Disadvantages
- Clifford Street circulation and narrowness present significant operating challenges
- Existing garage presents no opportunity fora TOD

a. Zoning
- *i. Base Zoning: Downtown District D-1-120*
- *ii. Healthcare Institutional Overlay District: I-3H*
- *iii. Educational Institutional Overlay District: I-3E*

b. Land Area
- *i. 65,020 SF (1.49 Acres)*

c. Height allowance
- *i. Maximum Building Height of 120 Feet*

d. Neighbors
- *i. Johnson & Wales Downcity Campus*
- *ii. Garrahy Judicial Complex*
- *iii. Jewelry District*
- *iv. Providence Innovation & Design District*



Site Screening Results: The Clifford Street location does not present a viable opportunity to locate the bus hub. While the site rates somewhat favorably in the areas of maximizing access, increasing direct service and transfer convenience, operational challenges previously identified by RIPTA do not merit further exploration of this location. Even if the garage were to be retrofitted to house some number of berths on the ground level, a substantial number of passenger loading areas would be required on Clifford Street, creating similar congestion and overcrowding issues currently experienced at Kennedy Plaza. Lastly, TOD is not possible at the Clifford Street site, eliminating any financial upside that could be shared RIPTA to help offset the costs of the new transit center.

Transit Center Viability	
Maximize Access	Good
Direct Service	Good
Transfer Convenience	Poor
TOD Viability	
Housing Viability	Poor
RIPTA Offset	Poor
Site Acquisition Feasibility	
Acquisition Cost	Fair
Acquisition Difficulty	Fair
Project Costs	
Capital Costs	Fair
Financing & Funding	
Federal Programs	Fair
Community Engagement	
Stakeholder Support	Fair

SITE
Dorrance Street

<u>Site Description:</u> The original site under consideration in connection with the Public-Private Partnership RFP released by RIPTA in 2023, the less than 1.5-acre site traded in March of 2024 as part of the sale of the Amica Building at 10 Weybosset Street.

Advantages
- Close to existing RIPTA service and situated in heart of burgeoning Jewelry District
- Previously evaluated by RIPTA as viable transit center site

Disadvantages
- Change in ownership with uncertain plans for future use of site
- Significant estimated acquisition cost

a. Zoning
- *i. Base Zoning: Downtown District D-1-120*
- *ii. Healthcare Institutional Overlay District: I-3H*
- *iii. Educational Institutional Overlay District: I-3E*

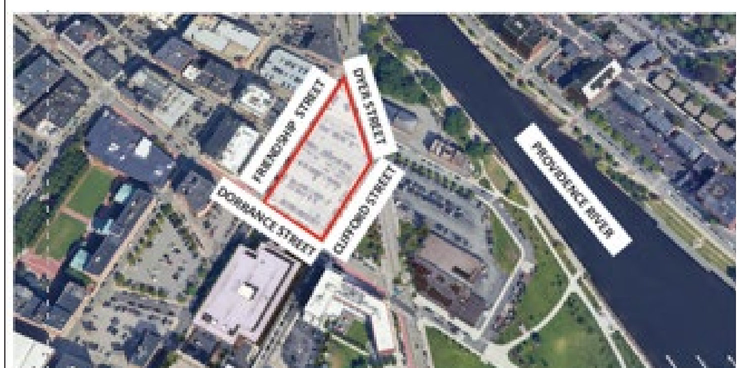
b. Land Area
- *i. ~62,000 SF (1.42 Acres)*

c. Height allowance
- *i. Maximum Building Height of 120 Feet*

d. Neighbors
- *i. Johnson & Wales Downcity Campus*
- *ii. Garrahy Judicial Complex*
- *iii. Financial District*
- *iv. Providence Innovation & Design District*

<u>Site Screening Results:</u> A change in ownership of Dorrance Street as of Spring 2024 complicates the viability of the site for the new bus hub. While the new ownership group has made the site available for RIPTA and NWRIP consideration, the adjacent office building tenants utilize Dorrance Street for parking, making the likely cost to obtain control of the location a substantial deterrent.

<u>Transit Center Viability</u>	
Maximize Access	Good
Direct Service	Good
Transfer Convenience	Fair
<u>TOD Viability</u>	
Housing Viability	Fair
RIPTA Offset	Fair
<u>Site Acquisition Feasibility</u>	
Acquisition Cost	Poor
Acquisition Difficulty	Poor
<u>Project Costs</u>	
Capital Costs	Fair
<u>Financing & Funding</u>	
Federal Programs	Fair
<u>Community Engagement</u>	
Stakeholder Support	Fair



SITE

Eddy Street

Site Description: This approximately eight-acre site is located just north of the I-95 / I-195 interchange, near RI Hospital. The site current consists of vacant buildings and surface parking. It is the former home of Victory Polishing and Plating Company and currently owned by Lifespan / Brown University Health

Advantages

- Large site
- Good highway access
- Located on DTC alignment

Disadvantages

- Far from center of activity downtown
- Not a convenient end-of-line for bus routes
- Substantial estimated acquisition cost

a. Zoning

i. Split Base Zoning:

1. Downtown District D-1-100
2. Downtown District D-1-200

ii. Healthcare Institutional Overlay District: I-3H

iii. Educational Institutional Overlay District: I-3E

b. Land Area

i. ~342,000 SF (~7.85 Acres)

c. Height allowance

i. Split Height Allowance:

1. Maximum Building Height of 100 Feet in D-1-100
2. Maximum Building Height of 200 Feet in D-1-200

d. Neighbors

i. Eddy Street

ii. Jewelry District

iii. Hasbro Children's Hospital Pediatric Heart Center

iv. Lifespan Campus

Site Screening Results: The Eddy Street site scores low overall, and is particularly challenged in the Transit Center Viability category. The size of the site and likely on-site ease of bus operations are positives, but the site's distance from the downtown core is a significant negative in assessing the projects ability to maximize access to key destinations. The site is also the further from current RIPTA's existing service and would only allow for relatively few transfers at the location.

The estimated cost to acquire a site of this size from Lifespan / Brown University Health is another deterrent. According to published reports, the site was last sold for $7.75MM back in 2015. The upfront acquisition price burdens the viability of the housing component and potential for RIPTA offset.

Transit Center Viability	
Maximize Access	Poor
Direct Service	Poor
Transfer Convenience	Poor
TOD Viability	
Housing Viability	Fair
RIPTA Offset	Poor
Site Acquisition Feasibility	
Acquisition Cost	Poor
Acquisition Difficulty	Fair
Project Costs	
Capital Costs	Fair
Financing & Funding	
Federal Programs	Fair
Community Engagement	
Stakeholder Support	Poor

SITE

Exchange Street

Site Description: Comprising a total of approximately 1.85 acres, Capital Properties owned sites 3W and 4W are two of the most highly desirable parcels left in the City of Providence. Walking distance to both Providence Train Station and the downtown core, these two sites are ideal for development of a new central bus hub and residential development when excluding issues of site control and potential acquisition costs.

Advantages

- Proximity to PVD Train Station and downtown core
- Close to existing RIPTA service

Disadvantages

- Current economic environment does not support desired high-rise residential use
- Substantial estimated required ground rent

a. **Zoning**
   i. *Parcel 3W*
      1. Base Zoning: Downtown District D-1-200
      2. Capital Center Special Development District: CC
   ii. *Parcel 4W*
      1. Base Zoning: Downtown District D-1-75
      2. Capital Center Special Development District: CC

b. **Land Area**
   i. *Parcel 3W = 34,967 SF (0.80 Acres)*
   ii. *Parcel 4W = 46,329 SF (1.06 Acres)*
   iii. *Total = 81,296 SF (1.86 Acres)*

c. **Height allowance**
   i. *Parcel 3W*
      1. Maximum Building Heigh of 200 Feet
   ii. *Parcel 4W*
      1. Maximum Building Height of 75 Feet

d. **Neighbors**
   i. *Providence Station*
   ii. *Financial District Adjacent*
   iii. *Riverwalk*

Site Screening Results: As evidenced by the ratings accompanying this analysis, Exchange Street is one of the most desirable sites when viewed primarily through the Transit Center Viability criteria. As one of the few developable parcels left for large-scale development in the Capital Center Special Development District, previous plans envisioned a new office tower occupying some or all portions of Capital Properties Parcels 3 & 4. With the COVID-19 pandemic massively shifting the office dynamic, such a use at the site is unlikely anytime soon. The landowner's desire for a dense, high-rise building on this site remains, however, and the estimated required ground rent would be a large burden on both the new Transit Center and TOD residential project. These financial considerations are the primary reason Exchange Street is not considered a viable option at this time.

Transit Center Viability	
Maximize Access	Good
Direct Service	Good
Transfer Convenience	Good
TOD Viability	
Housing Viability	Good
RIPTA Offset	Poor
Site Acquisition Feasibility	
Acquisition Cost	Poor
Acquisition Difficulty	Fair
Project Costs	
Capital Costs	Fair
Financing & Funding	
Federal Programs	Good
Community Engagement	
Stakeholder Support	Good

SITE
Friendship Street

Site Description: Located at the southwestern end of Downtown Providence, Friendship Street (also known as 195 Parcel 35) is adjacent to the I-95 feeder road system (East Franklin Street), which was extended from Point Street south through Broad Street and to the I-195/I-95 interchange ramps. The site is bounded by East Franklin Street to the south, Friendship Street to the west, Claverick Street to the north, and Clifford Street to the east. The parcel is about 565-feet by 165-feet, for 93,225 square feet, or about 2.15-acres.

Advantages
- Low acquisition costs
- Previously conducted technical due diligence completed by RIDOT

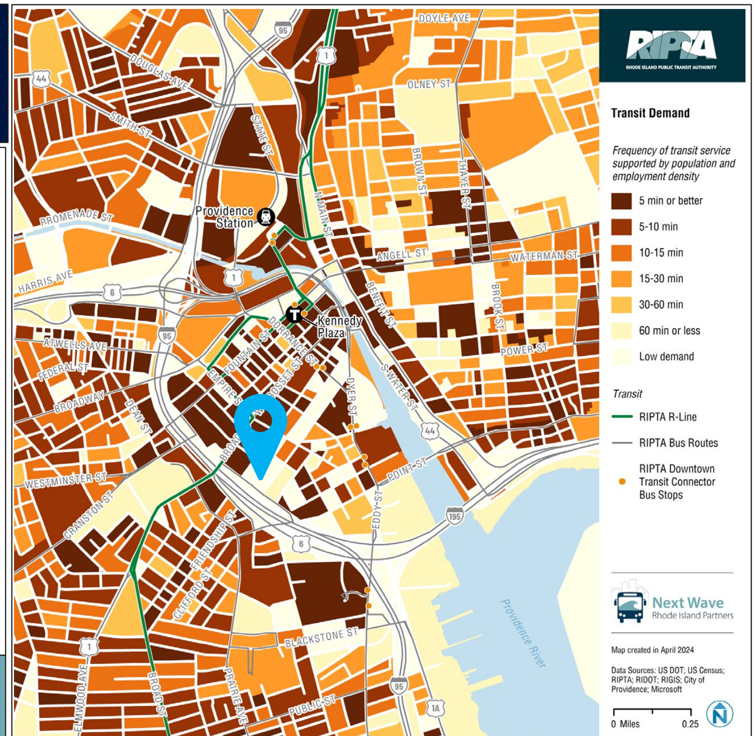
Disadvantages
- Strong opposition from ridership and other stakeholders
- Creates challenges for RIPTA operations

a. Zoning
- *I. 195 District Development Plan*

b. Land Area
- *I. 93,748 SF (2.15 Acres)*

c. Height allowance
- *i. Maximum Building Height of 345 Feet*

d. Neighbors
- *I. Johnson & Wales University*
- *II. Jewelry District*
- *III. 195 District Parcels 34 & 37*
- *IV. Interstate 95*
- *V. Clifford Street Bridge*
- *VI. Chestnut Commons residential development*



Site Screening Results: The 195 District has made Friendship Street available for RIPTA and NWRIP consideration as a potential site for the new transit hub through October 2024. While the site's size, shape, low acquisition cost and known conditions make it appealing from an economics standpoint, there are several important considerations adversely affecting Friendship Street's viability as a home for the new hub. RIPTA and NWRIP's analysis identified a host of challenges related to RIPTA service operations, resulting in poor ratings within the Transit Center Viability category. Furthermore, there has been strong opposition from ridership, neighborhood groups and members of the business community. RIPTA and NWRIP due diligence has also identified potential statutory obstacles that may hinder the site's ability to qualify for Federal financial assistance.

