

Rhode Island  
**THIRD**  
Year Annual Action Plan  
2020-2024

**Program Year 2022**  
**July 1, 2022 – June 30, 2023**

**DRAFT**

Contact:  
Nicholas Turcotte  
RIHousing  
44 Washington St  
Providence, RI 02903  
[nturcotte@rihousing.com](mailto:nturcotte@rihousing.com)

# Executive Summary

## ES-05 Executive Summary - 91.300(c), 91.320(b)

### Introduction

The State of Rhode Island's Annual Action Plan serves as an application to the Department of Housing and Urban Development (HUD) for funding of the Community Development Block Grant Program (CDBG), HOME Investment Partnerships Program (HOME), the National Housing Trust Fund Program (HTF) and Emergency Solutions Grant Program (ESG). The Annual Action Plan also provides a forum for Rhode Island to summarize the State's progress and new initiatives in support of the strategic goals identified in the Consolidated Plan.

The State of Rhode Island, Office of Housing and Community Development (OHCD) and Rhode Island Housing (RIHousing) completed this Annual Action Plan. Jointly, with guidance from the Housing Resources Commission, these agencies undertook a lengthy planning process for the 2020-2024 State of Rhode Island Consolidated Plan. The current Annual Action Plan has been developed in accordance with the goals set during the coordinated planning.

#### *a. Objectives and Outcomes Identified in the Plan*

The State of Rhode Island's 2020-2024 Consolidated Plan outlines the main objectives, priorities, and strategies for the delivery of funds to address housing and community development needs for low- and moderate-income households. In this coming program year of the 2020-2024 plan, Rhode Island will continue to evaluate and address the overarching priorities identified in the Consolidated Plan. These include:

- Increase housing opportunities for low-to-moderate income households
- Preserve existing affordable housing
- End homelessness
- Adapt aged housing to fit residents' needs
- Eliminate lead hazards
- Make infrastructure improvements
- Make investments in public services and facilities
- Increase transitional housing for persons in recovery with substance abuse disorders
- Develop permanent supportive housing
- Remove barriers to fair and affordable housing

The strategies set forth in the Annual Action Plan for the coming program year seek to address how resources are leveraged and partnerships created to consistently meet the housing needs of Rhode

Island's at-risk populations. Performance expectations include 42 rental units constructed, 463 rental units rehabilitated, 21 units of housing for the homeless added, approximately 3,000 persons assisted through the state's homeless shelters, an increased emphasis on all aspects of healthy homes, thousands of persons assisted by investments in non-housing community development, and a continued commitment to break down barriers to affordable housing, including the promotion of fair housing and implementation of affirmative fair marketing, as well as supporting anti-poverty efforts. These strategies are especially aimed to address the needs of extremely and very low-income households, special needs populations and homeless populations as discussed below.

*b. Evaluation of past performance*

This Annual Action Plan represents the third year of implementation of the objectives set forth in the 2020-2024 Consolidated Plan. Ninety days after the close of the state's HUD Program Year (July through June), the State submits the Consolidated Annual Performance Evaluation Report (CAPER); this year's CAPER is due for submission to HUD from the state by September 28, 2022. The CAPER will include the accomplishments only for the 2021 program year.

The Office of Housing and Community Development and the state's housing finance agency, RIHousing, have worked to produce safe and affordable housing for thousands of state residents while providing rental assistance and supportive services to thousands more.

The federal Low Income Housing Tax Credit program, administered by RIHousing since 1986, has over 10,000 active units for which it has financed construction. RIHousing has also administered the federal HOME Program since 1992, with the program financing the development of over 3,000 affordable units. The HFA also administers funding for more than 17,000 renters (through project-based and tenant-based rental assistance programs) and has remediated lead- paint or other home health hazards in approximately 3,700 homes statewide.

State lawmakers and citizens see that these housing programs have important and lasting effects on communities and the economy. Rhode Island voters have passed three recent housing bonds, in 2006, 2012, and 2016. The combined \$125 million in state funding was allocated to support the development or preservation of nearly 3200 affordable homes in the state. A special election was held in March of 2021 where an additional \$65 million bond was approved by voters, with funds currently in the process of being awarded.

