

MEMO

To: Board of Commissioners
From: Carol Ventura
Date: August 18, 2022
Subject: Monthly Update

PROGRAM NEWS

HOMEOWNERSHIP

Product	2021 Actual (units)	2022 Goals (units)	2022 Units (as of 7/31/22)	2022 Funded (as of 7/31/22)
	Closed/Funded			
<i>First Mortgage</i>	1,711	1,400	781	\$243.1 million
<i>FirstHomes Tax Credit</i>	136	125	52	-

Mortgage closings have grown sequentially since registering 96 in April: 98 in May, 107 in June, and 111 in July. Market demand to partner with Homeownership has been strong as evidenced by the following institutions who have been approved and onboarded for business in 2022:

Mortgage Network, Inc.	MA
Embrace Home Loans	RI
Supreme Lending	TX
Homebridge Financial Services, Inc.	NJ
Princeton Mortgage	NJ
Coastal1 Credit Union	RI

Providence Journal Readers' Choice Awards:

Congratulations to our Homeownership group! RIHousing has been nominated as one of the top three lenders in the Mortgage Lender category through the Providence Journal Readers' Choice Awards. This is the first year that RIHousing has been nominated.

LOAN SERVICING/ASSET MANAGEMENT

Program	As of 12/31/21	2021 Portfolio value	As of 07/31/22	Portfolio value as of 07/31/22
RIH Single-Family Portfolio	20,479 loans	\$2.07 billion	20,362 loans	\$2.15 billion *
Multi-Family Portfolio	677 loans	\$940.99 million	686 loans	\$963.66 million *
MSS Single-Family Portfolio	6,540 Loans	\$584.05 million	6392 Loans	\$592.42 million

Madeline Walker Portfolio	253 liens	\$1.71 million	220 liens	\$1.55 million
REO Portfolio	17 homes	\$1.39 million	12 homes	\$1.29 million

*Includes loans serviced for others i.e., loans sold TBA, Federal Program loans, Conduit loans

Delinquency Update:

	July 2021	July 2022
# Overall Delinquent Loans	1,481	1,319
Total Active Portfolio	11,350	10,978
Delinquency Rate	13.05%	12.01%
Seriously Delinquent (90+ days)	1,014 (8.93%)	526 (4.79%)

Homeowner Assistance Fund:

	As of 7/31/22
# applications received	2,948
# applications approved	596
# applications denied	566
\$ amount of assistance provided	\$14,842,663.32

DEVELOPMENT

Program	2021 Actual (Firm Commitment)	2022 Goals	2022 YTD as of 7/31/2022 (Firm Commitment)
9% LIHTC (Rental Production)	170 units (3 deals)	168 units (3 deals)	129 units (2 deals)
4% LIHTC (Rental Production & Preservation)	270 units 4 deals	630 units (9 deals)	120 units (2 deals)
Preservation Deals w/o LIHTCs	463 units (5 deals)	800 units (7 deals)	345 units (3 deals)
New Production w/o LIHTC			26 units (1 deal)
NOAH Deals	NA	TBD	176 units (1 deal)
Workforce Housing Innovation Challenge Loan Program	74 WFH units (301 total units) 4 deals	TBD	57 WFH units (285 total units) (1 deal)

Preservation Revitalization Loan Fund (\$3 million)	0	Rolling Application until funds are spent	0
Preservation Loan Fund (\$10 million)	241 units (4 deals)	Rolling Application until funds are spent	75 units (1 deal)
2020 Capital Magnet Fund * (\$5.225 million over three years)	Awarded April 2021	Rolling Application until funds are spent	140 units (1 deal)

**CMF 2020- Effective Date, April 15, 2021; RIH has 2-year commitment of 599 units, 3 years to disburse funds, 5 years to complete projects*

Treasury issues new guidance on SFRF funds: The Treasury Department announced new guidance that will significantly increase the ability of state and local governments to use Coronavirus State and Local Fiscal Recovery Funds to support the development of affordable housing. The new guidance allows states and localities to use recovery funds to make long-term loans to affordable housing developments, as long as units are targeted to tenants earning 65 percent of area median income or lower for a minimum of 20 years. This new guidance will allow us to use RI Rebounds funds in both 4% and 9% transactions based on standard practice. Prior to this, our ability to use recovery funds in a LIHTC deals were severely restrained.

Pipeline: As a result of the consolidated applications and funding awards made in June, the current MF pipeline of active transactions is 41 projects ranging from homeownership and small rental to large multifamily projects that collectively will finance 1,629 units. Staff is working diligently to move transactions toward firm approval and/or closing. Many developers are still struggling with construction cost increases and interest rate fluctuations.