Transit Center Viability	
Maximize Access	Poor
Direct Service	Poor
Transfer Convenience	Poor
TOD Viability	
Housing Viability	Good
RIPTA Offset	Fair
Site Acquisition Feasibility	
Acquisition Cost	Good
Acquisition Difficulty	Good
Project Costs	
Capital Costs	Fair
Financing & Funding	
Federal Programs	Fair
Community Engagement	
Stakeholder Support	Poor

SITE

Gaspee Street

Site Description: The Gaspee Street site represents one of the previously-failed iterations of this project in the City of Providence. Led by RIDOT between 2017-2018, the project goals was to create a larger Intermodal Transportation Center near the Providence Train Station that would serve as RIPTA's primary hub, with KP as a secondary hub.

Advantages
- Large site
- Assumed low acquisition cost (if made available)
- Favorable reception from public stakeholders

Disadvantages
- Unlikely to garner support from public officials (i.e. previous effort)
- Substantial estimated construction cost
- No TOD (Statehouse lawn)

a. **Zoning**
   i. *Base Zoning: Downtown District D-1-100*
   ii. *Capital Center Special Development District: CC*
b. **Land Area**
   i. *North of Smith Street: ~60,000 SF (~1.38 Acres)*
   ii. *South of Smith Street: ~120,000 SF (~2.75 Acres)*
   iii. *Total: ~180,000 SF (~4.13 Acres)*
c. **Height allowance**
   i. *Maximum Building Height of 100 Feet*
d. **Neighbors**
   i. *Rhode Island State House*
   ii. *Providence Station*
   iii. *State Offices*
   iv. *Providence Place Mall*

Site Screening Results: An array of key factors make the Gaspee Street site untenable for further consideration as the home of the central hub. Most notably, the required concept—an underground facility beneath the Statehouse lawn) previously failed to gain support from members of the General Assembly. Furthermore, the construction costs associated with an underground facility of this nature would drive the long-term capital cost burden for RIPTA far beyond the target affordability range. The site would all but eliminate any potential for an affiliated TOD project as the idea of a development on the Statehouse lawn would undoubtedly drive opposition from community members beyond the public officials occupying Rhode Island's Capital Building.

Transit Center Viability	
Maximize Access	Poor
Direct Service	Good
Transfer Convenience	Good
TOD Viability	
Housing Viability	Poor
RIPTA Offset	Poor
Site Acquisition Feasibility	
Acquisition Cost	Good
Acquisition Difficulty	Poor
Project Costs	
Capital & Operating Costs	Poor
Financing & Funding	
Federal Programs	Good
Community Engagement	
Stakeholder Support	Good

SITE

Park Row West

Site Description: Previously part of a larger assemblage ground leased to the developer of Station Row, Park Row West (also known as Capital Properties Parcel 6C) has been floated as a potential site for the new hub for several years. The approximately 1.5-acre site's unique shape and proximity to existing residential properties comes with challenges, but the immediate adjacency to Providence Train Station would offer users a true intermodal solution that also qualifies for potential Federal financial assistance otherwise unavailable at the other sites under consideration.

Advantages

- Train station adjacency creates true intermodal solution
- Favorable reception from public stakeholders

Disadvantages

- Unique parcel shape limits layout possibilities
- Ground rent payment to landowner diminishes TOD economics

a. **Zoning**
   - I. *Base: Downtown District D-1-75*
   - II. *Capital Center Special Development District: CC*

b. **Land Area**
   - I. *64,561 SF (1.48 Acres)*

c. **Height allowance**
   - *i. Maximum Building Height of 75 Feet*

d. **Neighbors**
   - I. *Providence Station*
   - II. *Park Row West*
   - III. *Station Row*

Site Screening Results: Park Row West achieves the highest overall rating in RIPTA and NWRIP's collective site evaluation. A new RIPTA facility immediately next to Providence Station represents the best opportunity to deliver the intermodal solution that Rhode Island taxpayers approved by voter referendum in 2014. In addition to meeting Project goals on the Transit Center Viability front, the location has been received favorably by the public and the Providence business community. The intermodal nature of the currently contemplated concept and proximity to Providence Train Station places RIPTA and NWRIP in a strong position to receive potential Federal support in the form of capital grant funding and below market long-term financing for the TOD residential mixed-use project.

Transit Center Viability	
Maximize Access	Fair
Direct Service	Good
Transfer Convenience	Good
TOD Viability	
Housing Viability	Good
RIPTA Offset	Fair
Site Acquisition Feasibility	
Acquisition Cost	Fair
Acquisition Difficulty	Good
Project Costs	
Capital & Operating Costs	Fair
Financing & Funding	
Federal Programs	Good
Community Engagement	
Stakeholder Support	Good

PROVIDENCE TRANSIT CENTER - SITE FEASIBILITY MATRIX

Evaluation Criteria & Scoring:
All categories are ranked as "Poor" "Fair" "Good"

		Transit Center Viability			TOD Viability		Site Acquisition Feasibility		Project Costs	Financing & Funding	Community Support
	Sub-Category Criteria	Maximize Access	Direct Service	Transfer Convenience	Housing Viability	RIPTA Offset	Acquisition Cost $	Acquisition Difficulty	Capital Costs	Federal Programs	Stakeholder Feedback
#	Site Name										
1.)	Park Row West	Fair	Good	Good	Good	Fair	Fair	Good	Fair	Good	Good
2.)	Exchange Street	Good	Good	Good	Good	Poor	Poor	Poor	Fair	Good	Good
3.)	Gaspee Street	Poor	Good	Good	Poor	Poor	Good	Poor	Poor	Good	Good
4.)	Dorrance Street	Good	Good	Fair	Fair	Fair	Poor	Poor	Fair	Fair	Fair
5.)	Clifford Street	Good	Good	Poor	Poor	Poor	Fair	Fair	Fair	Fair	Fair
6.)	Friendship Street	Poor	Poor	Poor	Good	Fair	Good	Good	Fair	Fair	Poor
7.)	Eddy Street	Poor	Poor	Poor	Fair	Poor	Poor	Fair	Fair	Fair	Poor

Table 3: Site Feasibility Matrix

2.3 Summary of Recommendation

As evidenced by the individual site evaluations within this report and the Site Feasibility Matrix on the previous page, sites closest to the Providence Train Station received the highest overall ratings by the RIPTA and NWRIP team. The Park Row West, Exchange Street and Gaspee Street sites are all viable locations for a new standalone Transit Center, and their proximity to AMTRAK and MBTA rail options would make the Project eligible for the most advantageous Federal financing programs. These sites also received the most favorable feedback from community members and project stakeholders engaged by RIPTA and NWRIP during PSA Task 1 & Task 2. The unlikelihood of General Assembly approval coupled with the substantial estimated cost of construction to build the new transit center underground makes Gaspee Street unworthy of further consideration. The Exchange Street site ownership's expressed desire for a dense, high-rise building under a ground lease arrangement does not align with the project scope under consideration by NWRIP and RIPTA given current market conditions. **As a result, NWRIP is formally recommending Park Row West (in conjunction with further exploration of Francis Street) for advancement to conceptual design and further feasibility analysis as part of Task 2.**

Providence Transit Center Joint Development Project

Survey and Public Meeting Responses Summary

Next Wave
Rhode Island Partners

RIPTA
RHODE ISLAND PUBLIC TRANSIT AUTHORITY

How frequently do you ride RIPTA buses in Providence?

- The most common response amongst both English and Spanish respondents was riding RIPTA buses in Providence *three times a week or more.*
- A higher percentage of Spanish respondents ride RIPTA only occasionally – *once or twice a month* – than English respondents.

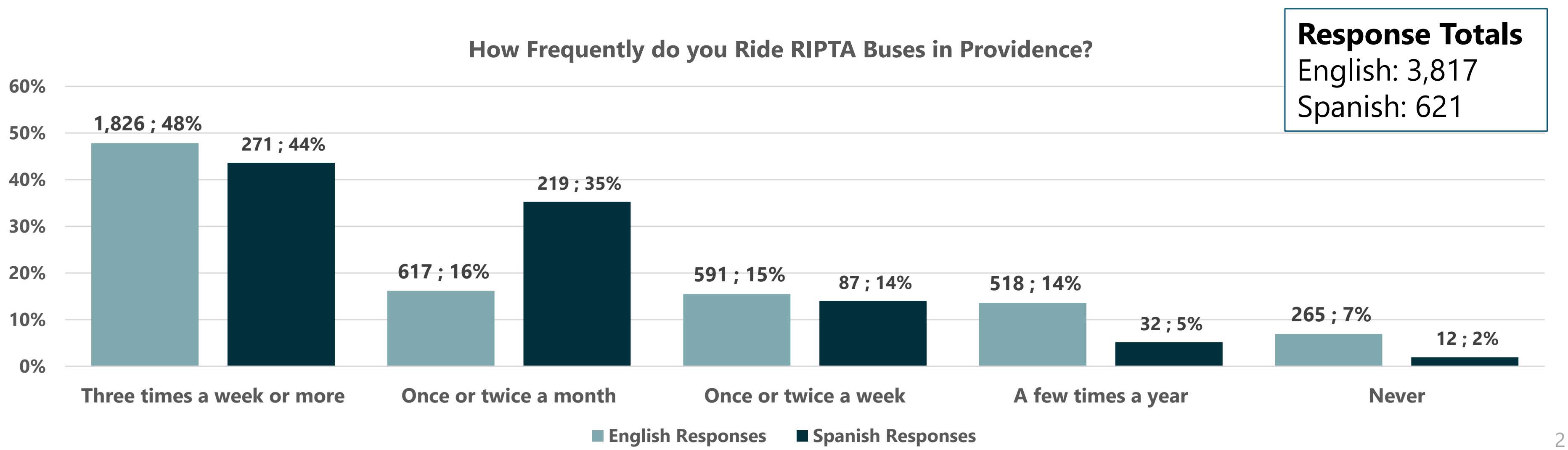


Figure 12: Survey Responses: RIPTA Rider Frequency in Providence

What is the main reason you ride RIPTA buses in Providence? (select all)

- *Commute to work* was the most selected option amongst both English and Spanish responses
- *Dining/shopping, I live in Providence, Transfer to go elsewhere,* and *entertainment* are all within 13% - 18% for both English and Spanish responses.

