

STATE OF RHODE ISLAND

DEVELOPMENT OF AFFORDABLE HOUSING 2 (“DAH-2”)

(also known as ARPA PRODUCTION FUND (“APF”))

PROGRAM DESCRIPTION

1. Program Overview	<p>The purpose of DAH-2 is to provide funding for the development of new single family and multifamily units for households with incomes below 80% of Area Median Income (“AMI”).</p> <p>The source for DAH-2 is State and Local Fiscal Recovery Funds (“SLFRF”) funded through the American Rescue Plan Act of 2021, and therefore all projects are required to comply with federal SLFRF guidance.</p>
2. Eligible Applicants	<p>Eligible applicants include for-profit and non-profit developers, owners of existing affordable housing developments, and Public Housing Authorities.</p>
3. Eligible Activities	<p>New construction or rehabilitation of income eligible homeownership and rental units.</p> <p>All projects funded under DAH-2 must adhere to the requirements of the LIHTC or HOME Program applicable to resident income, period of affordability, tenant protections, and housing quality standards, though are not required to utilize funding from either of those programs.</p>
4. Target Population/Areas	<p>Developments must benefit low- and moderate-income individuals and families with gross annual incomes at or below 80% of AMI adjusted for family size.</p> <p>Developments that benefit lower income households are encouraged under the DAH-2 program. DAH-2 resources may not be used for units for households above 80% AMI.</p>
5. Program Allocation	<p>\$75,000,000 to be committed by December 31, 2024, through several competitive funding rounds.</p>

<p>6. Funding Type</p>	<p>Rental: Long term loan secured by a deed restriction for rental developments.</p> <p>Homeownership: Deed restricted for sale homes, including condominiums, for households with incomes below 80% AMI</p>
<p>7. Interest rate and Term</p>	<p>Interest Rate: 0%</p> <p>Rental Development Loan Term: The term of the loan will be a minimum of 30 years and co-terminus with the senior debt. To the extent available, these loans will be repaid through 50% of surplus cash as defined in the RIHousing loan documents. Underwriting terms must be consistent with RIHousing standard underwriting guidelines as outlined in the Developer’s Handbook.</p> <p>Homeownership Loan Term: 0% loan to the developer that is forgiven upon sale to the homebuyer.</p>
<p>8. Funding Priorities</p>	<ul style="list-style-type: none"> • Newly created units for households earning up to 80% of AMI. “New” is defined as newly affordable and may include homeownership units or rental units created in conjunction with a LIHTC development refinance. • Proposals that provide at least 10% of the total units for households with incomes at or below 30% of AMI. • Development that has or will contribute to a comprehensive neighborhood revitalization strategy, community building initiative or similar local initiative. • Proposals providing for the greatest number of affordable units at the lowest total development cost. • Proposals using tax exempt bonds and 4% LIHTC and developing new affordable units.

<p>9. Threshold Criteria</p>	<ul style="list-style-type: none"> • Readiness to Proceed: Owner/Developer must demonstrate ability to proceed to closing on all financing and begin construction within nine months of commitment. • Financial Feasibility: The development must demonstrate financial feasibility for: (i) the overall development costs of the project and (ii) the long-term operation of the proposal. • Marketability: The development must have a reasonable likelihood that it will achieve sustainable occupancy of 95% within 6 months of construction completion. For mixed income proposals the applicant must submit a third-party market study that includes an absorption schedule, lease-up reserve and identifies the timeline for achieving 95% occupancy. • Development Team Capacity: The developer must have experience in the successful development and operation of affordable housing of similar scope and complexity. The Developer and their development team will be evaluated on its professional capacity to plan, build, market, and operate the proposed development.
<p>10. Term of Affordability</p>	<p>A minimum of 30 years</p>
<p>11. Availability of Funds</p>	<p>DAH-2 funds will be available through a Request for Proposals issued by RIHousing</p>
<p>12. Program Leverage with Other Financial Resources</p>	<p>It is expected that the DAH-2 award will be matched with other public and private funds for the development of the proposed units.</p>

