

GUIDELINES FOR HOUSING PRODUCTION FUND CAPITAL FUND

Program Purpose:

RIHousing announces funding availability under the Housing Production Fund (“HPF”). The HPF is intended to support both the development of new affordable housing and the preservation of existing affordable units.

RIHousing anticipates that the primary sources of financing for developments funded under the HPF may include tax-exempt bonds, syndication proceeds from the sale of 4% low-income housing tax credits (“LIHTC”), other gap financing sources, including other Owner/Developer resources.

Note: For LIHTC proposals, applicants should refer to the current Qualified Allocation Plan (“QAP”) and Developer’s Handbook (<https://www.rihousing.com/developers-handbook/>) to ensure compliance with LIHTC requirements.

Funding Availability: Approximately \$10,000,000 for direct production (through the HPF Capital Fund) and 1,800,000 for operating subsidy (through the HPF Extremely Low-Income Program). Please note that these amounts are approximate, and RI Housing reserves the right to adjust funding amounts for either program to incorporate additional HPF funding that becomes available through the end of FY2024.

Funding Type: Grants or Loans

Interest Rate: 0%

Loan Term: The term of the loan will be a maximum of 40 years and co-terminus with the senior debt. Underwriting terms must be consistent with RIHousing standard underwriting guidelines as outlined in the Developer’s Handbook.

Maximum Funding Amount: A maximum of \$4,000,000 per project. RIHousing reserves the right to award more than the maximum if determined to be in the best interest of the proposal and/or program.

Availability of Funds: HPF funds will be available through a Request for Proposals issued by RIHousing. Funding is available in the form of grants or deferred loans for rental developments and construction of homeownership opportunities.

(Funds for supportive services and operating subsidies are not available through the HPF – Capital Fund).

Eligible Applicants: Eligible applicants include for-profit and non-profit developers, owners of existing affordable housing developments, and Public Housing Authorities.

Income Targeting: Developments must benefit low- and moderate-income individuals and families with gross annual incomes at or below 80% of Area Median Income (“AMI”) adjusted for family size with a priority for households either exiting homelessness or earning no more than 30% of AMI. Mixed income developments are allowed under the HPF program.

Funding Priorities:

The HPF represents a limited resource with a large mandate. To ensure that resources are committed and expended in the most efficient manner that most positively impacts the state, RIHousing has established Funding Priorities and Threshold Criteria.

Priorities:

- Proposals using tax exempt bonds and 4% LIHTC and developing new affordable units.
- Proposals providing for the greatest number of affordable units at the lowest total development cost.
- Proposals for which HPF financing is the last resource needed to proceed to closing on financing.
- Proposals that leverage a permanent rental subsidy i.e. project based rental assistance for the ELI units.
- Newly created rental units for households earning up to 80% of AMI. “New” is defined as newly affordable and may include rental units created in conjunction with a LIHTC development refinance.

- Development that has or will contribute to a comprehensive neighborhood revitalization strategy, community building initiative or similar local initiative.
- For a preservation transaction. proposals that address critical housing needs including addressing housing obsolescence.
- Proposals that provide at least 10% of the total units for households with incomes at or below 30% of AMI.
- Preservation of existing affordable housing stock will be considered however, it is less of a priority than new production.

Threshold Criteria:

- **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 that meet the 20% at 50% or 40% at 60% set asides, 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.