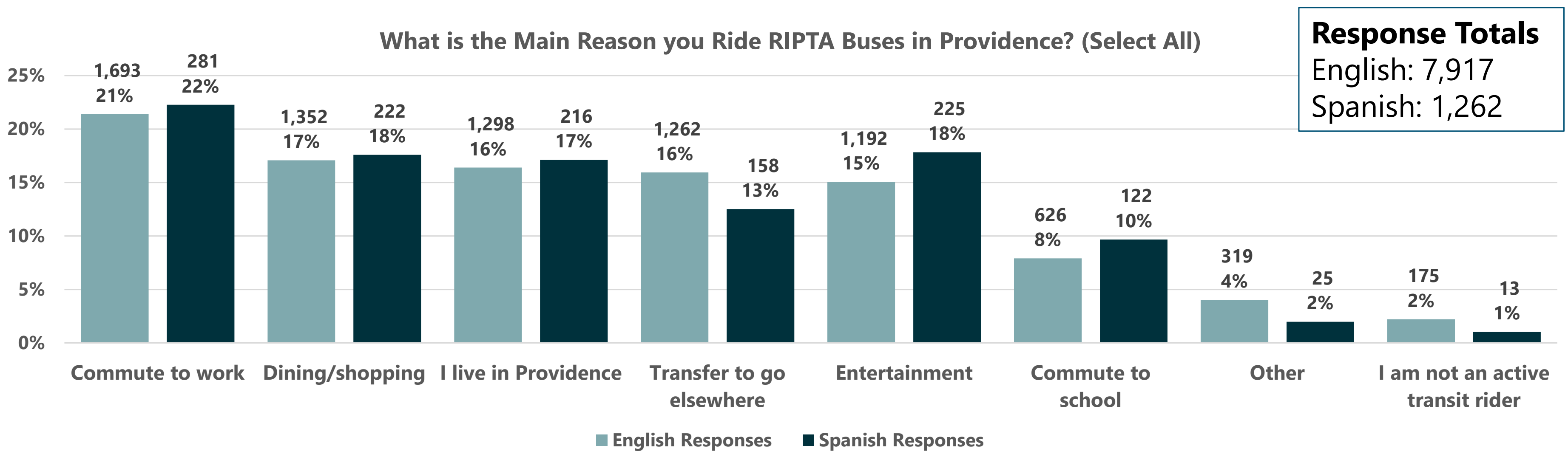


Figure 13: Survey Responses: Reasons to Ride RIPTA in Providence

Why don’t you ride RIPTA buses in Providence?

- Most respondents did not answer this question, as far more respondents ride buses in Providence than don’t.
- Only 15 Spanish speaking respondents answered this question.
- Responses are evenly distributed amongst categories for English responses.
- More Spanish respondents said they don’t ride due to unfamiliarity with how to use RIPTA bus service

Response Totals
English: 396
Spanish: 12

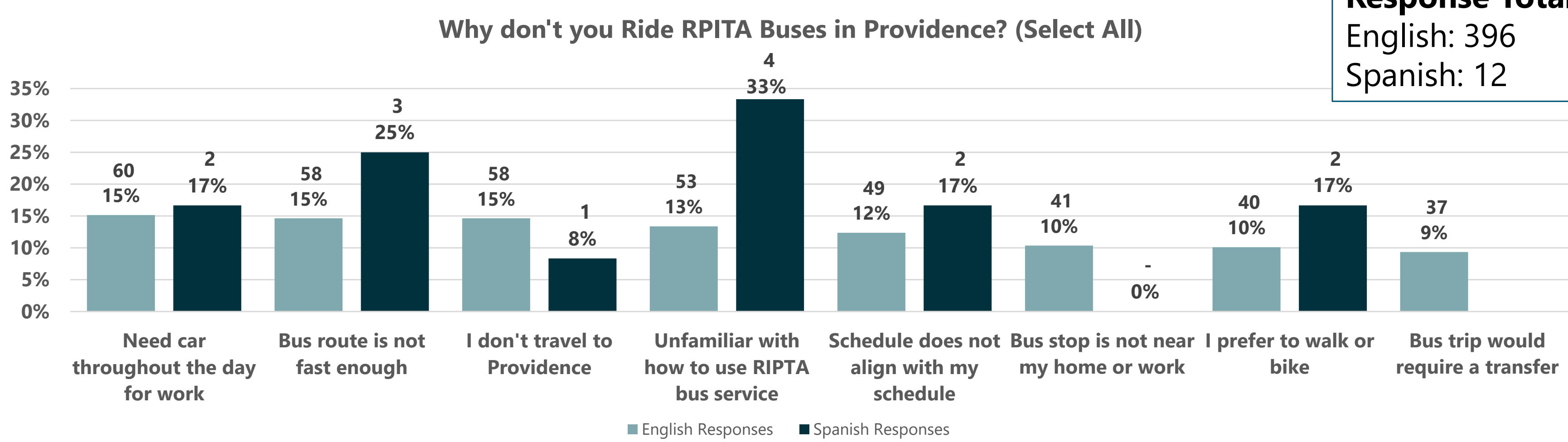


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Figure 14: Survey Responses: Reasons Not to Ride RIPTA in Providence

How important do you think the following things are for transit downtown?

- In both English and Spanish responses, respondents had the highest ratings for aspects of bus service being *important* or *very important.*
- Spanish respondents ranked aspects of service as *neither important or unimportant* at a higher rate than English respondents.

Response Totals
English: 3,497
Spanish: 560
Public Meeting: 41

Note that only the top response is labeled on each chart.

Figure 15: Survey Responses: Most Important Reasons for Downtown Transit

What do you think makes a good transit center?

- *Location* accounted for over 20% of all selections in each of the English, Spanish, and Public Meeting surveys.
- Of all responses, *safety* was selected the most, accounting for 22%. *Location* and *amenities* each accounted for 20%, and *transfers* and *comfort* each accounted for 18%.
- None of the five offered options were selected at a significantly lower rate than the others, showing that respondents want a transit center that is well-balanced.
- Among *other* responses, keeping Kennedy Plaza was frequently mentioned.

Response Totals
English: 11,413
Spanish: 1,099
Public Meeting: 43

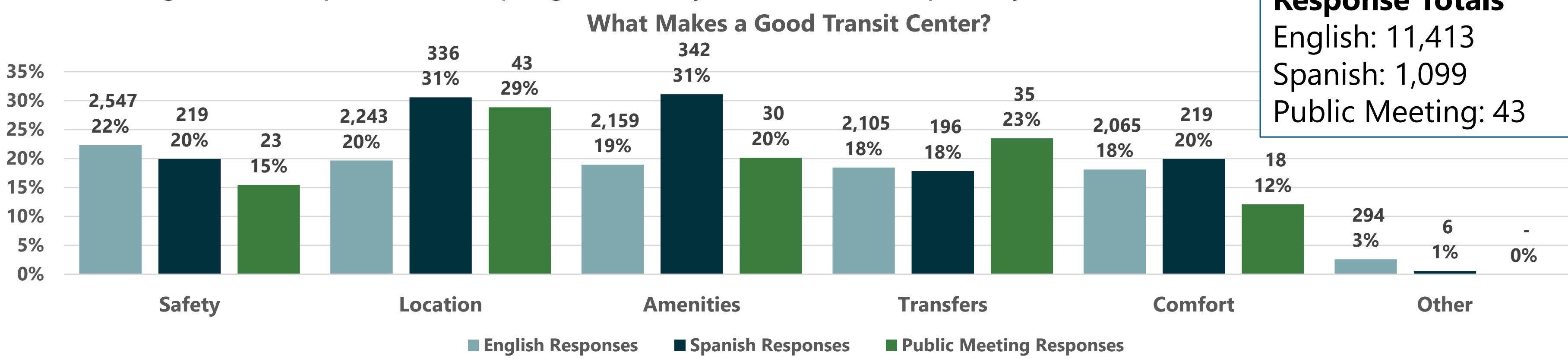

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Figure 16: Survey Responses: What Makes a Good Transit Center

What is your annual household income?

- Most respondents make less than $100,000
- Among English respondents, most make between $45,000 - $75,000
- Most Spanish respondents make between $15,000 - $45,000

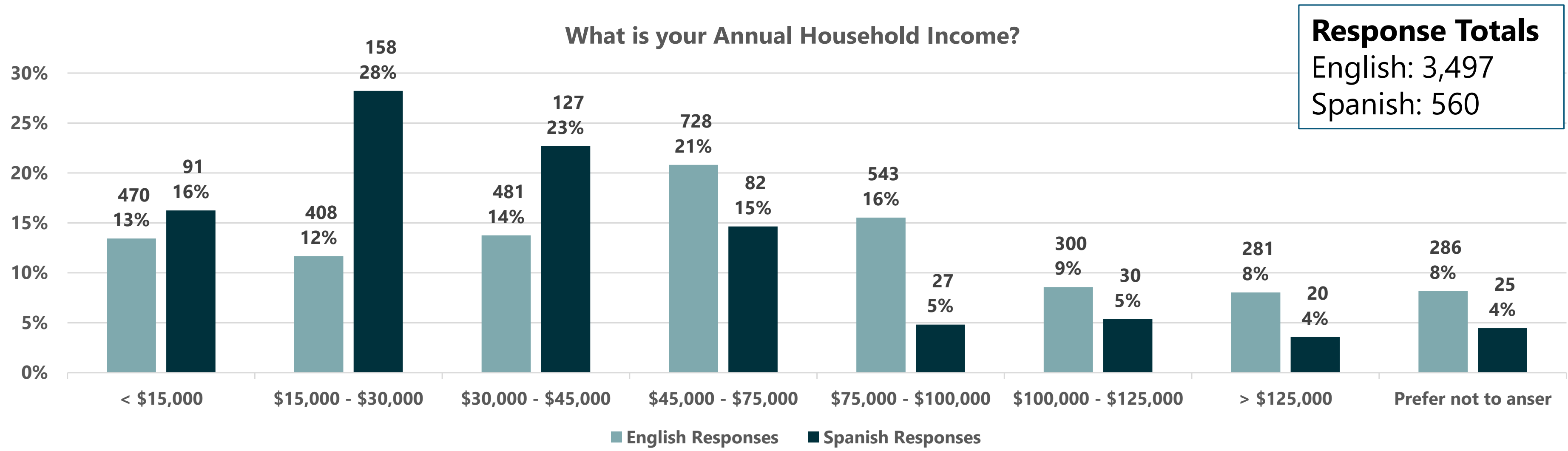

Figure 17: Survey Responses: Annual Household Income

What race/ethnicity do you identify as?

