**STATISTICAL DATA AND FORMS**

**STATISTICAL DATA AND FORMS SECTION 10**

1. [www.rihousing.com](http://www.rhodeislandhousing.org) On the right-hand side of the screen go to **Newsroom**; when the new screen opens click on **Data, Research and Reports (under Publications**; there will be a list of items, and you will find the following three that you will need for your application proforma:
	* Rhode Island Income Limits for Low and Moderate Income Households
	* Rhode Island Utility Allowances
	* HUD’s Fair Market Rents

1. Exhibit 1: Difficult to Develop and Qualified Census Tract Areas Schedule

 Exhibit 2: Housing Affordability by Community

 Exhibit 3: Final Commitment Submission Requirements

 Exhibit 4: Business Application/Background Credit Information

 Exhibit 5: Affirmative Action Plan

 Exhibit 6: Market Study Requirements

 Exhibit 7: Appraisal Requirements

**Exhibit 1:** **Difficult to Develop Areas Schedule**

**DIFFICULT DEVELOP AREAS (DDA) & QUALIFIED CENSUS TRACTS**

There are no areas currently designated as DDAs in Rhode Island. https://www.huduser.org/portal/datasets/qct.html

2020 IRS SECTION 42(d)(5)(B) Qualified Census Tracts.

|  |  |  |  |
| --- | --- | --- | --- |
| 1.01 | Providence | 36.01 | Providence |
| 1.02 | Providence | 37.00 | Providence |
| 2.00 | Providence | 108.00 | Central Falls |
| 3.00 | Providence | 109.00 | Central Falls |
| 4.00  | Providence | 110.00 | Central Falls |
| 5.00 | Providence | 111.00 | Central Falls |
| 6.00 | Providence | 125.00 | Johnston |
| 7.00 | Providence | 141.00 | Cranston |
| 8.00 | Providence | 151.00 | Pawtucket |
| 9.00 | Providence | 152.00 | Pawtucket |
| 10.00 | Providence | 153.00 | Pawtucket |
| 11.00 | Providence | 160.00 | Pawtucket |
| 12.00 | Providence | 161.00 | Pawtucket |
| 13.00 | Providence | 164.00 | Pawtucket |
| 14.00 | Providence | 167.00 | Pawtucket |
| 16.00 | Providence | 174.00 | Woonsocket |
| 17.00 | Providence | 176.00 | Woonsocket |
| 18.00 | Providence | 178.00 | Woonsocket |
| 19.00 | Providence | 179.00 | Woonsocket |
| 20.00 | Providence | 180.00 | Woonsocket |
| 22.00 | Providence | 181.00 | Woonsocket |
| 26.00 | Providence | 183.00 | Woonsocket |
| 27.00 | Providence | 203.00 | West Warwick |
| 28.00 | Providence | 405.00 | Newport |
| 29.00 | Providence |  |  |

If you have any questions regarding qualified census tracts or Difficult to Develop Areas, please contact your Housing Development Officer.

**Exhibit 2: Housing Affordability by Community**

|  |
| --- |
| **Housing Affordability by Community** |
| **Location** | **Percentage of Existing Assisted Housing** |
| Barrington | **2.66%** |
| Bristol | **5.99%** |
| Burrillville | **10.02%** |
| Central Falls | **11.07%** |
| Charlestown | **3.75%** |
| Coventry | **5.39%** |
| Cranston | **5.38%** |
| Cumberland | **6.14%** |
| East Greenwich | **4.75%** |
| East Providence | **9.82%** |
| Exeter | **2.41%** |
| Foster | **2.05%** |
| Glocester | **2.55%** |
| Hopkinton | **7.12%** |
| Jamestown | **4.43%** |
| Johnston | **8.12%** |
| Lincoln | **6.42%** |
| Little Compton | **0.56%** |
| Middletown | **5.44%** |
| Narragansett | **3.75%** |
| New Shoreham | **10.63%** |
| Newport | **15.61%** |
| North Kingstown | **8.06%** |
| North Providence | **6.90%** |
| North Smithfield | **8.10%** |
| Pawtucket | **9.00%** |
| Portsmouth | **2.83%** |
| Providence | **15.04%** |
| Richmond | **1.92%** |
| Scituate | **0.85%** |
| Smithfield | **5.09%** |
| South Kingstown | **5.63%** |
| Tiverton | **5.27%** |
| Warren | **4.49%** |
| Warwick | **5.43%** |
| West Greenwich | **1.41%** |
| West Warwick | **8.14%** |
| Westerly | **5.22%** |
| Woonsocket | **15.90%** |
| **LMIH Grand Total** | **8.36%** |
| Last Data Update 9/19 (Exempt Municipalities in Gray) |

**Exhibit 3: FINAL COMMITMENT SUBMISSION REQUIREMENTS**

**1. Design and Construction Items:** (Borrower should refer to the Design and Construction Guidelines in Section 3 for additional detail.)