Capital Magnet Fund Awards: On June 22nd, U.S. Treasury announced \$336.4 million in Capital Magnet Fund Awards to support affordable housing to 59 organizations. These awards were made through the fiscal year (FY) 2021 round of the Capital Magnet Fund, and will support financing for the preservation, rehabilitation, development or purchase of affordable housing as well as related economic development and community service facilities such as day care centers, workforce development centers and health care clinics. This is the largest award round since the creation of the Capital Magnet Fund and a 23% increase in the number of awardees compared to the FY 2020 award round. RIHousing was awarded \$12,000,000.

Habitat Volunteer Day: In early August, 13 team members stepped out of the office and spent the day working on a South County Habitat project for a family in South County. Staff insulated, installed siding, completed the shed (no basement) and received a lot of satisfaction contributing to our mission of providing affordable housing in a different way.

LEASED HOUSING AND RENTAL SERVICES

HUD PBCA Draft Solicitation: On July 27th, HUD released a draft solicitation for Housing Assistance Payments Contract Support Services (HAPSS), which apparently will substantially replace the Performance-Based Contract Administrator (PBCA) Program. The release opens a 30-day comment period on a proposed solicitation for service-providers to carry various HAP contract administrative responsibilities across five regions, each with three sub-regions, while bringing critical contract administration services in-house at HUD. New England would be one sub-region within the Northeast region. Staff in the Leased Housing and Rental

Services Division currently administer these HUD contracts that support approximately 16,000 affordable rental units in the State. RIHousing is very concerned about the proposed structure which would remove state-based administration of the Section 8 portfolio in favor of performance by HUD with regional subcontracting servicers. We are engaging with the Congressional Delegation the Governor's office, NCSHA and key local and regional partners to extend the comment period and share concerns about the solicitation.

Treasury adds flexibility for unobligated ERA 2 funds: The U.S. Department of the Treasury updated its guidance for the Emergency Rental Assistance (ERA) program to enumerate flexibilities provided under the American Rescue Plan Act for ERA 2 dollars that are unobligated as of October 1, 2022. The updated FAQs allow such funds to be used for the construction, rehabilitation, or preservation of affordable housing projects and the operation of affordable housing projects that were constructed, rehabilitated or preserved using ERA 2 funds.

Staff Updates:

Congratulations to Becky Canela and Angie Castillo for successfully completed The Nan McKay and Associates HCV Program Management course and exam. They are now credentialed and authorized to use the NMA V.P.M. designation.

Michael DiChiaro was named to the Board of Directors of the National Leased Housing Association.

COMMUNICATIONS

MEDIA COVERAGE

- **Rhode Island Monthly (August 5):** Providence is Undergoing Its Biggest Makeover Since the 1990s
- **U.S. Political and Economic Organizations News via PUBT (August 1):** Jack Reed - After Delivering Federal Affordable Housing Funds, Reed Calls for Action to Help Build More Homes
- **Providence Journal – Powered by Dow Jones (July 30):** RI housing market shows signs of cooling; Data shows slowing pace of sales, price increases
- **Targeted News Service (Print Edition) (July 27):** R.I. Gov. McKee Announces Over \$11M in Grants to 27 Nonprofit Agencies to Address Homelessness in Rhode Island
- **Providence Business News (July 26):** 27 homeless-support nonprofits receive \$11M from state's Consolidated Homeless Fund
- **Patch.com (July 26):** RI Gives \$11 Million in Grants to Homelessness Nonprofits
- **WJAR-TV (July 26):** McKee administration to distribute \$11 million to 27 nonprofits to tackle homelessness
- **Boston Globe (July 14):** Rhode Island Business News
- **Targeted News Service (Print Edition) (July 9):** Reed's CMF Law Delivers Another \$12M to Support Rhode Island Affordable Housing Development
- **New England Real Estate Journal (July 8):** Pawtucket highlights the importance of homeownership - by Donald Grebien
- **Providence Business News (July 6):** R.I. Housing awards \$1M for Residences at Riverside Square apartment construction
- **WPRI-TV (July 6):** Landlord incentive program finds housing for nearly 100 homeless people
- **The Providence Journal (July 6):** Developer to avert condemnation, turn Woonsocket mills into 60 affordable apartments
- **The Center Square (July 5):** Rhode Island making affordable housing options more widely known