- Most respondents identified as white
- More Spanish respondents identified as non-white than the English respondents

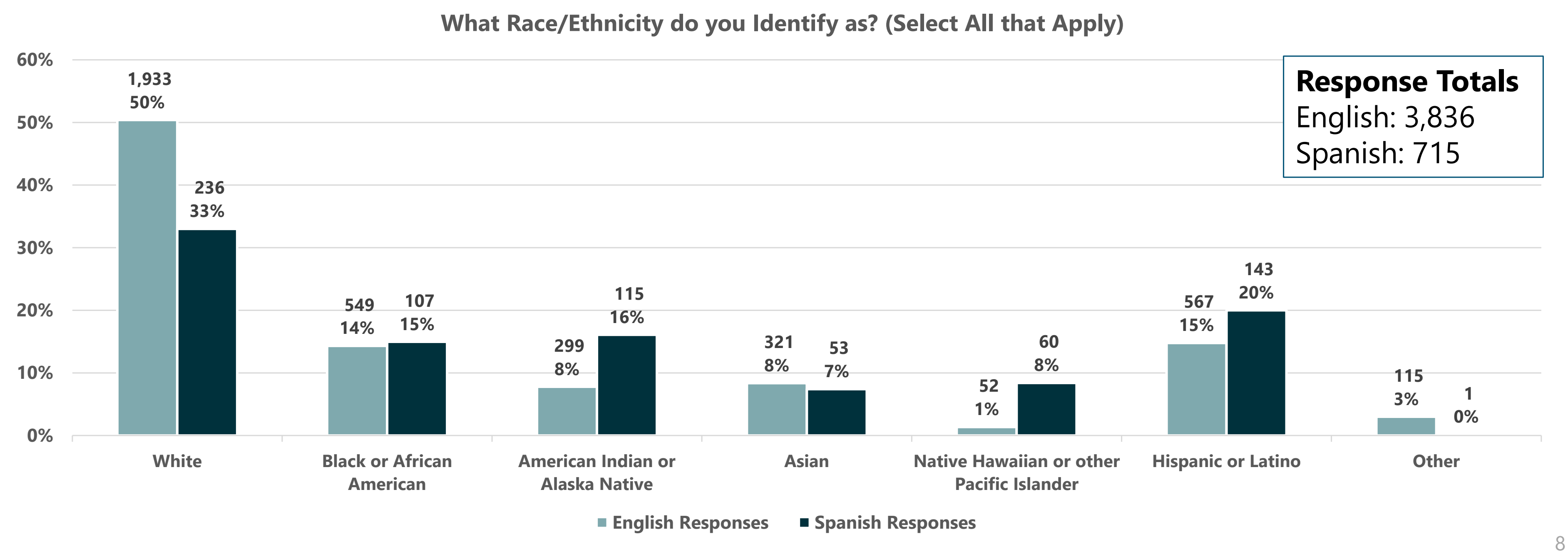

Figure 18: Survey Responses: Race/Ethnicity Identification

Important Criteria for a Transit Center

- Question not included on the survey and was asked at the Public Meeting. Respondents were to place dots on the **three** most important criteria.
- Most public meeting participants noted transit service improvements as the most important criteria.
- Financial impact was less important than most other categories

Selection Totals
Public Meeting: 205

Which Criteria are the Most Important for a Transit Center?

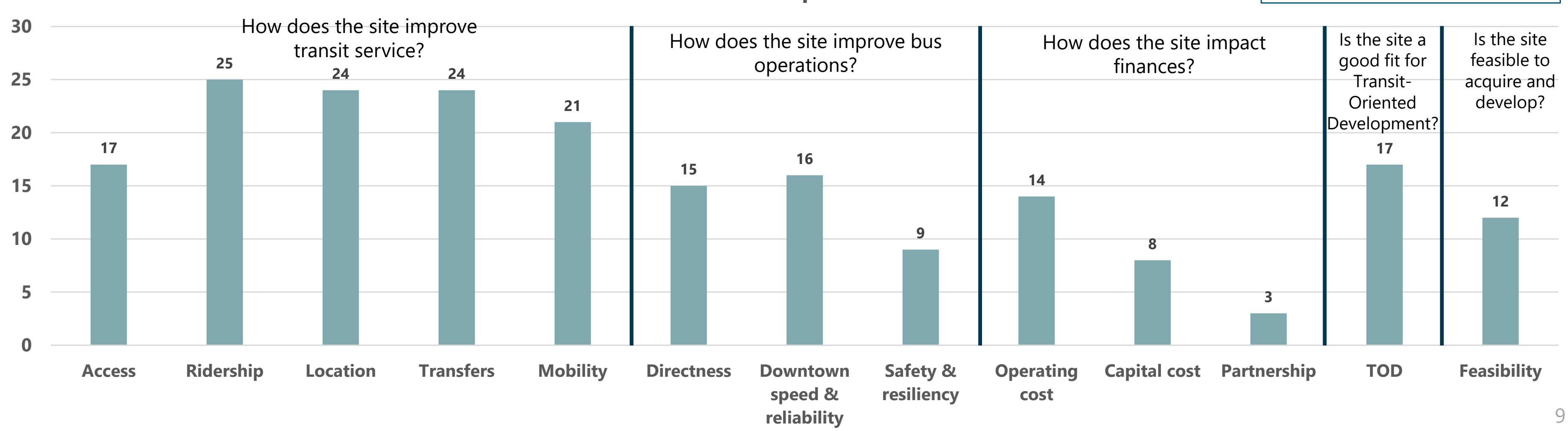

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Figure 19: Survey Responses: Important Criteria for a Transit Center

Site Voting Table

- Question not included on the survey and was asked at the Public Meeting
- Site 5 – Exchange Street had the most votes, having 10 more than Site 8 – Park Row West
- Site 6 – Friendship Street had only one vote

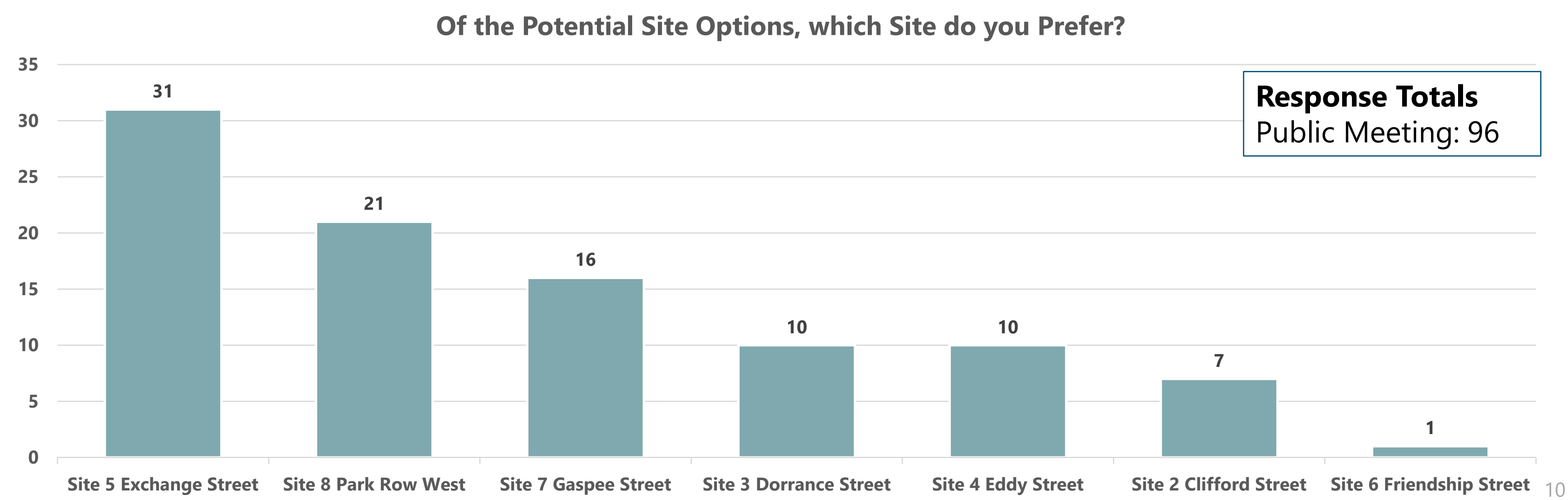


Figure 20: Public Meeting Site Preference Results

Where do you Regularly Ride the Bus to?

- Question not included on the survey and was asked at the Public Meeting
- Kennedy Plaza and Providence Station are the two most utilized destinations, each having three times the number of selections as the third highest single destination