1. Waiver of RIHousing Design Requirements (if applicable.)
2. Architectural Exhibits: Refer to “Design and Construction handbook.”
3. Survey and Surveyor’s Report (RIHousing form) showing all properties included as part of this development.
4. Affirmative Action Plan
5. Construction Cost Breakdown- Schedule of Values (RIHousing form CF-2328).
6. Construction and Payment Schedule.
7. Owner/Architect Agreement (AIA Document, B141, current edition) for review by Design and Construction staff.
8. The architect and/or engineer certifying all trades must complete design Architect's Certification.
9. Construction Contract and General Conditions (AIA Document A101 and A201, current edition) for review by Design and Construction staff.
10. Contractor’s Registration
11. Satisfactory evidence must be provided by the general contractor regarding the availability of either a 100% payment and performance bond or a letter of credit on a form supplied by RIHousing equal to 25% of the total construction cost. The evidence may be in the form of a letter of intent from the bonding company or bank stating its willingness to provide the necessary instrument to the general contractor in the required amount. If a bond is to be provided, the bonding company must write fidelity and surety in the State of Rhode Island and must have at least an “A” rating by Best’s Key Rating Guide. If a letter of credit is to be provided, RIH must approve the bank issuing the letter of credit. If an identity of interest exists between the developer and the general contractor, a letter of credit must be obtained.
12. Structural Report prepared by qualified licensed structural engineer for existing buildings to be renovated.
13. A Capital Needs Assessment may be required for existing occupied buildings.
14. Soil and foundation investigation report prepared by a qualified geotechnical-engineering firm for new construction.
15. Evidence of all property easements and easement agreements.
16. Verification of utilities, as follows:
* Letters from the applicable utility companies and authorities concerning their ability to provide sufficient service. These letters will have to be updated within thirty days of initial closing. For acquisition and rehabilitation where no change in utilities services, type or volume is proposed, this requirement may be waived.
1. Verification from the appropriate utility or municipal authorities of sewer, water and trash removal estimates listed on the proforma.
2. Phase I Environmental Report. At the discretion of RIHousing, a Phase II Environmental Report may be required.
3. Evidence of approval by authorities having jurisdiction over the following, as required by the project:

a. Zoning variances

b. Rhode Island State Building Code variances

c. Rhode Island State Fire Code variances

d. Wetlands

e. Historic District

f. ISDS

g. Curb Cuts/RIDOT Physical Alteration Permit

**2. Housing Management Items:**

1. Operating budget and rent schedule.
2. Management Questionnaire
3. Management Plan
4. Security Plan
5. Affirmative Action Fair Marketing Plan and Tenant Selection Policy
6. Cash flow analysis to estimate any anticipated losses prior to stabilized occupancy.

 **3. Documentation of Financial and Organizational Capacity**

1. Three years of financial statements including the most recent **audited** financial statement of the mortgagor prepared by a certified public accountant and covering a period ending twelve (12) months prior to the date they are submitted. If the developer is a partnership, include the financial statements of each partner. As applicable, any updates to previously submitted financial statements should be provided.
2. The most recent audited financial statement of the general contractor prepared by a certified public accountant and covering a period ending twelve (12) months prior to the date they are submitted or a current AIA Contractor Qualification Statement.
3. Credit report for Developer and General Contractor.
4. Organizational Documents, as applicable:

a. Limited Partnership Agreement

b. Certificate of Limited Partnership (recorded with Secretary of State)

c. Partnership Agreement

d. Articles of Incorporation

e. Bylaws

f. Certificate of Good Standing and a Certified Copy of Corporate Vote or Partnership Consent.

g. Such other Organizational Documents that RIHousing may reasonably request.