*c. Summary of Citizen Participation and Consultation Process*

Throughout the Consolidated Plan development process in 2019-2020, the State and RIHousing consulted and met with other public and private agencies to gather data and discuss the state's housing and community development needs and priorities to be included in the plan.

Agencies consulted included health and social services agencies, public housing authorities, city and municipal representatives, housing developers and providers (see State of Rhode Island

Consolidated Plan 2020-2024). To encourage citizen participation, RIHousing and the state's Office of Housing and Community Development offered a variety of opportunities for citizens to participate in the planning process.

Efforts continue to be made to promote and encourage citizen participation in the Annual Action Plan preparation process. Documents were made available for review by the public through OHCD and/or RIHousing's websites. The notice was published at least two (2) weeks before the actual hearing date in a general circulation newspaper, as well as a newspaper that primarily serves minority communities. The hearing was held virtually at a time that was convenient to potential beneficiaries, and accommodated persons with disabilities and non-English speakers.

This Annual Action Plan was issued on April 30<sup>th</sup> for a 14-day public comment period. The draft plan was posted at [www.ohcd.ri.gov](http://www.ohcd.ri.gov) and [www.rihousing.com](http://www.rihousing.com). An English language advertisement ran in the Providence Journal and a Spanish language advertisement ran in Noticias Rhode Island. The Annual Action Plan public hearing was held virtually at 5pm on Wednesday, May 11<sup>th</sup>, 2022.

When completed, the Annual Action Plan will be available at [www.ohcd.ri.gov](http://www.ohcd.ri.gov) and [www.rihousing.com](http://www.rihousing.com) and copies of the Annual Action Plan will be sent to the Rhode Island State House Library. Hard copies of the plan will also be available to citizens upon request.

*d. Summary of Comments or Views*

No comments from the public were received as a part of the planning process.

# The Process

## PR-05 Lead & Responsible Agencies 24 CFR 91.300(b)

**Describe agency/entity responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source**

The following are the agencies/entities responsible for preparing the Consolidated Plan and those responsible for administration of each grant program and funding source.

TABLE I – LEAD AGENCY INFORMATION

Agency Role	Name	Department/Agency
<b>Lead Agency</b> <b>HOME, HTF</b>	Rhode Island Housing (RIHousing)	RIHousing (state housing finance agency)
<b>CDBG ESG and HOPWA Programs</b>	Office Housing and Community Development (OHCD)	Rhode Island Executive Office of Commerce (EOC)

### Narrative

The Annual Action Plan was developed by the Office of Housing and Community Development (OHCD), a state government department within the Rhode Island Executive Office of Commerce (EOC), in collaboration with RIHousing, the state’s quasi-public housing finance agency.

### Consolidated Plan Public Contact Information

Brian DeChambeau  
Manager of Research and Evaluation RIHousing  
(401) 443-1615  
bdechambeau@rihousing.com  
44 Washington Street Providence,  
RI 02903

## **AP-10 Consultation - 91.110, 91.300(b); 91.315(l)**

### **Introduction**

The implementation of strategies defined in the Consolidated Plan and the PY22 Action Plan is carried out by dozens of state agencies, departments, and quasi-public entities, working together with a network of for-profit and nonprofit service providers and housing developers, and guided by the Housing Resources Commission (HRC). The HRC was created by legislation in 1998 to be the State's planning and policy, standards, and programs agency for housing issues. Established under Rhode Island General Laws (R.I.G.L. 42-128) (RI Housing Resources Act of 1998), the HRC is comprised of 28 members, representing a wide range of constituents. OHCD provides staff support to the HRC.

OHCD and RIHousing formally consult with the network of housing service providers and communities when developing plans and programs. This consultation is enhanced by engagement with the HRC. In less formal partnerships, RIHousing and OHCD consult with health and human service agencies and providers to find intersections of need and to pool resources where possible.

