

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>\$20,000,000 for direct production to be committed by December 31, 2024, through several competitive funding rounds.</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: 3% 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 National Grid’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 the lesser of \$2,500,000 or 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: \$60,000 (must include a full kitchen and exceed 400 SF) • One Bedroom: \$70,000 • Two Bedroom: \$80,000 <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>