 **4. Other Underwriting Requirements**

1. Legal Description of the Site
2. Title Report
3. Insurance carrier’s statement of property’s insurability in conformance with Rental Housing Production Program Requirements.
4. If applicable, Relocation Plan prepared in conformance with all applicable Federal and state laws and regulations.
5. Appraisal Report and Market Study, commissioned by RIHousing.
6. Documentation of real estate taxes for the development. If tax abatement is applicable, or if taxes will be waived, developer should submit supporting documentation from the appropriate authorities.
7. Letter of commitment and/or final approval documenting the availability of all additional resources, such as CDBG, HOME, AHP, BHRI, etc.
8. Letter of commitment and/or final approval documenting the award of any Project Based operating assistance (Section 8, HUD 811, etc.) to the development.
9. Syndication commitment letter, referencing the projected total value of the sale proceeds of the housing tax credits that will be available to the developer and the schedule for advancement of these proceeds.
10. If applicable, bridge loan commitment letter.
11. Revised development proforma reflecting final construction, acquisition and soft costs. Note that all cost items included in the proforma must be documented and are subject to review and approval by RIHousing.
12. Developments to be financed under the HUD-HFA Risk Sharing program (including all developments utilizing Section 8 Project Based Assistance) will be required to complete the application documents required by HUD.
13. Any other outstanding items not submitted with the application for reservation may also be requested at this time.

**Exhibit 4: Business Application/Background Credit Information**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name of Firm:** |       | **Telephone #** |       |
| **Address:** |       |
| **Mailing Address**(if different from above) |       |
| **Previous Address:** |       |
| **Nature of Business:** |       | **How long in business?** |       |
| **Is company a:**(Check all that apply) | **[ ]  Rhode Island Based [ ]  Proprietorship [ ]  Partnership**  |
| If a Rhode Island Based, when incorporated |       | Where? |       |
| Contractor License #:(If applicable) |       |
| **Other DBA’s:** |       |

|  |
| --- |
| **List Officers, Partners, or Owners** |
| **Position** **or % Owner** | **Name** | **Home Address** | **S.S.#** |
|       |       |       |       |
|       |       |       |       |
|       |       |       |       |
|       |       |       |       |
|       |       |       |       |
|       |       |       |       |

|  |
| --- |
| **Banking Information** |
| **Bank Name:** |       | **Acct. Number:** |       | [ ]  Installment Loan[ ]  Commercial Loan |
| **Address:** |       | **Balance:** |       |
| **Bank Name:** |       | **Acct. Number:** |       | [ ]  Installment Loan[ ]  Commercial Loan |
| **Address:** |       | **Balance:** |       |
| **Bank Name:** |       | **Acct. Number:** |       | [ ]  Installment Loan[ ]  Commercial Loan |
| **Address:** |       | **Balance:** |       |
| **Name of Primary Bank:** |       |
| **Officer you deal with:** |       |

|  |
| --- |
| **Credit References** |
| **Name** | **Address and City** | **Zip** |
|       |       |       |
|       |       |       |
|       |       |       |
|       |       |       |

|  |
| --- |
| **Assets:** Attach most recent financial statement and/or use separate sheet to list company assets and liabilities. For any owned real estate, list addresses, values, mortgage holders and their account numbers. |
| **Bldg $** | **Land $** | **Equip. $** | **Furniture $** | **Autos $** | **Acct. Rec. $** | **Net Worth $** |
|       |       |       |       |       |       |       |
|       |       |       |       |       |       |       |
|       |       |       |       |       |       |       |

**IMPORTANT: APPLICANT READ BEFORE SIGNING** I authorize you to obtain such information as you may require concerning the statements contained in this application.

Signature Date

Signature Date

**Exhibit 5: Affirmative Action Plan**

**AFFIRMATIVE ACTION PROGRAM**

**DEVELOPMENTS FUNDED BY**

**RIHOUSING**

|  |
| --- |
|       |
| Sponsor/Developer Name |
|       |
| Address/City/Zip Code |
|       |
| Development Name |
|       |
| Development Location |
|       |
| EEO Affirmative Action Officer |
|       |
| Phone Number |

1. Equal Opportunity/Affirmative Action Statement

RIHousing is committed to providing equal opportunity in every aspect of its programs and will not discriminate because of race, sex, national origin, age, religion, sexual orientation, handicap, or status as a veteran. Because RIHousing recognizes the need to eliminate the vestiges of past societal discrimination, it will take affirmative action to ensure that its employment opportunities are open to every income-qualified Rhode Islander.