### **Provide a concise summary of the state's activities to enhance coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies (91.215(l))**

Medicaid is increasingly becoming an important funding source for assisted housing services, and changes to Medicaid are encouraging better coordination among stakeholders. New five- year contracts were signed in April 2017 for three health plans to serve Rhode Island's 250,000 Medicaid members (representing close to one-quarter of the state's population). The three health plans – Tufts Health Plan, Neighborhood Health Plan of RI, and UnitedHealthcare Community Plan – along with state agencies working with Medicaid members, will continue to work on initiatives that support the goal of reducing healthcare costs through offering stable and secure housing. Further, RIHousing applied for a grant in PY21 to improve coordination between housing and healthcare providers. The requested resources will be used to develop a pipeline of new and sustainable affordable and service enriched housing developments that address the specific healthcare and affordable housing needs in the Rhode Island communities that require it most.

During the COVID 19 pandemic, EOHHS created an additional program for approved home stabilization providers called the Emergency Case Management program. Emergency Case Management is a service that supports homeless and housing insecure beneficiaries that are eligible under the state plan in preventing exposure to COVID-19, supporting those that are in quarantine or that have tested positive for COVID-19, and assisting organizations to receive supports for other health-related social needs (e.g., food insecurity, transportation) that may have been exacerbated by the COVID-19 pandemic. This program is planned to continue for emergency case management services delivered throughout the duration of the pandemic.

Money Follows the Person (MFP) Demonstration Program: In 2011, RI received a federal grant for MFP,

designed to increase options for elderly and persons with disabilities to receive care in the community. MFP is part of the “rebalancing” efforts of the American Care Act to shift full-time institutional care to community-based settings. National and local findings of MFP efforts since 2011 emphasize how the lack of affordable, accessible housing is the biggest barrier to these rebalancing efforts, keeping too many persons in expensive, full-time institutional settings instead of at home receiving similar care. In response to this barrier, MFP has created a housing working group that works to understand what organization and community services already exist for the elderly and disabled population. The working group includes long-term care representatives, home care nurses, Residential Service Coordinators (RSC), assisted living professionals and housing professionals.

Section 811 Project Rental Assistance: RIHousing received \$5.6 million in 2015 to administer the Section 811 Project Rental Assistance Program for RI, a project that provides renewable project based rental assistance for five years to affordable housing projects that serve extremely low-income persons with disabilities. While administered by RIHousing, the program is a partnership that also includes EOHHS and BHDDH, which will – through facilitation with owners of units’ award rental assistance contracts – provide case management services, transportation and employment services, support for independent living skills training, mental health services and making connections to Medicaid via these services.

**Describe coordination with the Continuum of Care and efforts to address the needs of homeless persons (particularly chronically homeless individuals and families, families with children, veterans, and unaccompanied youth) and persons at risk of homelessness**

The Continuum of Care (CoC) is organized into several standing committees to carry out the day-to-day work of the Continuum and to support the operation and evaluation needs of the ESG-funded programs (administered through the Consolidated Homeless Fund). Four standing committees focus on targeted populations: the Veterans Committee; the Families and Youth Committee; the Unaccompanied Youth Committee; and Chronically Homeless/High Need Individuals Committee. These committees use a case conferencing approach as needed and a service priority assessment to house these targeted populations in the most appropriate housing and to inform policy makers about policies which create barriers to successful placement. The Committees also resources share and conduct gap analysis on behalf of the subpopulations they focus on and make recommendations to the CoC Board for policy changes, funding considerations, and advocacy as needed. The Continuum of Care board approves and ratifies the recommendations of these CoC committees; the Board is represented by program staff that also directs the state's ESG, CDBG, HOME and HTF funds.

The state uses a housing first model to place families and individuals quickly into housing without prerequisites and each housing opportunity provides wrap around services to maintaining that housing. The CoC uses HMIS and the comparable database for survivors of domestic violence to identify homeless households seeking further homeless services and offers supportive housing programs to these households based upon their level of service needs. Both the CoC and ESG intend to increase the amount allocated for supportive housing and diversion for families in PY22 (utility assistance, first month's rent, security, etc.) The CoC is committed to maximize funding for CoC and ESG supportive housing through

reallocations. RIHousing staffs the Continuum of Care and both RIHousing and OHCD are members of the CoC Board.