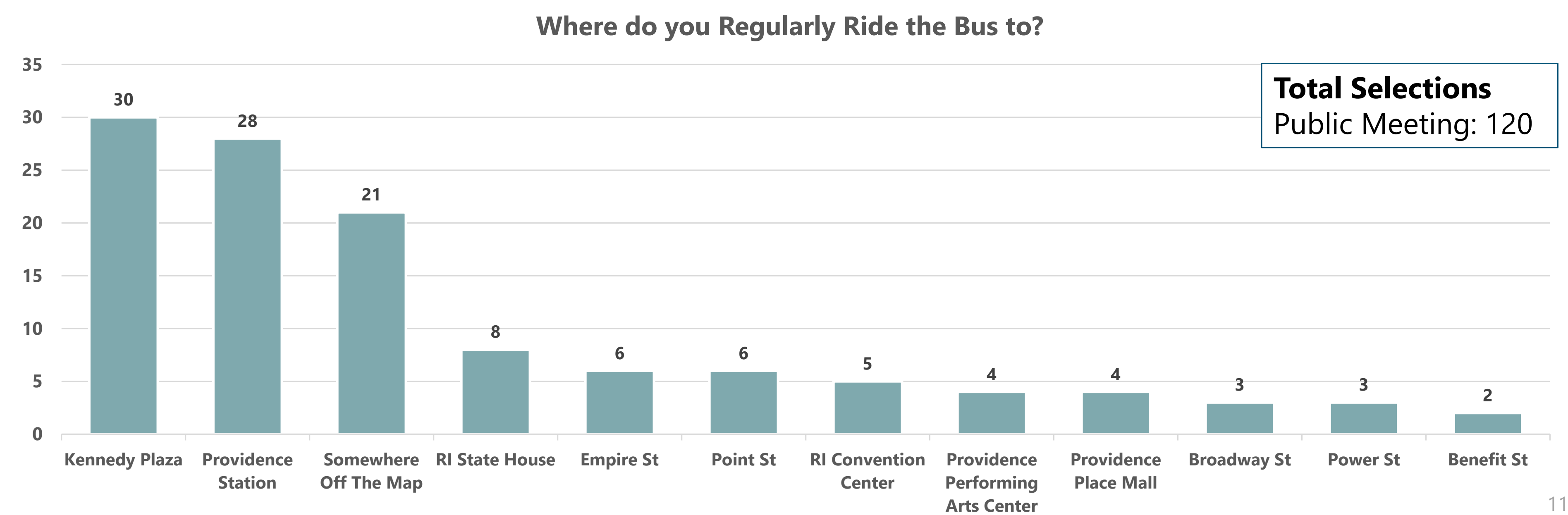
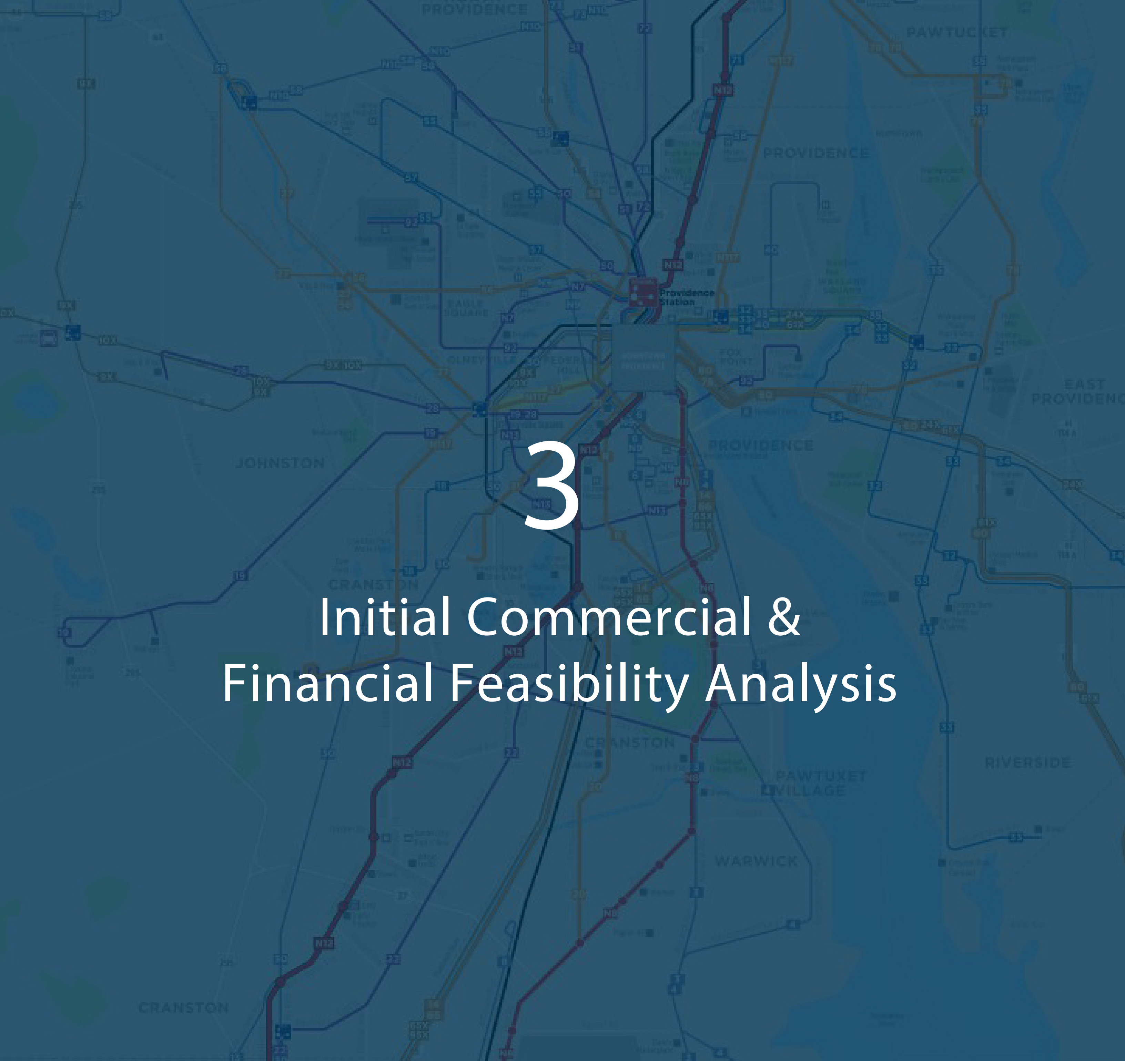


Figure 21: Survey Responses: Regular Destinations



3

Initial Commercial & Financial Feasibility Analysis

Next Wave Rhode Island

RIPTA
RHODE ISLAND PUBLIC TRANSIT AUTHORITY

3.0 Initial Commercial & Financial Feasibility Analysis

The initial financing options outlined in the subsequent pages were developed bearing in mind RIPTA's key stated objectives as outlined in RFP 22-23:

Transit Center

- Build a project that is financially feasible and fiscally responsible
- Maximize financial stewardship by linking payments to performance over the life-cycle of the facility
- Minimize life-cycle costs, consistent with the above objectives

Transit Oriented Development (TOD)

- Maximize the use and value of the Project Site with a new development that includes a substantial percentage of below market-rate housing units
- Ensure that the TOD, and particularly the housing and commercial component, is financially feasible, with an initial base target of 40% of housing units being affordable
- Leverage private sector expertise and experience to scale, scope, design, build and manage the housing & commercial components of the TOD in a manner that minimizes public expenditures and promotes a vibrant local community
- Maximize value capture for RIPTA / State of RI to offset annual availability payment to extent possible in pro forma

While there are many material issues and assumptions within these initial plans of finance to be vetted in further detail within Task 3 of the PSA, the NWRIP team feels confident that the options highlighted herein represent those most worthy of further exploration to meet the key objectives of the Project.

3.1 Illustrative Financing Approaches - Transit Center

3.1.1. Introduction

As required under Task 2, NWRIP has analyzed potential funding and financing approaches for the Infrastructure Facility. This memo contains NWRIP's current findings and is divided into four parts:

- The first part is a qualitative review of potential sources of finance and funding. This casts a wide net, with an expansive, high-level evaluation of 45 sources of finance and funding and hones in on those with the best potential fit for the Infrastructure Facility;
- The second part examines further opportunities for enhanced efficiency.

3.1.2. Qualitative Analysis

NWRIP together with its advisor, Project Finance Advisory Limited (PFAL), explored several financing structures with the guiding principle that these structures should minimize RIPTA's annual Service Fee payment obligations. This involved:

a. Reviewing Federal sources of grant funding to identify grants most likely to be available to fund the Infrastructure Facility[1];

b. Reviewing non-Federal sources of grant funding and revenue supplementation to identify those sources of funding most likely to be available to fund the Infrastructure Facility;

1 A solicitation to apply for Federal grants that are awarded on a competitive basis is usually initiated with a Notice of Funding Opportunity (NOFO). The NOFO will lay out the eligibility criteria for applicants and for the use of the grant proceeds. It will also cover the application process (including any deadlines and time expectations for award) and how the applications will be evaluated by the awarding authority. Competitive grants can be funded on annual or a multi-annual basis but most NOFO are usually issued in the first quarter of the calendar year.

c. Reviewing sources of subsidized finance (Federal and Non-Federal) that could be incorporated into the overall financing structure to achieve the lowest cost of debt.

A comprehensive summary of these sources of public funding and finance is provided in Appendix 1D of this memo.

NWRIP considered critical project elements such as location and facility type as these factors determine eligibility for different funding and finance programs. A number of these program also have specific requirements which may impact feasibility or change the Project economics and capital structure.

a. Federal Sources of Grant Funding

In the initial review of Federal grant funding, NWRIP eliminated grants which would not be available for the Infrastructure Facility. These included grants for port, airport, rail and ferry infrastructure, infrastructure under Native American jurisdiction, COVID relief and American Rescue Plan Act funds. Of the remaining 31 Federal grants, NWRIP identified the USDOT's Office of Infrastructure Finance and Innovation (one grant program), USDOT's Office of the Secretary (two grant programs), the Federal Transit Authority (FTA) (23 grant programs), Federal Highways Authority (FHWA) (four grant programs) and the Department of Energy (one grant programs). Of these funds, 22 are competitively awarded and nine are apportioned on a formula basis. As Federal funds apportioned on a formula basis are already likely to be earmarked for other projects across Rhode Island and/or for other RIPTA projects, the approach in these cases is reviewed separately and is outlined below in *Section 3.1.3 – Additional Options*.

Of the 22 competitively awarded Federal grants reviewed, NWRIP and PFAL have identified four grants that the Infrastructure Facility is most likely to be eligible for funding and that a Notice of Funding Opportunity (NOFO) was currently live or could be issued in the next 12-18 months. These are summarized in *Table 4 - Priority/Competitively Awarded Federal Grants*, below.

While there are certain exceptions, generally, Federal grants have a number of common requirements. Typically, these "Federal assurances" include compliance with:

- the National Environmental Policy Act (NEPA);
- Buy America;
- Davis Bacon Act, which establishes prevailing wage rates for all federally funded or assisted projects; and
- Title VI (Civil Rights Act)

Additionally, there are usually requirements that:

- the project is included in the State Transportation Improvement Program (STIP) and/or a Transportation Improvement Program (TIP) to underscore the regional or local importance of the project;
- A Benefit Cost Analysis (BCA) is typically submittal alongside the grant. This is required to quantitatively evaluate the costs and benefits associated with the project in the competitive context; and
- the total funding provided by the Federal government cannot exceed 80% of total project costs, requiring some local match.

NWRIP welcomes RIPTA's review of these grants (as well as those summarized in **Appendix 1D**) to ensure a common understanding of RIPTA's priorities and that NWRIP can appropriately coordinate any grant applications in the context of other RIPTA efforts to secure Federal funding.

In addition to these grant sources, we recommend coordination with the state and federal legislative representatives to inquire about discretionary funding that could be made available to the Project.

Table 4 - Priority/Competitively Awarded Federal Grants

	Buses and Bus Facilities Program (Section 5339)	Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants	Community Project Funding/ Congressionally Directed Spending
Description	The Section 5339 Bus and Bus Facilities program, which is a compliment to the Section 5339(a) formula program, provides funding through a competitive process to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities. This program is designed to provide funding for major improvements to bus transit systems that would not be achievable through formula allocations.	The program provides for investment in road, rail, transit and port projects that promise to achieve national objectives. Previously known as the Better Utilizing Investments to Leverage Development (BUILD) and Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grants, Congress has dedicated nearly $14.3 billion for fifteen rounds of National Infrastructure Investments to fund projects that have a significant local or regional impact.	CPF is appropriated and allocated from the General Fund for Transit Infrastructure Grants only on an annual basis and at the discretion of Congress. The total funding amounts are specified in the Consolidated Appropriations Act corresponding with each fiscal year, if applicable.
Awarding Body	FTA	USDOT (Office of Infrastructure Finance and Innovation)	FTA
Eligible Applicants	Eligible applicants for the Buses and Bus Facilities Program include designated recipients that allocate funds to fixed-route bus operators, States (including territories and Washington D.C.) or local governmental entities that operate fixed route bus service, and Indian tribes. Eligible subrecipients include all otherwise eligible applicants and also private nonprofit organizations engaged in public transportation.	RAISE can provide funding directly to any public entity, including municipalities, counties, port authorities, tribal governments, MPOs, or others in contrast to traditional Federal programs which provide funding to very specific groups of applicants (mostly State DOTs and transit agencies). Private-sector developers are not included in the list of eligible applicants	CPF recipients and their allocations are determined by Congress. All recipients are specifically identified in the Appropriations Act corresponding with the applicable fiscal year.
Eligible Projects	Capital projects to replace, rehabilitate and purchase buses, vans, and related equipment, and to construct bus-related facilities, including technological changes or innovations to modify low or no emission vehicles or facilities. Requires applicants for both the Grants for Buses and Bus Facilities formula and competitive programs to use.	Infrastructure Facility eligible on the basis that it is public transportation project eligible under chapter 53 of title 49, United States Code (5339. Bus and bus facilities formula grants (a) General authority.—The Secretary may make grants under this section to assist eligible recipients described in subsection (c)(1) in financing capital projects— (1) to replace, rehabilitate, and purchase buses and related equipment; and (2) to construct bus-related facilities.)	Expenses for these projects that are eligible under FTA's authorizing language in federal law (Chapter 53 of Title 49, United States Code) are eligible for reimbursement.