- **WPRI-TV (July 5):** About 50 RI landlords have used Section 8 incentive created in 2020
- **WLNE-TV (July 5):** General Assembly approves affordable housing bill
- **EastBayRI.com (July 1):** Affordable housing units planned in Tiverton's Bourne Mills
- **STL NEWS (June 27):** Rhode Island Governor – Rental Homes at Brookside Terrace
- **What's Up New (June 24):** Assembly approves bills to help address housing crisis
- **Targeted News Service (Print Edition) (June 24):** R.I. Gov. McKee, RIHousing Announce Award of Funds to Support Creation of Affordable Housing
- **The Valley Breeze (June 22):** City announces next installment in Pawtucket Promotes series
- **The Boston Globe (June 20):** Reimagining the role of R.I. Commerce, for the good of all Rhode Islanders
- **Roxcloud (June 20):** RI has helped 15% of Homeowner Assistance Fund applicants so far
- **WPRI-TV (June 16):** McKee unveils \$80 million affordable housing investment
- **EastBayRI.com (June 16):** Three affordable housing projects in East Providence win funding approval
- **Providence Business News (June 16):** R.I. announces \$80 million investment in affordable housing
- **Patch.com (June 16):** Tiverton Getting 47 Affordable Housing Units at Bourne Mill Complex
- **The Providence Journal (June 16):** RI Housing approves \$25 million for Superman Building, other affordable housing projects
- **Newport Buzz (June 16):** Governor McKee Announces Historic \$80M Investment for Affordable Housing Across Rhode Island
- **Patch.com (June 16):** Coventry Getting 8 New Affordable Housing Units from State Funding
- **WLNE-TV (June 16):** Rhode Island to invest in 700 new affordable housing units
- **The Valley Breeze (June 15):** PCF Development celebrates new affordable homeownership
- **Construction Equipment Guide (June 13):** Redevelopment of Historic 19th Century Rhode Island Mill Has Begun
- **New England Real Estate Journal (June 10):** Standard Communities leads public-private partnership to convert 176-unit market rate community to long-term affordable housing
- **The Center Square (June 7):** Arctic Mill to be transformed into housing, commercial space

COMMUNICATIONS & OUTREACH

RECENT EVENTS

Homeownership Resource Fair, Pawtucket (June 23rd): Homeownership and LeadSafe Homes staff participated in a housing resource fair for prospective homebuyers. Staff members were able to connect to Pawtucket residents and share information on our lead and homebuying programs and details on the process of buying a home with potential first-time homebuyers. Other attending organizations included BVCAP, HousingWorks RI, Pawtucket Housing Authority, and Pawtucket Central Falls Development.

Senior Resource Fair, North Providence (July 11th): Loan Center and LeadSafe Homes staff attended Congressman Cicilline's Annual Senior Resource Fair, his first since the start of the COVID-19 pandemic. The event provides older adults, caregivers and individuals with disabilities with resources from nearly 30 attending organizations. Many attendees expressed interest in speaking with RIHousing staff and had questions about the availability of affordable housing and rental programs.

Rhode Island Real Estate Investor Group Presentation, Warwick (July 22nd): Representatives from RIHousing's HCVP and LeadSafe Homes teams presented to real estate investors at their monthly in-person

meeting. The presentation aimed to share the benefits and incentives for property owners to partner with RIHousing and participate in our HCVP and LeadSafe Homes programs.

PRESS EVENTS

Groundbreakings and Ribbon Cuttings:

Middle Street Ribbon Cutting, Pawtucket (June 17th): We joined PCF Development for their ribbon cutting event to celebrate the creation of new homeownership opportunities in Pawtucket. The project has revitalized what was once a large vacant, underutilized and blighted area of land adjacent to downtown Pawtucket. The Pawtucket Redevelopment Agency owned the property and selected PCF Development to develop it. The event was held in June to coincide with National Homeownership Month.

Southside Community Land Trust Ribbon Cutting, Providence (June 24th): We joined Southside Community Land Trust (SCLT) as they celebrated and thanked supporters of their new facility in Providence. Senator Reed and Mayor Elorza joined SCLT for the event, which also featured tours of the three healthy food retail spaces, the Farm-to-Market Center, community kitchen and their program and administrative offices. The project received funding from the state Acquisition and Revitalization Program (ARP).

Brookside Terrace I & II Ribbon Cutting, East Greenwich (June 27th): Senator Reed, Governor McKee and Housing Secretary Josh Saal joined us for a ceremonial ribbon cutting for Phases I and II at Brookside Terrace in East Greenwich. Combined, both phases will provide 96 apartments. Phase II is being designed and built to Passive House standards, which utilizes super insulation, airtight building envelope and heat-recovery ventilation systems to reduce overall energy consumption. Six of the units will be subsidized with HUD Section 811 project-based vouchers and will serve extremely low-income disabled tenants.