**Describe consultation with the Continuum(s) of Care that serves the state in determining how to allocate ESG funds, develop performance standards and evaluate outcomes, and develop funding, policies, and procedures for the administration of HMIS**

Rhode Island's Consolidated Homeless Fund (CHF) combines all ESG funds (state and entitlements), state funding for homelessness, and Title XX block grant funds into one program. A committee representing the state, ESG entitlement communities, the chair of the Housing Resources Commission, RIHousing and other relevant policy makers in homelessness set parameters for the CHF program's funding and make awards. This committee merged with the Continuum of Care Recipient Approval and Evaluation Committee, which oversees the development of performance standards and monitors outcomes for both CoC and ESG-funded projects. This committee relies on information provided by the RI CoC including: point-in-time statistics, HMIS performance reports, and subrecipient capacity reports. The CoC also aids in the development of performance standards and provides outcome evaluations of all Consolidated Homeless Fund providers via the System Performance Committee.

The Chief of the Office of Housing and Committee Development is a member of the Continuum of Care Board. As a member of the Board, he consults with the CoC in determining the allocation of ESG Funds and funding priorities. Once the allocation of funds and funding priorities are determined, the Consolidated Homeless Fund issues a Request for Proposal. Eligible entities including not for profits and units of local government apply for funding in accordance with the RFP guidelines. The Consolidated Homeless Fund then convenes a review committee consisting of representatives from the Entitlement Cities (Cities of Providence, Pawtucket, and Woonsocket), the State of Rhode Island Departments of Human Services and the Office of Housing and Community Development and members of the CoC Fund Review Committee to review and evaluate proposals and to make funding decisions.

State staff that administers the ESG program and ESG entitlement representatives sit on several of the CoC standing committees, including the HMIS Committee. This committee develops and annually reviews HMIS privacy plans, security plans, data quality plans and all other policies and procedures required by regulation. The Rhode Island Coalition for the Homeless is the HMIS Lead Agency and has a memorandum of agreement with the RI CoC. The determination for assistance via ESG and CoC transitional or permanent supportive housing programs are based on HMIS data, which includes each individual's or household's vulnerability assessment score and priority designation.

**Describe Agencies, groups, organizations, and others who participated in the process and describe the jurisdictions consultations with housing, social service agencies and other entities**

**BHDDH** Anticipated outcomes of ongoing consultation and improved coordination with BHDDH include the successful administration of the HUD 811 PRA Grant, achieving many goals outlined in the Strategic Plan, including ending and reducing homelessness, maintaining the protocol of not discharging a BHDDH patient into homelessness, coordinating with BHDDH on the administration of

the Consolidated Homeless Fund as BHDDH passes through funding into this program, maintaining and improving BHDDH's support of and use of the Housing First model, and continuing to assist BHDDH in using Medicaid funds to fund housing-based supports for disabled Rhode Islanders.

**RI Statewide Planning Program** Anticipated outcomes of ongoing consultation and improved coordination with RI's SPP include blending the strategies and goals found in housing and economic development-related sections of the State Guide Plan with Consolidated Plans, to work with SPP in aiding cities and towns to develop and implement affordable housing policies, to better understand municipal zoning practices and how they can be addressed in order to reduce barriers to affordable and fair housing, and to share statistical information relevant to growing housing needs, such as demographic changes based on age, race and ethnicity.

**RI Continuum of Care** Anticipated outcomes of ongoing consultation and improved coordination with RICOC include the achievement of goals outlined in the Strategic Plan, specifically Goals 1, 2, 4 and 7. The RICOC will primarily work to achieve Goal 2, reducing, preventing, and ending homelessness through the administration of competitively awarded federal funds dedicated to this purpose.

**Rhode Island Coalition for the Homeless** Anticipated outcomes of ongoing consultation and improved coordination with RICH includes the continued use of and improvement of the state's HMIS as well as continuing to advocate at the local, state, and national level for funding and policy related to ending homelessness. RICH will also produce yearly updates on the implementation of the state's strategic plan to end homelessness, the information from which will be included in subsequent state Annual Action Plans and CAPERs.