RIHousing will not tolerate discrimination by any recipient of its funds or benefits. This includes lending institutions, developers, contractors, and subcontractors and vendors doing business with RIHousing. Deliberate or persistent violation of this policy may result in the withdrawal by RIHousing of support or involvement in a project and/or debarment from further involvement by RIHousing.

RIHousing will incorporate requirements for non-discrimination and affirmative action in all its contracts and implementation of these requirements will be monitored by the coordinator of program compliance. Any person or corporation doing business with RIHousing shall cooperate with the monitoring of this policy.

1. General Obligations
2. We shall observe the requirements for equal opportunity and affirmative action set down in Section A and outlined in this program and at the pre-construction and pre-award meeting conducted by RIHousing.
3. We will incorporate or cause to be incorporated into every contract and subcontract relating to this development the provisions of this program.
4. We will keep records and comply with requests for information from RIHousing pertaining to actions taken pursuant to this program.
5. Utilization of Minority Businesses
6. We shall, to the greatest extent possible, utilize Minority and Female Owned businesses as contractors and subcontractors and vendors and shall include such businesses as available in any solicitation for bids.
7. We shall maintain documentation of such solicitations and their results.
8. The utilization goal for minority and female owned businesses shall be      % of the total construction dollar amount. Anticipated awards to minority and female contractors and subcontractors are identified below:

TRADE/ SERVICE/PRODUCT

|  |  |  |
| --- | --- | --- |
| a. |       |       |
| b. |       |       |
| c. |       |       |
| d. |       |       |
| e. |       |       |
| f. |       |       |
| g. |       |       |

1. Equal Employment Opportunity and Affirmative Action
2. We shall take specific affirmative action to ensure equal employment opportunity as defined in Section A above. This affirmative action shall include at least the following:
3. Post written commitment to all aspects of non-discrimination.
4. Maintain a working environment free of harassment, intimidation and coercion at all sites and in all facilities at which the contractor’s employees are assigned to work.
5. Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations of employment opportunities available and maintain a record of the organization’s response.
6. Maintain a current file of the names, addresses and telephone numbers of each minority and female off the street applicant and minority or female referral from a union, a recruitment source or community organization and of what action was taken with respect to each such individual.
7. When feasible, participate in training programs for the area which expressly include minorities and women.
8. Disseminate our EEO policy by providing notice of the policy to unions and training programs requesting their cooperation and assistance in meeting our EEO obligations by including it in the policy manual and the collective bargaining agreement, by publicizing it in the company newspaper, annual report, etc.
9. Use recruitment means that will contribute to the achievement of equal employment opportunity goals where unions or training programs are barriers in this effort.
10. Ensure that all facilities and company activities are non-segregated except that separate or single user toilets and necessary changing facilities shall be provided to assure privacy between sexes.
11. We shall inform all contractors and subcontractors of their similar obligations in this program.
12. The utilization goal for all trades is      % of labor hour for minority group member and      % for women.
13. Compliance
14. We shall cooperate with RIHousing officials in their review of compliance with this program.
15. We will notify RIHousing of any charge filed with the Rhode Island Commission on Human Rights or U.S. Equal Employment Opportunity Commission alleging unlawful discrimination in this development.
16. In any case where RIHousing determines that we have not complied with this program, we shall be notified of such non-compliance. In such instances, we shall have fifteen (15) days to either achieve compliance or to demonstrate why compliance is not possible.
17. We agree that if we fail to comply with the terms of this program or satisfy RIHousing as to why we are unable to comply, then RIHousing may, at its option, suspend advance or part thereof due until such time as we are able to demonstrate compliance with the terms of this program and/or debar us from participation in future RIHousing developments.

Signature(s):

Sponsor/Developer Date

Contractor Date

**Exhibit 6: Market Study Requirements**

# Market Study Guidelines – Updated September 2017

The Internal Revenue Service and the Qualified Allocation Plan (“QAP”) for the State of Rhode Island require that a comprehensive market study be completed in connection with the allocation of Low Income Housing Tax Credits (“LIHTC”). In accordance with Section 42(m)(1)(A)(iii) of the Internal Revenue Code, the entity preparing the market study must be a disinterested party, have no interest in the development or have a relationship with the owner of the development. Upon receiving a reservation of LIHTC, RIHousing will commission a market study from a list of pre-approved market study analysts. All analysts are required to have significant experience within the multi-family real estate sector and possess geographic competence.

Market studies for LIHTC developments should be consistent with the National Council of Housing Market Analysts (NCHMA) Model Content Standards for Market Studies for Rental Housing ( Version 3.0 Adopted January 14, 2013), as well as its Market Study Terminology and its Market Study Index.

