

## ERA2-PRODUCTION FUND (“ERA2-Production”)

### PROGRAM DESCRIPTION

<b>1. Program Overview</b>	<p>The purpose of ERA2-Production is to provide funding for the development of new multifamily units or preservation of existing multi-family housing for households with incomes at or below 50% of Area Median Income (“AMI”).</p> <p>The source for ERA2-Production is the ERA2 Supplemental Development Financing Program, an Emergency Rental Assistance Program (“ERAP,” more specifically “ERA2”), which is funded through the American Rescue Plan Act of 2021. All projects are required to comply with federal ERA2 guidance, including Treasury Guidance FAQ #46.</p>
<b>2. Eligible Applicants</b>	<p>Eligible applicants include for-profit and non-profit developers, owners of existing affordable housing developments, and Public Housing Authorities.</p>
<b>3. Eligible Activities</b>	<p>New construction or rehabilitation of income eligible rental units.</p> <p>All projects funded under ERA2-Production must conform to and meet the requirements of the LIHTC or HOME Program, though are not required to utilize funding from either of those programs.</p> <p>For projects with units above 50% AMI, the developer must identify the remaining funds to finance the balance of the development costs.</p>
<b>4. Target Population/Areas</b>	<p>Developments must benefit low- income individuals and families with gross annual incomes at or below 50% of AMI adjusted for family size.</p>

<p><b>5. Program Allocation</b></p>	<p>Up to \$15,000,000 to be allocated between ERA2-SAP, ERA2-Predevelopment, and ERA2-Production programs, at the discretion of RIHousing.</p>
<p><b>6. Funding Type</b></p>	<p>Grant or long term loan secured by a deed restriction, or equivalent instrument, for rental developments.</p> <p>ERA2-Production funds must be expended by September 30, 2025.</p> <p>Costs must have been incurred after January 1, 2024 to be eligible for reimbursement.</p>
<p><b>7. Interest rate and Term</b></p>	<p><b>Interest Rate:</b> 0%</p> <p><b>Rental Development Loan Term:</b> 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><b>8. Funding Priorities</b></p>	<ul style="list-style-type: none"> <li>• Newly created units for households earning up to 50% of AMI. “New” is defined as newly affordable and may include rental units created in conjunction with a LIHTC development refinance.</li> <li>• Preservation financing for existing units for households earning up to 50% of AMI.</li> <li>• <b>Projects that can unequivocally demonstrate the ability to spend the ERA2 funds no later than August 31, 2025 on ERA2 eligible activities</b></li> </ul>

<p><b>9. Threshold Criteria</b></p>	<ul style="list-style-type: none"> <li>• <b>Readiness to Proceed:</b> Owner/Developer must demonstrate ability to proceed to closing on all financing and begin construction within nine months of commitment.</li> <li>• <b>Financial Feasibility:</b> The development must demonstrate financial feasibility for: (i) the overall development costs of the project and (ii) the long-term operation of the proposal.</li> <li>• <b>Marketability:</b> 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.</li> <li>• <b>Development Team Capacity:</b> 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.</li> </ul>
<p><b>10. Term of Affordability</b></p>	<p>A minimum of 30 years</p>
<p><b>11. Availability of Funds</b></p>	<p>ERA2-Production funds will be available through a Request for Proposals issued by RIHousing. Applications will be accepted on a rolling basis.</p>
<p><b>12. Program Leverage with Other Financial Resources</b></p>	<p>It is expected that the ERA2-Production award will be matched with other public and private funds for the development of the proposed units.</p>

# ERA2-Production Program Scoring Criteria

## Rental Scoring Criteria

### Point Allocation Summary

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

### 74 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

ERA2-Production funding is < 25% of TDC	10 points
ERA2-Production funding is < 50% of TDC	5 points
ERA2-Production funding is > 50% of TDC	0 Points

#### ERA2-Production 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 9 points

Project is closed and under construction - developer must be able to demonstrate a need for the funds due to cost overruns	9 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	8 points

by RI Housing to be consistent with current pricing	
Project has Master, preliminary and final plan approval for a development of for a development with "by right" approval, and project can demonstrate the ability to deploy the ERA2 funds within the required timeline.	6 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

**Serving people who have income at or below 50% of median income 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

**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