**Housing Resources Commission** Anticipated outcomes of ongoing consultation and improved coordination with the HRC include the ongoing relationship in achieving access to safe and affordable housing for all Rhode Islanders, and coordination to create strong neighborhoods, improving the economic climate of the State.

**Public Housing Association of Rhode Island** Anticipated outcomes of ongoing consultation and improved coordination with PHARI include coordinating public housing policies that positively address state priorities, such as ending homelessness and achieving fair housing goals, while also working with PHAs to best determine ways that RIHousing can assist in the preservation and rehabilitation of the aging public housing stock in the state. RIHousing is also working with PHARI on the implementation of a coordinated waitlist for tenant-based vouchers throughout the State.

**Housing Network of RI** Anticipated outcomes of ongoing consultation and improved coordination with HNRI include better understanding and communicating the housing needs in the State, working with the State's network of nonprofit housing developers to increase production of the housing needs to meet these needs, and providing information at the municipal level for the purpose of

engaging stakeholders from all communities.

**HousingWorksRI** Anticipated outcomes of ongoing consultations and improved coordination with HWRI concerning on-going research on housing production, preservation, and financing in Rhode Island in support of public and private policy and program work.

**RI Department of Health** Anticipated outcomes of ongoing consultation and improved coordination with HEALTH include sustaining memorandums of agreement with other state agencies in preventing homelessness and housing-related problems among the populations these departments serve, improving outreach and education on home-based lead hazards and increasing the supply of lead safe homes in the state, and to share information that is crucial in understanding housing need and how housing relates to the health and safety of Rhode Islanders.

**RI DCYF** Anticipated outcomes of ongoing consultation and improved coordination with DCYF include sustaining memorandums of agreement with other state agencies in preventing homelessness and housing-related problems among the populations these departments serve and to share information that is crucial in understanding housing need and how housing relates to the health and safety of Rhode Islanders, particularly young people in DCYF care transitioning into the community.

**RI Department of Education** Anticipated outcomes of ongoing consultation and improved coordination around the intersection of housing and education. Specifically, engaging with DoE on the McKinney-Vento Homeless Students coordinators and Early Learning Council on the importance of housing stability.

**Rhode Island Builders Association** Anticipated outcomes of ongoing consultation and improved coordination with RIBA includes the continued engagement of policymakers and stakeholders in policies that promote construction of safe and affordable housing (not just deed-restricted but low-cost market rate housing) and increasing the capacity of developers to produce affordable housing, particularly minority and women owned businesses.

**Direct Action for Rights and Equality** DARE is a Providence-based community organizer that hosts a Tenant and Homeowner Association, the primary objective of which is to protect persons from losing their homes. The anticipated outcomes of working with DARE is to include citizens most affected by state housing policies in the development of programs and to best utilize funds and policies to help those in the most need of assistance.

**Rhode Island Legal Services** Anticipated Outcomes of coordinating with RILS is to help inform the public on their rights as tenants and owners, to help prevent unlawful eviction, to receive foreclosure mediation, to assist tenants in eviction proceedings access emergency rental assistance, and to investigate instances of housing discrimination.

**Center for Justice** Anticipated outcomes of coordinating with the Center with their eviction clinic and continued education of the public on healthy housing and housing conditions and housing risks, to help inform the public on their rights as tenants and owners, to help prevent unlawful eviction, and to assist tenants in eviction proceedings access emergency rental assistance.

**Executive Office of Health and Human Services** Anticipated outcomes of coordinating with EOHHS include an increase in the use of Medicaid reimbursements to pay for housing stabilization and home-based health services provisions to persons in affordable and market-rate housing.

**Identify any Agency Types not consulted and provide rationale for not consulting**

Not Applicable

**Other local/regional/state/federal planning efforts considered when preparing the Plan**

TABLE II – OTHER STATE PLANS CONSIDERED IN DEVELOPING PLAN

Name of Plan	Lead Organization	How do the goals of your Strategic Plan overlap with the goals of each plan?
Opening Doors	Rhode Island Continuum of Care (RIHousing)	Goal 2, Prevent and End Homelessness, of the Strategic Plan incorporates the goals of the RI CoC
Regional Analysis of Impediments	RIHousing	All goals listed in the Strategic Plan are reflected as important to fair housing.

