

Program Guidelines

Housing Production Fund Extremely Low-Income Operating Reserve (HPF-ELI) Program

SECTION 1 PROGRAM PURPOSES

Program Purposes and Objectives. The Housing Production Fund (HPF) was established by amendment to Section 42-128 of the Rhode Island General Laws, known as the Housing Resources Act of 1998 to provide funding for the planning, production and preservation of affordable housing. These funds are administered by RIHousing, with the priorities for these funds ratified by the Coordinating Committee of the Rhode Island Housing Resources Commission (HRC) The enabling legislation for the HPF specifically establishes a priority for “households either exiting homelessness or earning not more than thirty percent (30%) of area median income.” In conjunction with the HRC Coordinating Committee, RIHousing has established the Housing Production Fund Extremely Low-Income Operating Reserve (HPF-ELI) Program to support units serving that population.

- 1.1 The primary purpose of these programs is to establish operating reserve funds to support the operation of units serving households earning 30% AMI or below, as without such operating support, the long-term success of such units is financially infeasible.
 - 1.1.1 Under the HPF-ELI, funds will be awarded to capitalize a project operating reserve to ensure that developers can create and preserve affordable rental housing for families and individuals with very low income including those who are homeless or at risk of being homeless. These funds will bridge the gap between residents’ ability to pay 30% of their gross household income toward rent and the established 50% Low-Income Housing Tax Credit (LIHTC) rents for the applicable unit size.
 - 1.1.2 Approval of proposals under the HPF-ELI is subject to appropriation.

SECTION 2 DEFINITIONS

- 2.1 Definitions. As used in these regulations.
- 2.2 **“At-risk of experiencing homelessness”** means persons who have received notice of eviction, and/or who are experiencing difficulty due to the inability to pay rent, and is inclusive of persons residing in institutional settings who have been unsuccessful in locating housing.
- 2.3 **“Capacity”** means experience in implementing financially sound housing programs as well as the ability to provide or coordinate necessary supportive services if applicable.
- 2.4 **“Extremely low income”** for the purpose of these programs means annual gross income at or less than 30% of State median family income.

- 2.5 “**Income**” shall be defined as gross annual income which includes but is not limited to: gross wages, salaries, overtime pay, commissions, fees, tips, bonuses, public assistance, retirement and pension benefits, Workmen’s Compensation, Temporary Disability Insurance, Supplemental Security Income (SSI), and interest income from assets.
- 2.6 “**Minimum rent for HPF-ELI**” means rent calculated at 30% of the federal gross monthly Supplemental Security Disability Income (SSDI).
- 2.7 “**Operating cost**,” means costs associated with the day-to-day operation of a Development. Some examples include: maintenance and repair, operations staff, taxes, utilities, equipment, supplies and insurance.
- 2.8 “**Development**” means unit(s), site(s), or an entire building. Development includes all the activities associated with the site and building.
- 2.9 “**Proposal**” means any eligible activity or group of activities necessary to implement a single program or Development.
- 2.10 “**RIHousing**” means Rhode Island Housing and Mortgage Finance Corporation, a public corporation organized and existing under Chapter 55 of Title 42 of the Rhode Island General Laws, as amended.
- 2.11 “**Supportive services**” may include, but are not limited to: case management; education; employment and training; behavioral health counseling; life skills development; and supervision.
- 2.12 “**Term of affordability**” for the purpose of these programs means consistency with RIGL 45-53-3 (5) which require that the housing shall remain affordable for a period of not less than thirty (30) years.
- 2.13 “**Unit**” must be a unit that contains a kitchen and a bathroom.

SECTION 3 ALLOCATION OF FUNDS

- 3.1 Eligible Applicants. Generally eligible applicants include non-profit organizations with 501(c) 3 status, Community Housing Development Organizations, private for-profit entities, limited partnerships, and Public Housing Authorities.
- 3.2 Income Targeting. Developments seeking HPF-ELI funds must benefit extremely low-income individuals and families with gross annual incomes at or below 30%AMI.
- 3.3 Priorities.
 - 3.3.1 Proposals with 10% or more of the dwelling units therein dedicated to serve households earning 30% AMI or below
 - 3.3.2 Proposals that target homeless individuals or families or those at risk of experiencing homelessness.
 - 3.3.3 Proposals with a long-term agreement with an experienced social service/homeless service provider to support the ELI units contemplated
- 3.4 Funding shall be the minimum necessary to make a development feasible.
 - 3.4.1 Applicants may receive an operating subsidy sufficient to cover the gap between gross rents and the actual Operating costs of each HPF-ELI unit for a minimum period of ten years.
 - 3.4.2 Rent plus utilities will be set at 30% of gross monthly household income. A minimum gross rent shall be charged as defined in 2.6. Rents received in excess of the minimum rent shall be applied to offset and extend the operating subsidy.
 - 3.4.3 Funds allocated to the operating subsidy shall be held in escrow by RIHousing and invested to maximize the available subsidy.
 - 3.4.4 Approved operating subsidies will be paid quarterly to the Development.