DAH-2 Program Scoring Criteria

Rental Scoring Criteria

Point Allocation Summary

35 Points	Cost Effectiveness
47 Points	General Points
9 Points	Sustainable Design

91 Total Points

Total Development Cost – Up to 10 points

Project TDC per unit at or below \$350,000	10 points
Project TDC per unit between \$350,001 and \$375,000	8 points
Project TDC per unit between \$375,001 and \$400,000	5 points
Project TDC per unit between \$400,001 and \$425,000	3 points
Project TDC per unit between \$425,001 and \$450,000	0 points

Leveraging - Up to 10 points

DAH-2 funding is < 25% of TDC	10 points
DAH-2 funding is < 50% of TDC	5 points
DAH-2 funding is > 50% of TDC	0 Points

4% LIHTC Tax Exempt Bond – Up to 5 Points

DAH-2 Funds are last source – Up to 5 Points

Committed Operating Support – Up to 5 Points

20% or more units within the development	5 points
10-19.99% of units within the development	3 points
Up to 9.99% of units within the development	1 point

Readiness to Proceed – Up to 8 points

Fully permitted development with plans and specifications that are at least 90% complete AND architect confirms in writing that the plans and specifications can be 100% complete within 30 days AND the application includes a signed schedule of value from the general contractor, determined by RIHousing to be consistent with current pricing	8 points
Project has Master, preliminary and final plan approval for a development of for a development with "by right" approval	6 points

New Production vs. Preservation – Up to 6 Points

100% of the units are new affordable units	6 points
50% of the units are new affordable units	4 points
25% of the units are new affordable units	2 points
No new units	0 points

Utilizing RI Based Firms – Up to 3 Points

Applicant certifies that 50% of the subcontractors will be RI based firms	3 Points
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Development that has or will contribute to a comprehensive neighborhood revitalization strategy, community building initiative or similar local initiative - Up to 5 Points

Development is located in a previously approval Concerted Community Revitalization Plan (CCRP) as outlined in the QAP	5 Points
Developer submits a letter from the municipality outlining how the project will contribute to a comprehensive neighborhood revitalization strategy, community building initiative or similar local initiative	5 Points
Applicants can demonstrate how the proposed housing contributes to an overall plan to revitalize and/or stabilize the neighborhood or that builds upon previous investments	Up to 5 Points

Effectively serving people: (i) who have income at or below 30% of median income, (ii) are homeless and coming from the Coordinated Entry List or (iii) have special needs WITHOUT supportive services – Up to 18 Points

21% or greater of the total number of units in the development	18 points
16% - 20% of the total number of units in the development	15 points
11% - 15% of the total number of units in the development	12 points
Up to 10% of the total number of units in the development	9 points

OR

Effectively serving people: (i) who have income at or below 30% of median income, (ii) are homeless and coming from the Coordinated Entry List or (iii) have special needs WITH supportive services – Up to 25 Points

21% or greater of the total number of units in the development	25 points
16% - 20% of the total number of units in the development	50 points
11% - 15% of the total number of units in the development	15 points
Up to 10% of the total number of units in the development	10 points

Sustainable Design- Up to 9 Points

Exceeds Energy Star 3.1 Version 8 for new construction OR substantial rehab that surpasses Tier II standards	3 points
Meets RNC Tier II AND most current Net Zero or Passive House standards	3 points
Incorporates solar panels or other renewables including net metering	Up to 3 points based on size and amount of energy produced

Homeownership Scoring

Point Allocation Summary

25 Points Cost Effectiveness
 16 Points General Points
 9 Points Sustainable Design

50 Total Points

Total Development Cost – Up to 10 points

Project TDC per unit at or below \$350,000	10 points
Project TDC per unit between \$350,001 and \$375,000	8 points
Project TDC per unit between \$375,001 and \$400,000	5 points
Project TDC per unit between \$400,001 and \$425,000	3 points
Project TDC per unit between \$425,001 and \$450,000	0 points

Leveraging - Up to 10 points

DAH-2 funding is < 25% of TDC	10 points
DAH-2 funding is < 50% of TDC	5 points
DAH-2 funding is > 50% of TDC	0 Points

DAH-2 Funds are last source – Up to 5 Points

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