Three other state planning documents were considered in developing the Annual Action Plan: the Rhode Island Regional Analysis of Impediments to Fair Housing, the State of Housing in Rhode Island, and Opening Doors. Table III describes how the goals of each plan overlap with the goals of the 2020-2024 Strategic Plan, the component of the 2020-2024 Consolidated Plan that outlines the priority needs, goals, outcomes, and strategies described in this Annual Action Plan.

**Describe cooperation and coordination among the State and any units of general local government, in the implementation of the Consolidated Plan (91.315(l))**

The ESG entitlement communities of Providence and Pawtucket pool their resources with the state’s ESG funds (parties also consult with the ESG entitlement city of Woonsocket), as well as other state and federal funding, into the Consolidated Homeless Fund. The local governments of these

entitlement communities endorse this coordination, which leverages state expertise for management of the programs while making sure ESG entitlement funds supports only local initiatives.

The public housing authorities in these entitlement communities, as well as the city of Newport, contribute to state CoC management, working to place members of their waitlists into housing opportunities based on the same vulnerability index used for state homelessness programs. The City of Pawtucket's housing authority, for instance, now has a homeless priority for its project-based and tenant-based housing placement.

Units of general local government support housing, public facility, public improvement, and public service investments by applying for State CDBG funds. These funds are used to support local agencies that deliver local community development services and require UGLG's to annually apply for this important funding.

Local leaders – mayors and city/town council members – remain important partners in the development of affordable housing in their municipalities, by supporting CDBG applications for affordable housing/housing rehab, and by speaking at the public events held to promote successful project completion. HUD CPD program entitlement communities collaborate with the state in developing regional Analysis of Impediments documents and coordinate on policies to reduce these impediments.

## **AP-12 Citizen Participation - 91.115, 91.300(c)**

### **Summary of citizen participation process/Efforts made to broaden citizen participation**

Efforts continue to be made to promote and encourage citizen participation in the Annual Action Plan preparation process. Documents were made available for review by the public through OHCD's and RIHousing's websites. The notice was published at least seven (7) days before the actual hearing date in a general circulation newspaper, as well as newspapers that primarily serve minority communities. The hearing was held at a time and place that was convenient to potential beneficiaries, and accommodated persons with disabilities and non-English speakers.

This Annual Action Plan was issued on April 30<sup>th</sup> for a 14-day public comment period, with advertisements in the Providence Journal (English) and Noticias Rhode Island (Spanish, [www.noticiasrhodeisland.com](http://www.noticiasrhodeisland.com)). The draft plan was posted at [www.ohcd.ri.gov](http://www.ohcd.ri.gov) and [www.rihousing.com](http://www.rihousing.com). The Annual Action Plan public hearing was held virtually at 5pm on Wednesday, May 11<sup>th</sup>, 2022.

**Citizen participation process impact on goal setting:** The goals set in the 2020-2024 Consolidated Plan (see section AP-20 Annual Goals and Objectives, or the Strategic Plan of the ConPlan) will not change during this program year.

## AP-15 Expected Resources - 91.320(c)(1,2)

### Introduction

The resources listed in this Annual Action Plan are not the only resources that will help achieve the stated goals in the next year. Resources such as those associated with public housing, Performance-Based Contract Administration (PBCA) rental assistance, and private sector activity aimed at achieving the stated goals are omitted; only those resources that have a direct link to supporting the effectiveness or performance of programs funded by HUD's Community Planning and Development division are addressed in this Strategic Plan.