SECTION 4 ELIGIBLE PROGRAM COSTS

- 4.1 HPF-ELI eligible costs may include: direct subsidy to offset operating costs for units serving households earning 30% of AMI

SECTION 5 HOUSING STANDARDS

- 5.1.1 Each unit within a project must meet the Housing Quality Standards as defined in the United States Department of Housing and Urban

Development (HUD) Housing Choice Voucher Program. Units will be subject to inspection annually or at the discretion of RIHousing.

- 5.2.1 Recipients will be required to comply with the current HUD Lead Safe Housing Regulations and asbestos mitigation rules and applicable State lead laws.

SECTION 6 ELIGIBLE RESIDENTS

- 6.1 Eligible residents of HPF-ELI Units. Individuals and Families whose initial gross annual income does not exceed 30% of AMI
- 6.3 Tenants who are no longer income eligible residents due to an increase in income may continue to reside at the Development and pay 30% of gross income for rent. The next available unit shall be rented to an income eligible resident.

SECTION 7 RENTS

- 7.1 HPF-ELI Rents. Rents will be established at the greater of 30% of gross monthly income minus utility allowances, or the minimum rent as defined under Section 2.6
- 7.2 Income will be certified prior to initial occupancy to demonstrate eligibility and to determine rent. Incomes will be recertified annually to determine rental payments, but may be recertified more frequently due to substantial changes in income.

SECTION 8 APPLICATION PROCESS

- 8.1 Applications for Funding. RIHousing will announce a Request for Proposals from qualified organizations for funding and will make available the required applications for the HPF-ELI funds. The deadline for receipt of applications will be disclosed in the Request for Proposals.
- 8.2 Review of Applications. Applications shall be reviewed by RIHousing staff to determine eligibility, capacity of applicant and for the financial feasibility of the proposal.
- 8.3 Scoring of Applications. Reviewers comprised of RIHousing Development and Leased Housing and Rental Services Staff will review each application and will make recommendations for funding to the RIHousing Board of Commissioners based on application scores.

SECTION 9 SCORING

- 9.1 All applications will be reviewed by the RIHousing staff in accordance with the following criteria:

9.1.1 The extent to which the application addresses any of the priorities set forth in these guidelines.

- Developments with 10% or more of the dwelling units therein dedicated to serve households earning 30% AMI or below
- Owners with a track record of working with an experienced social service/homeless service provider to provide services to residents of ELI units.
- Developments that target homeless individuals or families or those at risk of experiencing homelessness
- Developments with units already in operation or those immediately ready for occupancy

9.1.2 Existing development stability or new development feasibility

9.1.3 Commitment of funds

- Private resources to be leveraged by the proposal
- Other public funding committed to the activity

9.1.4 Units immediately available for occupancy

9.1.5 Capacity of the applicant to undertake the program

SECTION 10 REQUIREMENTS

10.1 Term of commitment. All recipients must agree to operate units subsidized by HPF-ELI for the Term of Affordability. Upon the depletion of the operating subsidy, the Development sponsor may request a change of use to serve individuals and families with incomes not to exceed 50% AMI

10.2 Repayment of funds. If the Development is not operated to provide direct benefit to extremely low income persons for a minimum of 10 years following the date of initial occupancy or service provision, the funds advanced must be repaid.

10.4 Terms of the Agreement. The terms of the Agreement may be negotiated where conflicts exist with other funding sources.

SECTION 11 PROGRAM ADMINISTRATION

11.1 Administration. RIHousing shall administer and monitor the program.

11.2 Monitoring. To ensure compliance with the requirements set forth in these Guidelines, RIHousing may require information and reports on Developments receiving funding under the HPF_ELI and may conduct site visits and inspection of units. RI Housing will report to the Department of Housing and the Housing Resources Coordinating

Committee on a quarterly basis regarding allocations, expenditures, and other program accomplishments.