While part of the NCHMA model, analyst should place particular emphasis on the following:

1. Proposed Project Description:

Analysis of the influence of location on the marketability of proposed units. (Consider attractiveness of site; improvements and surroundings; proximity to social and civic services; availability of public transportation; on-site parking.)

2. Market Area Analysis: Determination of market area; propensity of renters from market area to move to the proposed development.

* Availability and proximity to public transportation
* Availability and proximity of social services
* Nearby entertainment, restaurant and retail amenities
* Employment data: Unemployment rates, major employers, typical wages in relation to Eligible Income Range at Subject, distance from employment sources
* Primary market area demographic analysis: population and household trends, household income trends, household size, renter tenure
* For assisted living, consider age and assets of existing population in market area

Include a description of demographic trends (including income profiles) for defined market area.

1. Supply Analysis: Consideration of existing and planned competition within or proximate to market area, to include a detailed presentation of comparable properties including:
* Date built (and improved if applicable)
* Occupancy rate
* Size of units
* Breakdown of rental rates and costs to tenants. For assisted living consider cost of services to tenants.
* Market characteristics should be discussed and compared with projects for the subject including vacancy, leasing pace, absorption, reasonability of rents, turnover, rent increase, concessions and waiting lists.
1. Demand Analysis: Estimation of absorption and turnover rates including the following components:
* Income eligibility calculation – based on the minimum and maximum income limits presented in the report, the number of households in the surrounding area qualified to reside at the subject
* Capture rate by unit and/or bedroom type
* Annual capture rate
* Demand for Section 8/Public Housing waiting list, occupancy and number of recipients.
1. Operating Expense Analysis: Feasibility of rents (and in assisted living the cost of services) for proposed market population.
* Compare operating expense projections to determine whether the proposed budget is reasonable, given the achievable rent levels and what is common in the market.

6. Conclusions and Recommendations: The conclusions resulting from the market study are summarized in this section and should include recommendations for the subject property. Recommendations may include modifying the unit mix, unit size, suggestions as to whether to or not to offer a particular amenity, changes to rent, and other pertinent changes.

Exhibit 7: Requirements for Appraisal Assignments

# Requirements for Appraisal Assignments

Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) requires appraisals for all loans, whether a proposal is for the acquisition and/or rehabilitation of an existing property, or for the construction of new rental housing (the "Appraisal").

The principal purpose of the Appraisal is to estimate both the market value and the investment value of a property. The definition of market value shall be consistent with the definition used in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990. Among other places this definition also appears in the *Dictionary of Real Estate Appraisal, 6th Edition,* published by the Appraisal Institute. The definition of investment value will be consistent with the definition which appears in the *Dictionary of Real Estate Appraisal, 6th Edition,* published by the Appraisal Institute. The unique investment criteria will be provided to the appraiser for every assignment. The Appraisal will be used by RIHousing to help underwrite the risk and evaluate the security for the loan. Appraisals must be performed by appropriately licensed appraisers that are permanently licensed in the state of Rhode Island and satisfy the geographic competency requirements of the *Uniform Standards of Professional Appraisal Practice* (USPAP).

1. Form of Appraisals.
2. Small Residential Rental Property. Small residential rental properties are buildings that contain from two to four dwelling units, all of which are used for residential rental purposes. Appraisals of small residential rental properties must be made on the current Federal Home Loan Mortgage Corporation (FHLMC) Appraisal Report – Small Residential Income Rental Property, Freddie Mac Form 72 and Fannie Mae Form 1025. The form must be fully completed by a state-certified appraiser with accurate and current information.
3. Residential and Commercial Income Property. Residential and commercial income property includes all buildings that contain one or more non-residential income producing unit, five or more residential rental dwelling units, or a combination of non-residential income producing units and residential rental dwelling units. Appraisals of residential and commercial income properties must be in a narrative form consistent with the appraisal standards of the USPAP requirements and shall include the following:
4. An "as is" opinion of value;
5. An opinion of the highest and best use of the property;
6. The appraiser's certification in a form consistent with that recommended by USPAP;
7. The appraiser's assumptions, limiting conditions, extraordinary assumptions and hypothetical conditions utilized in the Appraisal;
8. A description of any deferred maintenance or property obsolescence;
9. A detailed description of the property improvements;
10. A detailed description of the state and local market area in which the property is located, including details on nearby properties against which the subject property likely competes;
11. Details on any new or planned additions to supply;
12. A legal description of the site;
13. A description of zoning restrictions and a conclusion indicating the subject property’s compliance with zoning, special assessments of record, and easements and covenants of record;
14. A three year sales history of the site, including pending transactions, marketing efforts and recent offers;
15. Physical information about the development including site width, frontage and depth, available utility connections and restrictions, contour, topography and landscape features and unusual site features;
16. Pictures of the building and site;
17. Pictures of comparable rentals and sales and location maps for comparable properties;
18. A final opinion of market value;
19. A final opinion of investment value; and
20. A replacement cost “new” of the improvements without considering deferred maintenance, depreciation or land value.
21. Appraisal Requirements.