<b>Program Year 2022 (Year Three of 2020-2024 Planning Period) Summary of Funding by Goal</b>	
<b>Goal 1 - Develop and Preserve Affordable Housing</b>	PY22
HOME Investment Partnership Program	3,510,293
9% Housing Tax Credit	2,950,000
Community Development Block Grant	1,397,924
Building Homes Rhode Island	13,400,000
Housing Trust Fund - HERA 2008	3,000,000
4% Housing Tax Credit	1,200,000
CDBG -DR Housing Stabilization Program	0
CDBG-CV	2,750,000
<b>TOTAL</b>	<b>28,208,217</b>
<b>Goal 2 - End Homelessness</b>	
	PY22
CHF - HRC State Rental Assistance	368,824
CHF - Emergency Solutions Grants Program - Entitlement communities	715,994
CHF - Emergency Solutions Grants Program - Statewide	710,081
CHF - Social Service Block Grant, Title XX	1,272,598
CHF - HRC Homelessness Funding	3,049,221
Supportive Housing Program - Continuum of Care	5,262,197
HUD Section 811 Project-Based Rental Assistance (\$5.2 mill over 8 yrs)	650,000
RoadHome Service Enriched Rental Assistance Program	1,100,000
HOPWA	660,653
Neighborhood Opportunities Program	225,000
Thresholds	100,000
HOME TBRA	500,000
<b>TOTAL</b>	<b>14,614,568</b>
<b>Goal 3 - Healthy Homes</b>	
	PY22
HUD Lead Hazard Reduction Program	1,075,712
HUD Healthy Homes funding	119,960
CDBG Home Repair Program	1,359,283
<b>TOTAL</b>	<b>2,554,955</b>

<b>Goal 4 - Non-Housing Community Development</b>		PY22
CDBG-CV		8,250,000
CDBG - Balance of funds		4,095,870
CDBG-DR - Balance of Funds (not housing stabilization)		0
<b>TOTAL</b>		<b>4,095,870</b>
	<b>TOTALS</b>	<b>49,473,610</b>

**Explain how federal funds will leverage those additional resources (private, state, and local funds), including a description of how matching requirements will be satisfied**

*State HOME Program*

According to RIHousing, the HOME program for non-entitlement communities, which has received over \$115 million since 1992 to develop affordable rental and homeownership opportunities in the state, has leveraged \$6.90 for every \$1 of HOME funds spent on rental activities (thru April 2021).

HOME applications receive extra points in scoring when proposed projects have other sources of public and private funds committed. Sources contributing to the development of HOME-assisted projects include: market rate bank financing, private foundation grants, private donations, Building Homes RI, Lead Hazard Reduction funds allocated from the state, Thresholds Program funds, Community Development Block Grant funds, Affordable Housing Program funds (Federal Home Loan Bank of Boston) and sales proceeds (Homeownership projects).

*ESG Match*

To comply with ESG requirements applicants must match Consolidated Homeless Funds (CHF) funds **from non-federal HEARTH ACT sources of funds**. Applicants are required to include all funds to be used as match in their program budgets. If approved for funding, applicants must submit documentation substantiating the availability and amount of matching funds. **Matching funds must also be for the same time period as the funding period and must meet CHF Program eligibility requirements**. Any applicant that is unable to meet match requirements may request a partial waiver and must detail their justification for not being able to meet this requirement.

In PY22, the state’s ESG formula allocation will only make up 11.86% of the funding for the Consolidated Homeless Fund, with 11.81% coming from other CPD funds (ESG entitlements combined), another 19.94% coming from non-CPD federal funds (Social Services Block Grant), and the rest (56.39%) coming from the state’s Homelessness funding.

*CDBG Match*

The State provides its required CDBG match through the salary and fringe benefits for multiple employees. The allowed administration amount for PY22 is \$264,771 with \$164,771 (3% of the State's allocation) needing to be matched dollar for dollar. The salary and fringe benefits for one of these employees is paid entirely with State dollars totaling approx. \$115,000. The remaining funds requiring one to one match (\$49,771) will be matched on a dollar-for-dollar basis by federally

unreimbursed time spent by OHCD staff working on the projects and initiatives of the CDBG program.

