

**Request for Action
By
Board of Commissioners**

Approval of Proposed 2021 Qualified Allocation Plan (QAP)

1. Summary of Issues

Pursuant to the Revenue Reconciliation Act of 1989, each low-income housing tax credit (“LIHTC”) allocating agency must adopt a Qualified Allocation Plan (the “Plan” or “QAP”) that establishes the priorities and criteria for both allocating and monitoring LIHTCs. The allocating agency must conduct a public hearing and a subsequent public comment period on the Plan prior to the Plan being finalized and presented to the Governor for approval.

Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has administered the LIHTC program in Rhode Island under a Plan that was first adopted in January 1990. The Plan was last amended in August 2019. The 2021 Plan is being adopted as a guidance document in accordance with the Rhode Island Administrative Procedures Act. Rather than being filed with the Office of the Secretary of State, the Plan will be immediately available on the RIHousing website.

Staff has proposed the changes summarized below to the following sections of the Plan. These changes seek to amplify and explain our goals and procedures.

SECTION	CHANGE	REASON
Section I(A)	Modified program overview language	Eliminated some program history that was not relevant; clarified difference between 9% and 4% LIHTC
Section I(B)	Updated annual allocation	To reflect most current available data
Section I(C)(2)-(3)	General information updated; housing needs updated	To reflect the proposed consolidated plan for 2020-2024, current information and current state data
Section I(D)	Clarify lock-in information for applicable tax credits	Confirm fixed 9% rate; delete language no longer applicable
Section I(E)(3)	Clarify rent restrictions associated with average income requirements	Reflect recently released HUD average income rent data
Section II(A)	Update funding round schedule	Update for current year
Section II(B)	Additional guidance for applicants	Ensure applicants are familiar with most current requirements of the QAP and Developer’s Handbook

Section II(C)	Added a HUD Foreclosure and Community Impact set-aside	To incentivize re-development of HUD foreclosed properties consisting of 74 units or more of family housing with significant community impact
Section II(C)	Minimum score requirement for set-aside application	To eliminate unfair advantage of a set aside
Section III(A)(1)	Add clarifications and detail to Developer Team Capacity Threshold Criteria regarding LIHTC experience	Provide guidance to assist applicants in providing necessary supporting information to meet Threshold Criteria requirements
Section III(A)(2)	Add clarifications and detail to Financial Feasibility Threshold Criteria review to assist applicants' understanding of RIHousing review	Provide guidance to assist applicants in providing necessary supporting information to meet Threshold Criteria requirements
Section III(B)	Clarification of financial leveraging	Explicitly identify hard debt in this category
Section III(B)	Comprehensive Community Development: Add a point for the provision of free broadband access to each residential unit	Minimize the digital divide and ensure connectivity for residents of LIHTC units
Section III(B)	Efficiency: Clarify eligibility for RNC Tier II and Energy Star points	Provide guidance to assist applicants in providing necessary supporting information
Section III(B)	Efficiency: Modify points for Photo Voltaic or other renewable sources.	Ensure that more than a token investment is made in exchange for being awarded points under this category.
Section III(B)	Negative Points: add negative points for failure to comply with previous commitment (and awarding of points) for Utility Benchmarking Services	Ensure that applicants are held responsible for commitments made under previous scoring rounds.
Section III(C)	Updates narrative detail to the criteria in the scoring section	Clarifications and discussion of the scoring criteria
Section VII	Changes to the compliance monitoring requirements	To comply with Treasury Regulations
Section VII(B)	Updates to Certifications and Reporting Requirements	Clarifications and clean-up in regard to average income

The Plan underwent substantial changes in 2019 with subsequent minor changes in 2020. The 2021 Plan seeks to build on those changes with a focus on 3 areas: enhancing developer capacity, providing access to high-quality housing for low- and moderate-income households and increasing energy efficiency. Virtual and telephonic meetings are scheduled with stakeholders in the month of June and feedback from the community will be solicited during the public comment period.

The proposed Plan is attached as Attachment B. As part of its review and recommendation to the board, the Credit Committee of the RIHousing Board of Commissioners has reviewed and approved the proposed changes to the Plan.

The 2021 Plan will become final upon (i) the expiration of the public comment period; (ii) final approval by the Board of Commissioners of the 2021 Plan (including any changes reflective of public comments received and/or comments from the Credit Committee); (iii) approval by the Governor; and (iv) posting to the RIHousing website.

The public comment period will begin on or about June 22, 2019. A public hearing will be held no sooner than thirty (30) days following the publication of the proposed 2021 Plan, with final submission to the Board of Commissioners expected in August 2020.

2. Recommendation

Staff recommends that the Board of Commissioners approve the attached resolution authorizing publication of RIHousing's notice of its intent to approve and adopt the Plan as set forth in Attachment B.

3. Attachments

- A. Resolution
- B. Proposed 2021 Qualified Allocation Plan (Blackline)

Attachment A

**Resolution of the Board of Commissioners
of
Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has been designated by the Governor as the principal housing finance agency and tax credit allocating agency for the State of Rhode Island (the “State”);

WHEREAS, the Revenue Reconciliation Act of 1989 requires low-income housing tax credit allocating agencies to allocate low-income housing tax credits according to a Qualified Allocation Plan (the “Plan”);

WHEREAS, the Plan must establish priorities and criteria for allocating low-income housing tax credits that best meet the housing needs of the State and must be adopted pursuant to a public hearing and comment period; and

WHEREAS, the housing needs for the State have been established pursuant to the proposed Rhode Island Consolidated Plan: 2020-2024.

NOW, THEREFORE, BE IT:

RESOLVED: that RIHousing be, and hereby is, authorized to publish notice of its intent to approve and adopt the proposed 2021 Qualified Allocation Plan, substantially in the form attached hereto as Attachment B; and

RESOLVED: that the Executive Director, the Deputy Executive Director and the Director of Development, each acting singly, be, and hereby are, authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.

Attachment B

**Proposed 2021 Qualified Allocation Plan
(Blacklined)**