Table 4: Priority / Competitively Awarded Federal Grants

Table 4 - Priority/Competitively Awarded Federal Grants

	Buses and Bus Facilities Program (Section 5339)	Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grants	Community Project Funding/ Congressionally Directed Spending
Funding	FY 2024 $394mm; FY 2025 $402mm; FY 2026 $412mm In response to the 2024 NOFO, FTA received 477 eligible project proposals totaling $9 billion in requests.	Infrastructure Investment and Jobs Act provides $1.5 billion annually for FY 2022 – 2026. As in years past, the demand for RAISE funding outpaced available funds, with USDOT receiving almost $13 billion in requests for the $1.8 billion available in 2023. Grants are awarded separately to urban and rural projects.	The Consolidated Appropriations Act, 2024 (Public Law 118-42) appropriated $206.8 million in Transit Infrastructure Grants for Community Project Funding (CPF), also known as Congressionally Directed Spending (CDS).
Timing/NOFO	Deadline for Last NOFO: 11:59 p.m. Eastern time on April 25, 2024 Consider application in 2025	Application Deadlines: FY 2024 Deadline: February 28, 2024 at 11:59 pm Eastern FY 2025 Deadline: January 13, 2025 at 11:59 pm Eastern FY 2026 Deadline: January 13, 2026 at 11:59 pm Eastern	Discretionary grants – In line with Federal appropriations process
Prior RIPTA Usage	2024 - The Rhode Island Public Transit Authority (RIPTA) will receive funding to rehabilitate a historically significant maintenance and office building to a state of good repair - $7,407,963.	To be confirmed	RIPTA's Newport Zero Emission Vehicle Fleet Replacement received $4mm in FY 2024
Key Follow-Up Issues	(i) A for-profit, private developer may not be an eligible subrecipient (ii) Timing of future NOFO	(i) Consider prior RIPTA usage and any current applications (ii) Project needs to be of local and regional significance	(i) Significant political lobbying effort may be required.

Table 4: Priority / Competitively Awarded Federal Grants

b. Non-Federal Sources of Grant Funding and Incremental Revenue

The initial review of Non-Federal sources of grant funding and incremental revenue covered state grants (two, including those administered by the Rhode Island Infrastructure Bank), grants from the City of Providence (two), Opportunity Zone tax credits (one), Tax Increment Finance (TIF) (one), and grants from private charitable foundations (five). These nine sources of Non-Federal funding and incremental revenue are summarized in Appendix 1D.

Of these sources of funding and incremental revenue, one has good fit from an eligibility perspective: the Main Street Rhode Island Streetscape grant. The Main Street Rhode Island Streetscape Improvement Fund awards grants on a competitive basis for improvements to the state's commercial districts. This program encourages private-public partnerships to enhance streetscapes in Rhode Island's local business districts. Funding is made available in two categories:

(1) physical improvements for streetscape and (2) municipal technical assistance. Eligible projects must be located in an area that is walkable, with a mix of land uses suitable for small business development and commerce that attracts residents and visitors to frequent the activities located in the area. Applicants must have matching funds committed for the project. Matching funds can include real estate committed to the project or costs associated with engineering, design, environmental assessment or studies, or costs incurred in obtaining necessary municipal approvals; and the lead applicant must be a municipality, political subdivisions of a municipality, or an economic development organization. Public-private partnerships are encouraged through the Main Street Rhode Island Streetscape Improvement Fund program. Priority is given to projects that can be completed within 3 years.

However, the average awards are relatively modest in value (at $100-250k) and given the eligibility criteria, an application may be more effectively deployed through the efforts on the TOD side of the Project. As such, funding from this source has not been included in the Quantitative Analysis below.

c. Subsidized Finance

The initial review covered three potential sources of subsidized finance: a RRIF Loan, a TIFIA Loan (49 Program), and HUD Section 108 Subsidized Loan. The key features of each subsidized financing instrument are summarized in the table below (and a more detailed summary may be found in Appendix 1D).

Table 5 - Subsidized Financing Summary

	RRIF Loan	TIFIA Loan (49 Program)	RHUD §108 Loan
Description	Railroad Rehabilitation Infrastructure Act ("RRIF") is the subsidized federal loan program for rail infrastructure projects	Transportation Infrastructure Financing and Innovation Act ("TIFIA") is the subsidized federal loan program for surface transportation projects. The TIFIA 49 program affords borrowers certain benefits over and above those for a "regular" TIFIA loan.	The Section 108 Loan Guarantee Program allows communities that receive Community Development Block Grants ("CDBG") to leverage their annual grant allocations to access low-cost, flexible financing for a variety of projects.
Awarding Body	Build America Bureau (BAB)	BAB	United States Department of Housing and Urban Development (HUD)
Eligible Applicants	Public-sector entities must coordinate any application where multiple private-sector developers competing. Otherwise, private-sector developers can advance loan applications in coordination with the public-sector sponsor.	Public-sector entities must coordinate any application where multiple private-sector developers competing. Otherwise, private-sector developers can advance loan applications in coordination with the public-sector sponsor.	Application to be made by City of Providence

Table 5: Subsidized Financing Summary

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	RRIF Loan	TIFIA Loan (49 Program)	RHUD §108 Loan
Eligible Projects	An eligible purpose for RRIF loans is to "finance economic development, including commercial and residential development, and related infrastructure and activities, that (i) incorporates private investment of greater than 20 percent of total project costs; (ii) is physically connected to, or is within ½ mile of, a fixed guideway transit station, an intercity bus station, a passenger rail station, or multimodal station, provided that the location includes service by a railroad; (iii) demonstrates the ability of the applicant to commence the contracting process for construction not later than 90 days after the date on which the direct loan or loan guarantee is obligated for the project under this chapter; and (iv) demonstrates the ability to generate new revenue for the relevant passenger rail station or service by increasing ridership, increasing tenant lease payments, or carrying out other activities that generate revenue exceeding costs." - 49 U.S.C. § 22402(b)(1)(F)	Transit projects are those eligible for assistance under Chapter 53 of Title 49, U.S. Code and includes capital projects or associated improvement infrastructure or vehicles for public transportation systems, including but not limited to bus, subway, light rail, commuter rail, trolley, or ferry.	Economic development, housing, public facility, and infrastructure projects
Sizing Parameters	By statute up to 100% of Eligible Costs may be borrowed (75% for TOD). However, policy/practice suggests that 20% of funding must come from a private source (equity requirement).	Up to 49% of Eligible Costs for Rural and TIFIA 49 Projects (otherwise 33%).	Infrastructure Investment and Jobs Act provides $1.5 billion annually for FY 2022 – 2026. As in years past, the demand for RAISE funding outpaced available funds, with USDOT receiving almost $13 billion in requests for the $1.8 billion available in 2023. Grants are awarded separately to urban and rural projects.
Term Parameters	Up to 35 years following substantial completion. Interest only for 5 years following substantial completion	Ordinarily, up to 35 years following Substantial Completion. Interest only for 5 years following Substantial Completion. Statute allows up to the lesser of asset's useful life and 75 years following Substantial Completion.	Up to 20 years.
Interest Rate Formulation	The interest rate on a loan will be equal to or greater than the yield on U.S. Treasury securities of comparable maturity on the date of execution of the credit agreement PLUS a Credit Risk Premium (CRP) reflective of the project's credit risk. No commitment fees.	The interest rate on a TIFIA direct loan will be equal to or greater than the yield on U.S. Treasury securities of comparable maturity on the date of execution of the credit agreement. No commitment Fees.	35 bps over 3-month Treasuries for 20-year loan.

Table 5: Subsidized Financing Summary

Table 5 - Subsidized Financing Summary

	RRIF Loan	TIFIA Loan (49 Program)	RHUD §108 Loan
Other Costs	CRP (designed to cover BAB costs) plus cost of any related diligence reports plus rating fees.	Reimburse BAB's advisors' fees (assume $500k) plus cost of any related diligence reports plus rating fees plus ongoing BAB monitoring fees ($16,500 pa x CPI)	$70 application fee. Extensive ongoing monitoring and reporting of CDBGs required
Rating Requirements	No although an investment grade rating will facilitate a lower CRP.	Yes - one Investment Grade Rating Required if TIFIA loan < $75mm	N/A
Security/Lien Requirements	Springing lien required unless waived	Springing lien required unless waived	Must be guaranteed by CDBGs
Permissible Source of Repayment	Non-Federal revenues	Non-Federal revenues	Project revenues - but must be guaranteed by CDBGs
Evaluation Diligence	Credit-driven, statutory compliance	Credit-driven, statutory compliance	TBC
Timing	Initial Eligibility Review - 30 days Creditworthiness Review - 45-90 days following receipt of requested info Application - 90 days	Initial Eligibility Review - 30 days Creditworthiness Review - 45-90 days following receipt of requested info Application - 90 days	Applications are submitted to HUD field office and FMD, HUD reviews and approves the application, HUD drafts documentation which is negotiated between the parties over 15-30 days, loan docs executed and funds advanced either in one or multiple draws.

Table 5: Subsidized Financing Summary

While the HUD §108 loan has a number of benefits, critically, it also requires the pledging of CDBGs from the City of Providence. The City of Providence receives an annual CDBG entitlement grant (up to $5.21mm) from HUD and must utilize these funds to improve community facilities and services, revitalize neighborhoods, expand affordable housing, and expand economic opportunities that benefit low/moderate-income persons. The City must use at least 70% of the entitlement for activities that either directly benefit low/moderate-income persons or serves an area where the majority of the residents are low/moderate-income. With the limited funding available for CDBGs and the extensive ongoing monitoring and reporting involved, leveraging these grants with a HUD §108 Loan is not likely to yield a loan of sufficient size to meet the Infrastructure Facility funding requirements. HUD §108 Loans are also more expensive than TIFIA and RRIF loans and have a more limited maximum maturity. As such, only assumptions relating to TIFIA and RRIF loans have been included in the Initial Quantitative Analysis.

3.1.3. Additional Options/Enhancements

The following approaches could be considered to further enhance the efficiency of the financing of the Infrastructure Facility:

a) Federal Formula Funds

Grant Anticipation Notes – RIPTA's Financial Plan 2024-2029 (the Financial Plan) shows that in FY 2024, RIPTA anticipates receiving $41.1 million of FTA Formula Funding. NWRIP recognizes that there will be considerable pressures on this finite resource noting that the Financial Plan shows that value of FTA Formula Funding is expected to fluctuate but generally fall steadily through FY 2029, with $35.8 million expected by the end of the forecast period (a compounding rate of growth of -2.7%). However, there may be ways to leverage this resource through a type of revenue bond known as Grant Anticipation Notes (GANs). GANs are a source of financing for FTA programs as the principal and interest on GANs are eligible to be repaid with FTA capital funding. The rates on this debt can be very competitive, in effect reflecting the strength of credit of the Federal Government. In addition, the proceeds raised by a GAN can be used for the local match for a transit project. The major benefit of using GANs would be that project delivery could be accelerated thus avoiding cost escalation.

