

**MEMO**

**To:** Board of Commissioners  
**From:** Carol Ventura  
**Date:** January 22, 2021  
**Subject:** Monthly Update

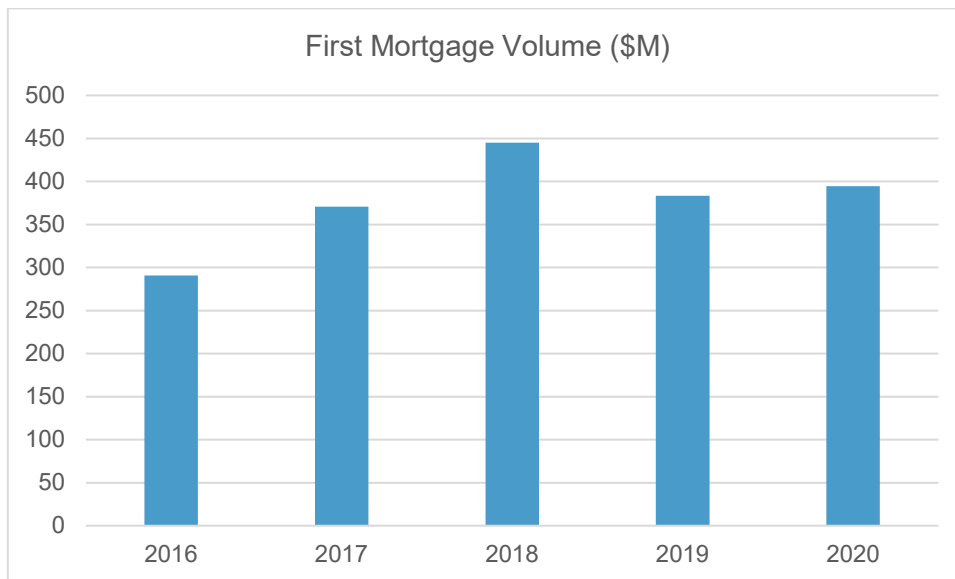
**PROGRAM NEWS**

**HOMEOWNERSHIP**

Product	2019 Actual (units)	2020 Goals (units)	2020 Units (as of 12/31/20)	2020 Funded (as of 12/31/20)
	<b>Closed/Funded</b>			
<i>First Mortgage</i>	1,726	1,700	1,593	\$394.5 million
<i>FirstHomes Tax Credit</i>	449	340	187*	-

\*Pending final closing packages from Participating Lenders

Fueled by attractive interest rates and strong demand, Homeownership funded first mortgage volume of \$394.5 million in the year ending December 31, 2020, an increase of 2.9 % over 2019. The 2020 funding volume represents the second highest on record. (In 2018, \$445.2 million in first mortgages were funded).



## LOAN SERVICING/ASSET MANAGEMENT

Program	As of 12/31/19	2019 Portfolio value	As of 12/31/20	Portfolio value as of 12/31/20
<b>RIH Single-Family Portfolio</b>	23,373 loans	\$2.14 billion	22,436 loans	\$2.12 billion
<b>Multi-Family Portfolio</b>	635 loans	\$964.21 million	661 loans	\$1.04 billion
<b>MSS Single-Family Portfolio</b>	7,587 Loans	\$654.58 million	7,316 Loans	\$645.51 million
<b>Madeline Walker Portfolio</b>	516 liens	\$4.00 million	385 liens	\$2.85 million
<b>REO Portfolio</b>	33 homes	\$4.19 million	20 homes	\$1.67 million

**Delinquency Update:** In December 2020, we saw an increase in overall delinquency of 676 delinquent loans for a total of 1,960 delinquent loans out of our active portfolio of 12,144 loans. This is a delinquency rate of 16.14%. In December 2019, the active portfolio was 12,753 loans of which 1284 loans were delinquent. This is a delinquency rate of 10.07%. The **number of seriously delinquent loans** (90+ days) was 1206 (9.93%) in December 2020, compared to 326 (2.56%) in December 2019.

**Covid Impact:** Since March 18, 2020, 2,016 RIHousing borrowers have reached out to our Loan Servicing Division to request forbearance assistance due to financial hardship related to COVID-19. Of those borrowers, 704 have decided they no longer need assistance due to stimulus relief or have resumed their payments using a loss mitigation option resulting in 1,312 active forbearance agreements as of December 31, 2020.