State Budget Press Conference (August 11th): We joined Governor McKee and state leadership at an event to celebrate the passage of \$250 million as part of the state's approved FY 23 budget. Held at the Warwick Housing Authority, the event provided the opportunity for the Governor and state leadership to provide additional details on the \$250 million of the FY 2023 budget allocated toward affordable housing-related efforts.

UPCOMING EVENTS

Groundbreakings and Ribbon Cuttings: Staff are working with development partners on a number of groundbreakings and ribbon cuttings for the late summer and fall months. Specific dates are TBD, but the following events have been confirmed:

Fernwood III Ribbon Cutting, Burrillville (August 22nd): We will join Neighborworks Blackstone River Valley as they cut the ribbon on 8 new homeownership properties at Fernwood. When complete, Fernwood will include 30 units of new construction homeownership housing planned across four phases in the Village of Pascoag. Twenty-two of the eventual thirty units have been constructed to date. A significant portion of the financing for the project is being provided through the United States Department of Agriculture's ("USDA") Mutual Self-Help Housing program (the "USDA Program"), which is one of their primary tools to provide rural homeownership opportunities. The USDA Program requires NWBRV to supervise groups of very-low- and low-income individuals and families as they construct their own homes. The group members provide most of

the construction labor on each other's homes, with technical assistance provided by NWBRV. In exchange, families commit to 30- 35 hours of work building the homes per week until completion.

Sutton Place, Ribbon Cutting, East Providence (October 17th): ONE Neighborhood Builders is holding a ribbon cutting at Sutton Place, which consists of 2 nearly identical buildings constructed in 1970, located on a single tax lot. The properties are undergoing exterior and interior upgrades/updates, including new roofs, all new windows, new landscaping, the installation of a ramp with modifications to doors to allow for ADA accessibility as well as new kitchens and bathrooms in the apartments along with new flooring, doors and painting.

GOVERNMENT RELATIONS

FEDERAL

Federal Appropriations: On June 30th, the House Appropriations Committee passed the Transportation, Housing and Urban Development, and Related Agencies fiscal year 2023 appropriations bill. The bill would provide \$62.7 billion for HUD programs and activities, \$9 billion more than the FY 2022 enacted level and \$1.1 billion above President Biden's FY 2023 budget request. The bill provides \$1.7 billion for the HOME Investment Partnerships (HOME) program, including a \$50 million set-aside for a down payment assistance program to help first-time, first-generation home buyers purchase homes.

On July 28th the Senate Appropriations Committee released twelve FY 2023 appropriations bills, including the Transportation, Housing and Urban Development, and Related Agencies (THUD) bill. The bill would provide \$59.6 billion for HUD programs and activities, \$3.1 billion below the House-passed bill. The bill includes \$1.725 billion for the HOME Investment Partnerships program, an increase of \$25 million over the House-passed bill and the highest HOME funding level in more than a decade. The bill also significantly increased funding for a number of other key programs.

A table showing proposed housing program funding levels is available here: <https://www.ncsha.org/wp-content/uploads/NCSHA-FY-2023-Budget-for-HUD-and-USDA.-1.pdf>

STATE

2022 Legislative Session Wrap-up: The General Assembly session recessed on June 24th, concluding a year of historic investments in housing and homelessness programs including \$250 million in federal State and Fiscal Recovery Funds, of which RIHousing will be administering \$220 million through a variety of programs. Housing was also a key focus for legislative action, including a package of bills introduced by the Speaker of the House which dealt with a wide range of housing issues from creating a new Department of Housing to streamlining the process for development of accessory dwelling units (ADUs) and restructuring the State Housing Appeals Board (SHAB). For a full overview of the legislative session, please see the attached legislative session wrap-up memo.

FINANCE

On June 29th, Finance successfully executed a new bond issuance for the Multi Family Development Bond Program. This bond sale provides \$28 million to fund the acquisition and rehabilitation or construction of

three affordable housing developments, providing 186 total units for renters making below 60% of area median income.

The market at the time of issuance was an especially challenging one, as mixed-to-weak economic data created volatility in rates and as investors continued their weeks-long exit from municipal bond funds. Despite the challenging issuance climate, our bond sale saw strong retail demand, with just under one third of the issuance being sold to retail investors, and over 60% of those retail investors belonging to Rhode Island specific accounts. This strong retail demand created oversubscription and resulted in a decreased overall debt cost.

The issuance was again marketed on our investor web page, rihousingbonds.com and as part of the transaction Moody's Rating Services reaffirmed the ratings on the bonds at Aa2.