However, NWRIP notes that while RIPTA has authority to issue bonds with a maturity up to 30 years from their issue date (so long as principal and interest payments do not exceed 80% of revenues in any given fiscal year), RIPTA has neither short- or long-term debt outstanding. And, in fact, the State of Rhode Island maintains general obligation debt, which was used to fund several capital projects of the Authority. RIPTA is required to repay the State the associated debt service on that debt, with the debt service funded by an appropriation of state funds solely for that purpose. Any use of GANs to leverage RIPTA's Federal Formula funding would need to consider RIPTA's debt policy, what proportion of RIPTA's formula funds are invested in capital projects and RIPTA's wider priorities but GANs could potentially be a source of funding for the Infrastructure Facility.

TIFIA/State Infrastructure Bank Loan – A further approach to leveraging RIPTA's Federal Formula Funds is to apply for a TIFIA Loan through the State Infrastructure Bank ("SIB"). In this approach, BAB provides capital to the Rhode Island Infrastructure Bank, who would then on-lend to RIPTA to pay for eligible rural projects within the state. An eligible project in this case is defined to mean a surface transportation project located in an area that is outside an urbanized area with a population greater than 150,000 individuals, as determined by the Bureau of Census. For projects crossing rural-urban boundaries, the project is considered "rural" if more than 50 percent of project eligible costs are in the rural area. SIB loans can be provided to both public and private sponsors of eligible rural infrastructure projects and can fund up to 80% of eligible project costs of any size (typically, TIFIA Loans in the Rural Finance Program can fund only 49% of costs and the maximum loan size is $100 million). The interest rate is highly attractive at 50% of the usual TIFIA rate, BAB's advisory fees are waived for loans less than $75 million, maximum term of 35 years and several projects may be bundled to be financed under a single TIFIA SIB Loan. The preferential interest rate is lower than the rate of inflation, which will result in meaningful cost savings for RIPTA and make funds available for other projects.

While the Infrastructure Facility is not located in a rural area, RIPTA (and/or RIDOT) could use a TIFIA SIB Loan to fund their rural projects, while reallocating their other financial resources to the Infrastructure Facility.

Flexible Funding Program/Congestion Management Air Quality (CMAQ) – The CMAQ program provides funding for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas). The Bipartisan Infrastructure Bill apportioned significant sums to the CMAQ Program: $2.6bn (FY 2024), $2.7bn (FY 2025), and $2.7bn (FY 2026). These funds are allocated to each state on a formula basis and although the program is administered by the Federal Highways Authority (FHWA), under the Flexible Funding Programs, funds may be used for any transit capital expenditures otherwise eligible for FTA funding as long as they have an air quality benefit.

In order to utilize this as a source of funding for the Infrastructure Facility project, NWRIP anticipates that the would need to be discussions and agreement with Rhode Island Department of Transportation (RIDOT). NWRIP notes that in FY 2019, RIDOT directed $3.8 million in CMAQ funding to RIPTA for transit but in most years has provided less.

b) Extend Project Term

Presently, the concession length for the Project is set at 30 years. Extending the tenor to 40 years would improve the affordability by reducing the Capital Charge component of the Service Fee. Both a RRIF and TIFIA Loan would be able to accommodate a longer period of repayment.

c) Use Tax-Exempt Bonds Instead of Long-Term Taxable Notes

Long-term taxable notes have been included in these options due to a higher certainty of execution despite being more expensive. Indeed, depending on the maturity and weighted average life, the rates of interest on tax-exempt bonds can very attractive.

Two forms of tax-exempt bonds may be available for the Infrastructure Facility project: Private Activity Bonds and Lease Revenue Bonds:

Private Activity Bonds (PABs) – PABs are a form of tax-exempt bond which is readily combined with equity invested in a project by a for-profit developer/private-sector partner. While IRS guidance lists mass commuting facilities as eligible for PABs, Infrastructure Facility wouldn't typically qualify as a mass commuting facility. NWRIP believes that an allocation of PABs would be awarded and administered by USDOT/BAB.

Unlike the TIFIA loan, the rates on PABs are highly correlated to the rating of the underlying project. So the rating assumption would also need to be determined and there would need to be some discussion about the impact if the rating outcome was adverse to the initial assumptions. To a lesser degree, the rates are also impacted by the AMT premium (which increases the cost of debt on tax-exempt bonds) and, potentially, the identity of the conduit issuer (if using a national platform) so there are other variables in play when it comes to pricing the PABs. Finally, there are a range of other incremental costs that would be incurred specifically because this is a tax-exempt issuance – the fees and costs of the conduit, plus additional structuring costs (payable to bond counsel) etc. There are also restrictions which would impact the economics – primarily the arbitrage restrictions that would limit the interest earning potential on the unspent bond proceeds during the construction period and the Debt Service Reserve Fund during the operations period. While the impact of these costs and limitations is relatively modest they are differentiating factors which will erode some of the efficiency of using PABs.

Lease Revenue Bonds (LRBs) – these are an alternative form of tax-exempt financing where the newly constructed facilities are "leased back" to the public-sector entity by the developer, who secures financing on basis of the rental charges levied on the public-sector entity. While there may be some efficiencies in this approach relative to PABs (like the elimination of the AMT premium), the determination of private use by bond counsel and other issues relating to control, relating to whether the O&M agreement is a Qualified Management Contract for the purposes of the IRS codes, and more broadly relating to the investment of equity and the extraction of profit make the inclusion of LRBs in the capital stack more challenging.

Nevertheless, the significant potential cost-savings that could be achieved using either PABs or LRBs in place of long-term taxable notes warrants further investigation of these financing instruments.

d) Federal Tax Credits

There are two Federal tax credit schemes, administered by the IRS which may afford the Infrastructure Facility substantial economic benefit:

Elective Pay – Elective pay allows applicable entities, including tax-exempt and governmental entities that would otherwise be unable to claim certain credits because they do not owe federal income tax, to benefit from some clean energy tax credits. By choosing this election, the amount of the credit is treated as a payment of tax and any overpayment will result in a refund. For example, due to the Inflation Reduction Act, a local government that makes a clean energy investment that qualifies for the investment tax credit can file an annual tax return with the IRS to claim elective pay for the full value of the investment tax credit, as long as it meets all of the requirements including a pre-filing registration requirement. The application must be made in advance to the IRS. As the local government would not owe other federal income tax, the IRS would then make a refund payment in the amount of the credit to the local government entity. **Up to 30% of the clean energy investment in the project is eligible for the tax credit.**

Applicable entities include tax-exempt organizations, states and political subdivisions such as local governments. Generally, only "applicable entities" are eligible for elective pay. However, there are special rules for three of the clean energy tax credits. Specifically, other taxpayers that are not "applicable entities" may make an election to be treated as an applicable entity for elective pay with respect to the applicable credit property giving rise to (i) the section 45Q credit (credit for carbon oxide sequestration); (ii) the section 45V credit (credit for production of clean hydrogen), or (iii) the section 45X credit (advanced manufacturing production credit). There are additional rules if the taxpayer is a partnership or S Corporation.

Energy Efficient Commercial Buildings Deduction – Building owners who place in service energy efficient commercial building property (EECBP) or energy efficient commercial building retrofit property (EEBRP) may be able to claim a tax deduction. An increased deduction may be available for increased energy savings or meeting prevailing wage and apprenticeship requirements. The deduction is allowed under Internal Revenue Code (IRC) Section 179D. It was expanded under the Inflation Reduction Act of 2022. The deduction is not available via elective pay, however, governments can allocate the deduction to the building designer. NWRIP could also apply.

EECBP must be installed on or in a building that is located in the U.S. and within the scope of a specified Reference Standard 90.1 of the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE) and the Illuminating Engineering Society of North America. It must be property for which depreciation or amortization is allowable and installed as part of: (i) the interior lighting systems, (ii) the heating, cooling, ventilation, and hot water systems, or (iii) the building envelope. It must be certified as being installed as part of a plan to reduce the total annual energy and power costs for the above systems by 25% or more in comparison to a reference building meeting the minimum requirements of Reference Standard 90.1.

EEBRP must be installed on or in a qualified building as part of: (i) the interior lighting systems; (ii) the heating, cooling, ventilation, and hot water systems; or (iii) the building envelope.

A qualified building is a building located in the U.S. and originally placed in service not less than 5 years before the establishment of a qualified retrofit plan for the building. EEBRP must be property for which depreciation or amortization is allowable, and it must be certified as meeting certain energy saving requirements.

The Maximum Amount of Deduction under IRC 179D is up to $1.80/sf for the entire building. Amount of the deduction for 2023 and after. For property placed in service in 2023 and after, the deduction for EECBP equals the lesser of: The cost of the installed property or The savings per square foot calculated as: (i) $0.50 per square foot for a building with 25% energy savings plus $0.02 per square foot for each percentage point of energy savings above 25% up to a maximum of $1.00 per square foot for a building with 50% energy savings. Expenses deducted in the prior 3 years (4 years for an allocated deduction) reduce the maximum deduction before computing the current-year deduction.

Prevailing wage and apprenticeship bonus - Beginning in 2023, if local prevailing wages are paid and apprenticeship requirements are met, an increased maximum deduction applies. The maximum amount increases to 5 times the savings per square foot amount.

These schemes have potential to benefit the Infrastructure Facility and warrant further consideration.

3.2 Summary of TOD Market Study

NWRIP engaged Jones Lang LaSalle ("JLL") to assess a transit-oriented, mixed-use development opportunity in Downtown Providence. The analysis centered on the Providence market area and its key demographics, supply and demand conditions, prevailing rents, and absorption specific to multifamily rental (market and affordable), office, and retail use(s). The full study is provided as Appendix 1E. JLL's key findings and recommendations are further summarized below.

Multifamily

› Supply & Demand - The submarket has historically had strong occupancy figures ranging from 94.4% to 97.4%, with an average of 95.2% over the period examined (2000 through 2023).

› Comparable Rents - The market rate comparables indicate average effective rents ranging from $1,996 to $2,830 per month, or $3.43 to $5.14 per square foot, with an overall average of $2,583 per month or $3.96 per square foot.

› Key Recommendations - The selected communities indicate an average unit count of 172 on 1.1 acres. Considering supply and demand conditions and the subject's mixed-use design, a multifamily count of 250+/- units is optimal

Based on JLL's density analysis, a 0.75 to 1.25-acre site would suffice. This size site would also allow for a sizeable footprint for any ground floor retail. The number of stories for the development would ultimately be determined by the final site selection as well as the inclusion of any dedicated office floors in the development.

Office

› Supply & Demand - The submarket has historically had an average vacancy level of 7.5% dating back to 2013. PMA-wide occupancy has steadily increased each year to 8.2%, 8.9%, 9.9%, and 11.1% in 2021, 2022, 2023, and 2024. Class A and B product is reporting even higher vacancy levels, with a current figure of 15.1% and a similar upwards trend since the onset of COVID.