Approximately 67% of borrowers who have requested forbearance assistance have FHA insured mortgages. On April 1, 2020, FHA announced a new post forbearance home retention option for borrowers facing financial hardship resulting from COVID-19. Under the COVID-19 National Emergency Standalone Partial Claim (NESPC), HUD will advance deferred payments of principal, interest, taxes and insurance to reinstate borrowers at the end of their financial hardship. Most of the borrowers with FHA insured mortgages will qualify for this post forbearance home retention option. As of December 31<sup>st</sup>, 248 RIHousing borrowers have reinstated their mortgage using the NESPC.

## DEVELOPMENT

Program	2019 Actual (Firm Commitment)	2020 Goals	2020 YTD (Firm Commitment)
<b>9% LIHTC</b> (Rental Production)	85 units (2 deals)	150 units (3 deals)	158 units (3 deals)
<b>4% LIHTC</b> (Rental Preservation)	829 units (5 deals)	600 units (5 deals)	104 (1 deal)
<b>Preservation Deals w/o LIHTCs</b>	235 units (5 deals)	900 units (9 deals)	579 units (5 deals)
<b>Workforce Housing Innovation Challenge Loan Program</b>	N/A	90 units (3 deals)	93 units, 38 of which will be workforce assisted (2 deals)

<b>Preservation Revitalization Loan Fund</b> (\$3 million)	\$2,096,218 (153 units)	Rolling Application until money is spent	0
<b>Preservation Loan Fund</b> (\$10 million)	\$4,920,000 (199 units)	Rolling Application until money is spent	0
<b>2017 Capital Magnet Fund</b> (\$4.7 million over three years)	\$3,099,000 (637 units)	N/A	675 units; Funds fully committed
<b>2018 Capital Magnet Fund *</b> (\$6.4 million over three years)	\$1,544,493 (262 units)	Rolling Application until money is spent	0

*\*CMF 2018- Effective Date, March 7, 2019; RIH has 2-year commitment of 1,042 units, 3 years to disburse funds, 5 years to complete projects*

**Multifamily:**

Staff is closing 3 preservation transactions this month which will preserve 294 affordable apartments. The developments are located in East Providence, North Providence and Pawtucket.

Staff is also closing RIHousing’s first two workforce housing developments under its pilot Workforce Housing Innovation Challenge program. Both projects are located in Providence and will result in the new construction of 93 units, 38 of which will be assisted with workforce housing funds.

**LEASED HOUSING AND RENTAL SERVICES**

**Housing Help RI (HHRI):** On December 1, 2020, we expanded the HHRI program to allow property owners/managers with tenants in income-restricted housing to apply directly on behalf of their residents. Through a streamlined process, RIHousing has approved and paid \$622,971 in rental assistance to 61 affordable developments and assisted 352 families. We have approximately \$100,000 in pending payments. Combined with the initial HHRI program in which applicants applied directly, RIHousing has paid out over \$1.1million. The total requests from owners/agents including pending applications are within the following cities/towns:

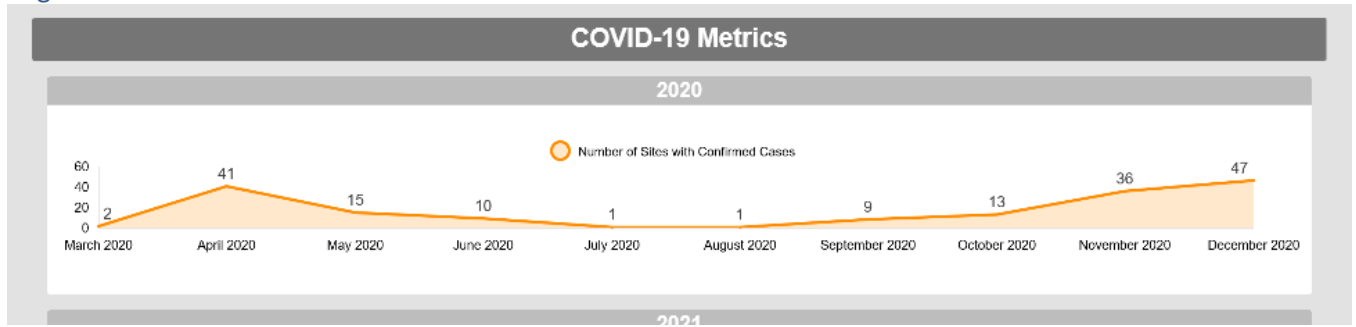
City	# of Families
Coventry	3
Harrisville	8
North Kingstown	3
North Smithfield	4
Pascoag	18
Providence	234
Tiverton	6
Warren	1
Woonsocket	42
Bristol	3
Barrington	3
Barrington	6
Smithfield	4
Pawtucket	21
Newport	22
Pawtucket	16
Central Falls	13

No. Kingstown 4  
**Grand Total 411**

**Continuum of Care (COC):** The Continuum of Care has had its challenges in the past, but staff continue to improve processes and obtain impressive outcomes. Several years ago, we set a goal to increase grant spending rates to above 90%. We're happy to report that in one of our rental assistance grants we've exceeded that goal and have spent 98% of the grant.

