

**Request for Action  
By  
Board of Commissioners**

**Approval of Proposed 2022 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 2020. The 2022 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.

<b>SECTION</b>	<b>CHANGE</b>	<b>REASON</b>
Introduction and Section I(A)	Modified program overview language	To update language, ensure consistency of terms
Section I(B)	Updated annual allocation	To reflect most current available data and accommodate future changes to federal regulations
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)	Deleted floating 4% rate references	To reflect change in federal law fixing the 4% rate
Section I(E)-(O)	Updated language	To conform to current practice; ensure uniform consistency of terms
Section II(A)	Updated funding round schedule	To reflect current year
Section II(B)	Provided additional information relative to the QAP and Developer’s Handbook	To ensure applicants are familiar with the most current requirements

Section II(C)	Deleted reference to set-aside	No set-asides proposed for current QAP
Section III	Increased maximum unweighted total development cost (TDC) to \$385,000	To reflect current volatility in the building construction industry
Section III(A)(1)-(4)	Ministerial corrections	To clarify and promote consistency
Section III(B) - Financial Leveraging	Eliminated reserves from TDC calculation	To reflect that reserves are operating costs, not capital costs, required by lenders and syndicators, and are not controlled by applicant
Section III(B) - Financial Leveraging	Modified the building types for determining weighted TDC	To better represent the types of buildings being proposed
Section III(B) – Financial Leveraging	Deleted points associated with the request for State and RI Housing resources	To reflect (i) the overall increase in project costs due to volatility in market, and the need for soft sources given the 40% per project cap on LIHTC and (ii) the acknowledgement that the State and RI Housing have additional resources to allocate for production of affordable homes
Section III(B) – Financial Leveraging	Added points for the production of 3-bedroom or larger family units	To create scoring parity for larger units
Section III(B) – General Points	Added clarification that homeless families must come from the Coordinated Entry List	To provide an incentive to utilize the HUD 811 voucher program
Section III(B) – General Points	Added language that discourages applicants who do not have zoning approval from applying for LIHTC	To support that applicants without zoning approval typically do not pass the readiness to proceed requirements
Section III(B) – General Points	Moved points for projects located in an Opportunity Zone to this section and increased points for projects leveraging OZ equity	To encourage development in Opportunity Zones
Section III (B) - Comprehensive Community Development	Reoriented criteria to focus on Transit and Connectivity, Areas of Opportunity, Engagement and Services	To delete outmoded criteria and better incentivize applications that align with state goals.
Section III(B) Transit and Connectivity	Added Walk Score	To consolidate several existing components focused on walkability and access to transportation and resources
Section III(B) Transit and Connectivity	Added Transit scoring system	To align with “Transit Forward RI 2040” goals and incentivize development of projects with good access to transit options

Section III(B) - Areas of Opportunity	Added scoring for developments located in high-performing school districts	To incentivize development in areas with high-performing schools recognizes that education can lead to lower poverty rates and increased college attendance and earning power
Section III(B) - Areas of Opportunity	Modified amount and type of commercial square footage	To (i) incentivize non-residential square footage that better serves the community and (ii) recognize that there is currently a surplus of commercial space due to the COVID pandemic
Section III(B) - Areas of Opportunity	Added GIS Mapping	To help steer development to communities that most need affordable housing to better align with state goals
Section III(B) - Engagement and Services	Modified requirements for public engagement process	To make the process more meaningful by requiring engagement to be conducted within 12 months of the application submission, and allow for multiple platforms for engagement
Section III(B) Engagement and Services	Added points for the provision of free broadband access to residential developments	To minimize the digital divide and ensure connectivity for residents of LIHTC units
Section III(B) - Engagement and Services	Added points and criteria for provision of services to residents	To consolidate several existing components focused on service provision and incentivize services that will most benefit the specific resident population
Section III (B) - Community	Added points for development in census tracts with an average AMI that exceeds 100% AMI	To incentivize development in low-poverty locations in exempt communities
Section III (B) - Community	Modified definition for infill lots	To accommodate a more comprehensive review of infill in less urban communities
Section III (B) - Efficiency	Increased points for Net Zero or Passive Housing	To recognize the additional cost associated with the development of energy efficiency and reward developers accordingly
Section III (B) - Efficiency	Reduced the points for Utility Benchmarking (UB)	To recognize that UB is more common in the industry
Section III (B) – Negative Points	Eliminated 12 month waiting period for applicants assessed negative points	To eliminate additional penalty
Section III(C)	Updated narrative detail to the criteria in the scoring section	To conform with changes to the Comprehensive Community

		Development Criteria and scoring
Section VII	Updated compliance monitoring requirements	To comply with Treasury Regulations and references to the RIHousing Compliance Monitoring Handbook

Staff held three meetings with stakeholders to discuss current trends in the construction industry, market challenges, community needs, challenges associated with both urban and non-urban development, as well as differing community needs. The 2022 Plan seeks to focus on several areas: the increased cost of development, incentivizing the development of units to serve a broader spectrum of households, and better alignment of the QAP with the goals of other state planning documents.

The proposed Plan is attached as Attachment B.

The 2022 Plan will become final upon (i) the expiration of the public comment period; (ii) final approval by the Board of Commissioners of the 2022 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, 2021. A public hearing will be held following the publication of the proposed 2022 Plan, with final submission to the Board of Commissioners expected in August 2021.

## **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 2022 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 2022 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 2022 Qualified Allocation Plan  
(Blacklined)**