The current inventory of office space in the PMA totals 17,152,262 square feet. With an anticipated demand figure of 16,193,273 square feet in 2028 and pipeline supply of 157,986 square feet anticipated to come online, the market is indicated to be oversupplied by 1,116,975 square feet.

› Comparable Rents - The office comparable identified by JLL indicate averages rates of $35.00 to $46.00 per square foot on a gross + electric expense reimbursement basis.

- Key Recommendations - Vacancy for Class A+B office space is currently at a historical high of 15.1%, and absorption for the PMA as a whole has been negative for five consecutive periods. And as previously mentioned, the market is oversupplied at present and is projected to still be oversupplied in 2028.

Retail

- Supply & Demand - The submarket has historically had an average vacancy level of 3.1% dating back to 2013. During 2020, vacancy levels in the PMA increased from 3.3% to 4.1% with the onset of the novel coronavirus. The most recent data shows 5,107 square feet were added to the market in 2024. On average 19,727 square feet have been added to the market over the last eleven complete years.

- Comparable Rents - The retail comparables identified by JLL indicate averages rates of $30.00 to $40.00 per square foot on a triple net expense reimbursement basis. In comparison, the two comparables with modified gross expense structures have quoted rates of $25.00 and $43.37 per square foot.

- Key Recommendation - Although most restaurant-oriented subsectors are indicated to be oversupplied, this is impacted by the relatively small population residing in the submarket and does not take into account consumers traveling into the area for employment and entertainment. Based on supply and demand conditions and the anticipated multifamily/office footprint, we recommend a maximum of 20,000 square feet of retail be built. However, an exact recommendation would require further analysis of frontage, visibility, accessibility, etc. once a site is selected.

Summary of JLL Recommendations for Uses & Rents

Product Type	Square Footage	Number of Units	Unit/Suite Sizes (SF)	Rental Rates / Lease Rates (Current)	Rental Rates PSF (Current)	Stabilized Occupancy
Multifamily Rental						
Mid-Rise - Market Rate	225,000	250	450 to 1,250	$2,500 to $4,250	$3.40 to $5.56	95%
Commercial						
Office/Medical Office	40,000	n.a.	Varies	n.a.	$50.00 to $55.00 NNN	90%
Retail/Restaurant	20,000	n.a.	Varies	n.a.	$35.00 to $40.00 NNN	100%
Total	**285,000**	**250**				

Table 6: Summary of JLL Recommendations for Uses & Rents

As indicated in the summary of findings, JLL's recommendations generally align with the assumptions currently carried in NWRIP's TOD financial scenarios further described in the next section.

3.3 Transit Oriented Development (TOD) Financing Options

The independent market study commissioned by NWRIP evidenced healthy underlying economic fundamentals for the contemplated TOD residential project. Current conditions in the capital markets coupled with inflationary pressures on construction costs over the last several years make new multifamily projects challenging in any market; however, commercial property taxes in Providence are among the nation's highest, and without relief in some form from the City, presents another material constraint on financial feasibility. Development of a viable financial model in any of the scenarios outlined further below will require the following:

- Property tax relief from the City of Providence in the form of a Tax Stabilization Agreement ("TSA") or Payment-in-Lieu-of-Taxes ("PILOT"); both arrangements are subject to approval by Providence City Council

- Utilization of the Railroad Rehabilitation & Improvement Financing (RRIF) program for the debt component of the Project capital stack.

- "Soft money" (tax credits, grants, interest free loans or other forms of subsidy) contributions from non-Federal sources such as Rhode Island Housing ("RIH"), Rhode Island Commerce, the Providence Redevelopment Agency or similar organizations.

NWRIP's initial underwriting for the residential component of the TOD explored the following transactional constructs:

- **100% Affordable Housing** with units designated for households with incomes ranging from 30% to 80% of Area Median Income ("AMI") and financed with Federal Lower Income Housing Tax Credits ("LIHTC"), tax-exempt bonds and subsidy from RIH.

- **100% Market Rate** project with no units designated for lower income households and financed with traditional bank loans and developer equity; NWRIP also underwrote a market rate scenario with the RRIF loan and developer equity as the primary sources of capital.

- **Mixed-Income Housing** project with 70% of the units designated as Market Rate financed with a RRIF loan and developer equity and the balance as Affordable financed with LIHTC, tax-exempt bonds and other forms of subsidy made available by RIH.

- **100% Attainable (also known as "workforce") Housing** with all units designated for households with incomes at or below 100% AMI financed with tax-exempt bonds (not subject to State of RI volume cap).

Certain assumptions were carried across all deal structures considered, including applicable property taxes, a target annual payment to RIPTA from project revenues, market rate rents, and operating expenses. The assumptions are summarized in the table below.

NWRIP underwriting concluded that the 100% affordable housing scenario does not warrant further exploration and the subsidy ask required from RIH would be unachievable. Additionally, it's unclear whether the Park Row West landowner would be willing to enter a ground lease for purely affordable housing project. While more feasible than the pure affordable scenario, an attainable/workforce housing project with rents marketed exclusive to households with incomes at or below 100% AMI does not look achievable at the current stage. Several similar projects in California have defaulted in recent years, driving interest rates on the tax-exempt bonds for these projects to around 6.5% according to public finance investment bankers consulted by NWRIP.

The Commercial and Financial Working Group will focus its attention on the 100% market rate and mixed-income approaches to the TOD in Task 3. As both will require a RRIF loan, a property tax deal with the City of Providence and soft money contributions from one or more state and local sources, NWRIP can easily dual-track the development of plans of finance for both scenarios.

Standard TOD Assumptions Across All Scenarios	
Description	**Assumption Metric**
Construction Period	24 months
Total Units	175 - 215
Unit Types	Studios, 1BRs, 2BRs, 3BRs
Average Unit Size	695 GSF
Average Market Rate Rent Per Month	$2,806
Retail Space	5,000 GSF - 10,000 GSF
Controllable OpEx Per Unit	$6,421
Target Annual Payment to RIPTA - $	$250,000 escalating at 3% annually
Property Tax Assumptions	20-year Tax Stabilization Agreement per terms made public by City of Providence Tax Assessor

Table 7: Standard TOD Assumptions Across All Scenarios

Description of Mixed-Income Scenario

NWRIP's mixed-income affordable approach assumes approximately 20% of units are affordable for households who are between 50% AMI – 80% AMI. Approximately 10% of units will be set aside for workforce housing (approximately 120% AMI). 70% of the units will be market rate, with no income or rent restrictions. To finance the project, the Development team plans to use the following sources.

- Rhode Island Housing Magnet Fund subsidy
  - *Applicable only for the affordable (below 80% AMI) units*
- Rhode Island Housing Workforce Housing Fund subsidy
  - *Applicable for the 100%-120% AMI units*
- Federal Low Income Housing Tax Credits (LIHTC)
  - *Applicable only for the affordable (below 80% AMI and averaging 60% AMI) units*
- Railroad Rehabilitation and Improvement Financing (RRIF) Loan
  - *Forward sized mortgage (approximately 5 years after project completion) for mixed-use projects developed within a 1/2 mile of railroad centers.*
  - *RRIF's favorable interest rate (with limited spread and servicing fees), deferral of interest accrual (which allows the project to reduce the need for an interest reserve and accrue interest costs) and flexible amortization period allows the project to generate more funds to support the project, unlike TIFIA financing which caps their financing to a 50% Loan to Cost.*

- Rhode Island Housing's Long-Term Bonds
  - *Applicable only for the affordable (below 80% AMI) units and required if utilizing LIHTC.*
- The City of Providence Tax Stabilization 20-year real estate abatement program for new construction projects

The purposeful programming will allow the Providence Transit Center project to house individuals across a multitude of incomes, creating a vibrant and diverse community located at a new intermodal hub providing residents with convenient access to affordable public transportation options to destinations within Providence, the State of Rhode Island, and the broader northeast region.

Market Rate Scenario

NWRIP's market rate underwriting assumes all units are offered to potential residents without any restrictions on rents relative to AMI. This scenario assumes a sale of the TOD somewhere between operating years 7 and 10. Reduced construction costs from the current $436 per square foot to somewhere closer to $350 per square foot along with property tax relief from the City are crucial in the market rate scenario. Sources of finance for the project and other noteworthy assumptions in the financial model include:

- Railroad Rehabilitation and Improvement Financing (RRIF) Loan sized to the maximum 75% loan-to-cost and a minimum debt service coverage ratio of 1.20x.
- Soft money contributions ranging from an estimated $5MM to $15MM depending on final construction costs.
- Equity contribution sized to generate target Internal Rate of Return (IRR) based on multifamily market standards sufficient to attract third party limited partner equity investment (if deemed appropriate).
- The City of Providence Tax Stabilization 20-year real estate abatement program for new construction projects.

The market rate scenario is the more speculative option under consideration by the NWRIP as there are far fewer potential sources of soft money available for a traditional multifamily project. The NWRIP team strongly believes the recommended project site's adjacency to the Providence Train Station represents an inherent advantage relative to other prospective multifamily projects in the Providence pipeline. Performance at the Park Row West, Station Row and Center Place properties provide strong evidence to support this position. Nevertheless, several critical path items will need to take shape favorably in Task 3 for the TOD component of the Project to find a path to viability.

3.4 Transit Center Operational Considerations

As part of Task 2, RIPTA and NWRIP agreed to amend the original timelines related to further definition of operational scope at the Transit Center and defer the onboarding of a Facilities Maintenance Consultant until formal recommendation of a site and development of a more definitive design program. Major scopes of work related to operations and facilities maintenance within Task 3 will include:

- Procurement of Facilities Maintenance Consultant (if jointly determined as necessary by RIPTA and NWRIP)
- Development of Initial Operation Services Plan and Outline of Facilities Plan
- Detailed Operations Services Cost Estimate

NWRIP's initial recommended delineation of operations and facility maintenance scope is outlined in the table below.

Illustrative OM&R Services List with Scope Split

		RECOMMENDED RESPONSIBLE PARTY	
SERVICE CATEGORY	SCOPE	RIPTA	NWRIP
Roads & Grounds	Landscaping Services	√	
Roads & Grounds	General Grounds Maintenance	√	
Roads & Grounds	Pest Control		√
Security	Security Services	√	
Security	Security System O&M		√
Security	Offsite Monitoring	√	
Security	Data Storage	√	
Utilities	Utility Testing		√
Life Safety	Offsite Monitoring	√	
Life Safety	Fire Extinguishers		√
Life Safety	Life Safety Sensors		√
Life Safety	Fire Alarm		√
Cleaning Expense	Cleaning Services	√	
Cleaning Expense	Window Cleaning	√	
Cleaning Expense	General Waste Management	√	
Cleaning Expense	Collection and Segregation	√	
Cleaning Expense	Hazardous Waste	√	
M&R	Elevator Maintenance		√
M&R	AHU / Fan Maintenance		√
M&R	Cooling Towers Maintenance		√
M&R	Boilers Maintenance		√
M&R	Chillers Maintenance		√
M&R	Electrical Switchgear Maintenance		√
M&R	Site Lighting		√
M&R	Domestic Water Maintenance		√
M&R	BAS Maintenance		√
M&R	Doors / Windows		√
M&R	Roofing Maintenance		√

Table 8: Illustrative OM&R Services List with Scope Split