**Asset Management:** Below is an updated chart summarizing COVID cases in our portfolio with some added metrics:





## COMMUNICATIONS

**LeadSafe PSA:** Our LeadSafe PSA video is running periodically across local news channels and most recently aired on CBS Morning News and Jeopardy. As a result, our Lead program web page has experienced a slight spike in viewership. The PSA and our new LeadSafe Homes video can be found on our website at: [www.rihousing.com/leadsafe\\_homes](http://www.rihousing.com/leadsafe_homes).

**RIHousing Website Updates:** Staff have launched two new “chatbots” on the agency website: one for PBCA on the Section 8 administration web page and one for first-time homebuyers on the loan center web page. Chatbots allow us to provide relevant and timely answers to questions from website visitors on a variety of topics. The chatbots are available 24/7 and provide another level of responsive customer service to our partners and the general public.

### MEDIA COVERAGE

- **The Bond Buyer (Jan. 6):** RIHousing to sell \$82M of multifamily development bonds
- **Johnston Sun Rise (Jan. 8):** Need help with your mortgage? (HHFRI)
- **Yahoo Finance (Jan. 7):** Moody's assigns Aa2 to Rhode Island HMFC's Multi-Family Dev Bonds 2021 Series 1-A, 1-B and 2-T
- **The Valley Breeze (Dec. 22):** Crossroads opens emergency homeless shelter
- **United States Senate (Dec. 21):** Reed Delivers \$200 Million in Rental Assistance for RI

### UPCOMING EVENTS

**League of Cities and Towns Annual Convention (Jan. 28):** This event will be held virtually this year due to Covid-19 restrictions. RIHousing will have a virtual booth at this year's annual convention, which draws hundreds of state and municipal partners. Our virtual booth will highlight RIHousing programs that help Rhode Islanders find, rent, buy, keep and build safe and affordable homes.

**Spring Homebuying Event:** Our annual Spring Homebuying event will be virtual this year and feature Bryan Greene, Vice President, Policy Advocacy at the National Association of REALTORS, as our guest speaker. This event typically draws over 350 lender and realtor partners from across the state.

## GOVERNMENT RELATIONS

### FEDERAL

**Federal COVID relief package:** On December 21<sup>st</sup>, Congress passed a second COVID relief package. Key provisions in the package include:

- Extending the CDC eviction moratorium until January 31, 2021
- Establishing a new \$25 billion emergency rental assistance program. RI will receive \$200 million

- Fixing the 4% Low Income Housing Tax Credit rate
- Establishing a \$3.2 billion broadband program to subsidize internet costs for low-income households
- Increasing unemployment benefits by \$300 per week through March 14<sup>th</sup>

**FY2021 Omnibus Appropriations Bill:** Congress passed an omnibus appropriations bill in conjunction with the COVID relief package which generally provided level or increased funding for housing and homeless programs. HOME was level funded at \$1.35 billion, the Housing Choice Voucher Program received an 8% increase to \$25.8 billion and Project Based Section 8 received a 7% increase to \$13.5 billion. The bill also included language allowing High Impact Lead program grantees like RIHousing more flexibility in administering their awards. A more detailed analysis of housing program funding levels can be found [here](#).

**Election Results:** The Senate run-off elections in Georgia results in a 50-50 split of the U.S. Senate, with VP Elect Harris as the tiebreaking vote. This means that Democrats will take majority control of the Senate while retaining control of the House. With this shift in control, Senator Reed is likely to become Chairman of the Transportation-HUD Appropriations Subcommittee and the Armed Services Committee.

**Biden COVID Relief Package:** On January 14<sup>th</sup>, President-Elect Joe Biden announced his [American Rescue Plan](#), a \$1.9 trillion COVID-19 recovery package that includes an additional \$25 billion in rental assistance; \$5 billion for energy and water costs; \$5 billion in homelessness assistance; and funding for legal assistance for households facing eviction or foreclosure. The plan also calls on Congress to extend the eviction and foreclosure moratoriums, as well as continue applications for forbearance on federally guaranteed mortgages through September 30, 2021.

