

**STATE OF RHODE ISLAND MIDDLE INCOME (“MI”) LOAN
PROGRAM DESCRIPTION**

<p>1. Program Overview</p>	<p>The purpose of the Middle Income (MI) Loan Program is to finance innovative proposals that seek to develop housing affordable to households with incomes between 80% - 120% of area median income (“AMI”). The program addresses the affordable housing needs of households who are increasingly caught in the gap between rising housing costs and ineligibility for other traditional state and federally financed affordable housing.</p> <p>Development of rental and homeownership opportunities for households with incomes between 80% - 120% AMI are eligible activities.</p> <p>The source for MI Program 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>
<p>2. Eligible Applicants</p>	<p>For Profit and non-profit developers</p>
<p>3. Eligible Activities</p>	<p>New construction or adaptive reuse for the development or redevelopment of income eligible rental housing or for sale homes. Rehabilitation of occupied rental housing currently operating without any affordability restrictions (with future restrictions on income eligibility) is also eligible for Program financing.</p>

<p>4. Target Population/Areas</p>	<p>Residential housing for households with incomes between 80% and 120% of AMI (as defined by HUD under the “Other Federal, State or Local Program (non-LIHTC)” guidelines). Funding is available statewide.</p> <p>Rental Housing: A minimum of 20% of units in the development must be MI restricted units. Rents must be set at 30% of the applicable area median income(s) as agreed to in the Affordability Agreement. All MI units must be equally dispersed throughout the development.</p> <p>In order to qualify as a MI unit, there must be no less than a 10% discount to market rents based on an appraisal or market study commissioned by RIHousing or the senior lender. Therefore, the required MI unit rent may be determined by using a percentage of AMI which is less than 100%.</p> <p>Homeownership Housing: For sale homes including condominiums for households with incomes between 80% - 120% AMI.</p>
<p>5. Program Allocation</p>	<p>\$20,000,000¹ for direct production to be committed by December 31, 2024, through several competitive funding rounds.</p> <p>¹ Approximately \$1,400,000 is available as of September 2024</p>
<p>6. Funding Type</p>	<p>Rental: Deferred loans secured by a mortgage and deed restriction</p> <p>Homeownership: 0% loan secured by deed restriction</p>
<p>7. Interest rate and Term</p>	<p>Rental and Commercial Developments: 0% deferred for 30 years</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"> • Projects that incorporate innovative design features in the development. These innovative design features may include higher density development, utilization of public land, commercial linkage fees such as employer housing investment and municipal zoning waivers. • Proposals with replicable financing and ownership structures that leverage both private investment and public subsidies to ensure long-term affordability. • Projects that promote successful ongoing relationships between private enterprise and public agencies. • Proposals that will provide middle income housing opportunities at the lowest cost. • Proposals that incorporate energy efficient design; projects will be measured against RI Energy’s RNC Tier II standards. • Proposals that provide the greatest discount to market rents.
<p>9. Threshold Criteria</p>	<ul style="list-style-type: none"> • At least 20% of the entire project’s units must be affordable to residents earning less than 100% of the area median income. • A rental project must include at least 10 apartments. • Applicant must demonstrate site control. • Applicant must demonstrate experience and capacity to develop and operate the development. • Applicant must demonstrate that the project can close on all equity, construction, and permanent financing no later than December 31, 2024, and expend the entire MI Loan by December 31, 2026.

10. Amount of Assistance	<p>The maximum award per project will be up to the maximum allowable per assisted housing rental unit, but in no event can it exceed 25% of the total development cost (TDC).</p> <ul style="list-style-type: none"> • Efficiency: \$75,000 (must include a full kitchen and exceed 400 SF) • One Bedroom: \$85,000 • Two Bedroom: \$95,000 <p>Micro-lofts are not eligible for funding under the MI Program.</p>
11. Term of Affordability	<p>A minimum of 30 years</p>
12. Availability of Funds	<p>MI Program funds will be available through a Request for Proposals issued by RIHousing</p>
13. Program Leverage with Other Financial Resources	<p>It is expected that the MI Program award will be matched with other public and private funds for the development of the proposed units</p>

Revised 9.30.2024

Middle Income Program Scoring Criteria

Point Allocation Summary

10 Points	Housing Needs
10 Points	Leveraging
8 Points	Readiness to Proceed
25 Points	Innovative Practices
10 Points	Total Development Cost
15 Points	Bonus

78 Total Points

Responsiveness to Middle Income Housing needs - Up to 10 points

Housing is located within 2 miles of a large (>100 employees) employer	5 points
Housing is located within 1/4 mile walking distance to public transit	5 points

Leveraging - Up to 10 points

MIPF funding is < 25% of TDC	10 points
MIPF Funding is >25 but <50% of TDC	8 points
MIPF Funding is >50% of TDC but <75% of TDC	5 points
MIPF funding is > 75% of TDC	0 points

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

Innovative Practices - Up to 25 points

Development is located on public or donated land.	5 points
Development is being financed with employer contribution of funds	5 points
Developer has negotiated a tax stabilization agreement, waiver of impact fees or similar municipal subsidy.	5 points
Developer has negotiated zoning concessions that permits increased density or other zoning relief that has resulted in development cost savings.	5 points
Development demonstrates an ability to achieve NGRID's RNC Tier II standards or greater.	5 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 over \$425,001	0 points

Bonus Points – Up to 15 Points

10% of units in the development for households at least 10% below 80% of AMI	5 points
20% of units in the development for households at 80% of AMI	10 points
20% of units in the development for households at 90% of AMI	5 points