All Appraisals shall provide a market valuation under assumptions and requirements specified below. In addition, all Appraisals, *except for* Small Residential Rental Property appraisals must provide an investment valuation under assumptions and requirements specified on pages 3–4 of this document. If significant capital improvements are anticipated, the Appraisal should also include an “as complete” value.

1. Market Valuation. The following methodologies should be used to determine market value and should not take into account the benefits and limitations of subsidies and rent restrictions applicable to the property.
2. Income Capitalization Approach. Each Appraisal shall reflect a capitalized value of the development. In analyzing capitalized value, the Appraisal must estimate net operating income based upon, and supported by, current market rents, vacancy rates and operating expenses for similar units in comparable developments. Comparable developments are those that provide amenities and contain living space similar to that provided by the property under valuation. Any variations in services, amenities and unit sizes must be reflected by reasonable adjustments to the rents, vacancy rates and operating expenses for the comparable development to derive the estimated net income. Rental income must be trended to the expected completion date of the development. In estimating rental rates, rental data from subsidized developments may not be used as comparables.

For developments that are occupied at the time of the Appraisal, the appraiser must analyze the operating history of the property. Estimates of future performance need not be identical to the development's historical performance, but any differences should be reasonable and explained by comment. The Appraisal must also identify the current rents for the development and the current vacancy rate.

The capitalization rate and the discount rate (if applicable) should be based upon current rates of investment and return for comparable risk rental properties. Documentation supporting the rates used and an analysis of the method used to derive the capitalization rate and the discount rate must be included in the Appraisal.

1. Cost Approach. The cost approach should be utilized for all proposed construction and on other assignments if the appraiser considers this approach relevant. This approach should include a separate opinion of land value. The Appraisal must include references for the sources of cost data used by the appraiser. This may include cost service index references or development cost estimates through analysis of comparable square footage construction cost data.
2. Sales Comparison Approach. All Appraisals should include the Sales Comparison Approach. Comparable sales utilized must be adjusted to reflect any differences between the comparable properties and the subject property under valuation. Adjustments for unit sizes, unit composition, amenities, special tax benefits, sales concessions, location and time since date of comparable sales must be considered and explained in developing the comparable sales value. Each Appraisal must include at least three comparable sales. The market area from which comparable sales were selected should be defined and supported by narrative explanation. Any recent comparable sales in the market area that were not included should be noted and explained. A sales location map relating to the sales to the subject is required.
3. Investment Valuation. An investment value should be derived utilizing the Income Capitalization Approach. The appraiser must estimate net income taking into account applicable income and rent restrictions pursuant to the public funding sources received by the development. The opinion of value should reflect any favorable financing to the property, including any below market first or second mortgage financing. Also, a description of the specific methodology and source of data on capitalization, discount rates and tax benefits should be included in the narrative.

Benefits derived from the utilization of low-income housing tax credits (LIHTC), historic tax credits, or any other similar programs should also be factored into the valuation analysis as they represent an additional value to the property. The value of the additional benefits can then be added to the value of the real estate. This combination will form a total investment/collateral value for the development.

If rental subsidies will be available to the development, then the appraiser may consider these subsidies in projected revenue during the term of the subsidy contract. When rental subsidies will not be available, then the appraiser should consider the lower of market rent or the maximum allowable rent pursuant to public finding sources received by the project (such rent limitation will be specified in the RIHousing engagement letter and/or supporting documentation). If a development is proposed to include both "market rate" and "affordable" units, then the appraiser should consider (i) achievable rents for the market rate units and (ii) the lower of market rents or "affordable" rents pursuant to restrictions of public funding sources (including RIHousing) for the "affordable" units.

Revised: November 2018