The plan calls for numerous public health measures and investments; funding for schools and educational programs; paid emergency leave for workers to prevent the spread of the virus; \$1,400 stimulus checks to individuals; extending and expanding unemployment benefits; funding for programs to prevent food insecurity; raising the minimum wage to \$15 per hour; funding for child care; grants and loans to small businesses; and more.

## STATE

**Governor Raimondo's Cabinet Nomination:** On January 8<sup>th</sup>, President Elect Biden nominated Governor Gina Raimondo as U.S. Commerce Secretary. Once Governor Raimondo is confirmed, Lieutenant Governor McKee will become Governor and will select a new Lt. Governor. The General Assembly is currently considering legislation that would give the Assembly the power to select or confirm the new Lt. Governor.

### **General Assembly Updates:**

On December 21<sup>st</sup>, the Governor signed the revised FY21 budget. The 'skinny' budget included a \$65 million housing and community opportunity bond to be voted on in a special election on March 2<sup>nd</sup>.

The new legislative session began on January 5<sup>th</sup>. Representative Shekarchi was elected as House Speaker and Representative Blazejewski was chosen as House Majority Leader. On the Senate side, Senator Ruggiero was re-elected as Senate President with Senator McCaffrey serving as Majority Leader. Both chambers are continuing to meet remotely.

## FINANCE

**Bond Issuance:** On January 13<sup>th</sup>, Finance successfully executed a new bond issuance for the Multi Family Development Bond Program. This bond sale will provide \$65 million for the financing of six affordable housing

developments and will refund \$16 million in older, higher-rate bonds, decreasing RIHousing's overall borrowing cost.

\$34 million in tax-exempt bonds have been designated as Sustainability Bonds and the funds will be used to finance three developments. \$31 million of taxable bonds have been designated as Social Bonds and will fund the remaining three projects. The Social Bond designation highlights the work that RIHousing does to fund the creation of affordable apartments at rent levels that low and moderate income individuals and families can afford, while the Sustainability Designation highlights carrying out this work while, at the same time, meeting energy efficiency standards within the financed housing developments.

The engagement and attention to our sale that we were able to achieve via our new investor web page, [rihousingbonds.com](http://rihousingbonds.com), contributed to our issuance receiving over \$723MM in orders received for the \$81MM offering; nine times as many orders were received as there were bonds for sale. This strong investor interest allowed for reduction in yield across almost all bonds of at least 5bps and up to 25bps for certain bonds.

As part of this transaction Moody's Rating Services reaffirmed the ratings on the bonds at Aa2.

**New Investor Transparency Initiative:** We're excited to share that our new Bond Investor website, [www.RIHousingBonds.com](http://www.RIHousingBonds.com), has recently launched. The site allows us to share information on future bond sales with potential investors and provides a single location for investors to access data and documents that outline the credit features of our financing programs. Powered by BondLink, a financial technology company, the website allows us to reach more investors and to provide financial updates in a much more user-friendly format. The site went live in late December.

RIHousing  
Budget to Actual 12/31/20  
(\$ thousand)

	Annual Budget 2021	YTD Budget 12/31/2020	YTD Actual 12/31/2020	Variance		Comments
				\$	%	Below
Net Interest Income (includes other bond related costs)	\$ 29,300	\$ 14,650	\$ 12,525	\$ (2,125)	-15%	1
Fee Income	19,480	9,740	9,107	(633)	-6%	
Gain on Sale of Loans	3,478	1,739	2,971	1,232	71%	2
Sub-Total: Revenue	52,257	26,129	24,603	(1,526)	-6%	
Loan Losses and Expenses	(3,000)	(1,500)	(1,444)	(56)	-4%	
Programmatic Expense	(4,365)	(2,183)	(963)	(1,220)	-56%	3
Operating Expense	(37,229)	(18,615)	(17,172)	(1,443)	-8%	
Net Revenue	\$ 7,663	\$ 3,832	\$ 5,024	\$ 1,192	31%	

1 Includes bond issue costs and reduction in interest due to loans in forbearance

2 Increased loan sales to offset reduction in interest income

3 Timing of program rollout

	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>12/31/2020</u>	S&P Criteria	
NPAs/Loans + REO	1.65%	2.72%	3.02%	< 5.0%	4
Equity/Assets	14.86%	13.97%	13.42%	15.00%	5
Return on Assets	0.14%	0.60%	0.36%	0.50%	6
Loans/Assets	69.76%	64.03%	59.90%	< 75.0%	7

4 Delinquency ratios increasing; still below S&P maximum recommended

5 Decrease in ratio due to higher bond activity which increases asset size

6 Decrease based on estimated net income lower than previous year

7 Liquidity ratio below S&P maximum and continuing to improve