**If appropriate, describe publicly owned land or property located within the jurisdiction that may be used to address the needs identified in the plan**

Not applicable

## AP-20 Annual Goals and Objectives – 91.320(c)(3)&(e)

### Goals Summary Information

TABLE 56 of the Strategic Plan introduces the four goals of the 2020-2024 Consolidated Plan. Tables 89 A and 89 B summarize the funds available by goal and the proposed outcomes as related in the aforementioned tables from the Strategic Plan. TABLE 89 A covers the programs directly administered by OHCD and TABLE 89 B covers the programs administered by RIHousing. Program Year 2022 funding for Goals 1 through 4 include an estimated \$47.6 million in funding from all sources.

Other HUD funds to support Rhode Island’s housing and homelessness goals in Program Year 2022 include competitively-awarded sources from the HUD Office of Special Needs Assistance Programs (SNAPS) – through the Continuum of Care programs. Additional funding will come from the Office of Lead Hazard Control and Healthy Homes (OLHCHH) – through HUD Lead Hazard and Healthy Homes funding and the Office of Public and Indian Housing (PIH) – through the Housing Choice Voucher Program. US Treasury programs include the Low-Income Housing Tax Credit Program. Other federal, state and private financing supports these initiatives to achieve the proposed outcomes.

Section AP-55 describes in detail the number of families to be provided affordable housing, estimated to total 731. We estimate that 67% of these families or households (490) will be extremely low-income, 25% will be very low-income (183) and 8% will be moderate-income (58). These percentages are based on current program income-based performance metrics.

Program Year 2022 (Year Three of 2020-2024 Planning Period) Summary of Outcomes by Goal		
<b>Goal 1 - Develop and Preserve Affordable Housing</b>	<b>Outcome</b>	<b>PY22</b>
HOME Investment Partnership Program	Rental units constructed	42
9% Housing Tax Credit	Rental units rehabilitated	463
Community Development Block Grant	Homeowner Housing Added	7
Building Homes Rhode Island	Homeowner Housing Rehabilitated	3
Housing Trust Fund - HERA 2008	Housing for Homeless added	21
4% Housing Tax Credit	Direct Financial Assistance to Homebuyers	33
CDBG -DR Housing Stabilization Program		
CDBG-CV		
<b>Goal 2 - End Homelessness</b>		
<b>CHF - HRC State Rental Assistance</b>	<b>Outcome</b>	<b>PY22</b>
CHF - Emergency Solutions Grants Program - Entitlement communities	Other - PSH Households Assisted	1,354
CHF - Emergency Solutions Grants Program - Statewide	Rapid Re-Housing - Households	250
CHF - Social Service Block Grant, Title XX	Shelter - Persons	3,000
CHF - HRC Homelessness Funding	Shelter Beds Added	24
Supportive Housing Program - Continuum of Care	Homelessness Prevented - Persons	6
	HIV AIDS Housing Ops	50



## AP-25 Allocation Priorities – 91.320(d)

### Introduction:

Most funding programs address one goal directly. Only HOME and CDBG programs are split between funding the outcomes of more than one goal. However, many funding programs indirectly assist with the achievement of other goals; for instance, the HTF, HOME and LIHTC programs, though they specifically fund affordable housing development, also contribute to the reduction of homelessness (Goal 2), the provision of safe and healthy housing (Goal 3) and non-housing community development (Goal 4). Providing healthy homes goes to reducing the likelihood of homelessness and improving the communities in which these programs serve, thus addressing Goals 2 and 4 while achieving their stated outcomes.

### Funding Allocation Priorities

TABLE V – FUNDING ALLOCATION PRIORITIES

Program   Goal	Goal 1 - Affordable Housing Development (%)	Goal 2 - Homelessness (%)	Goal 3 - Safe and Healthy Housing (%)	Goal 4 - Non-Housing Community Development (%)	Total (%)
CDBG	25	0	0	75	100
CDBG-CV	25	50	0	25	100
HOME	85	15	0	0	100
ESG - State	0	100	0	0	100
HERA - Housing Trust Fund	100	0	0	0	100
Continuum of Care	0	100	0	0	100
LIHTC	100	0	0	0	100
HOPWA	0	100	0	0	100
Federal - Lead	0	0	100	0	100
Federal - Healthy Homes	0	0	100	0	100
BHRI	100	0	0	0	100
Consolidated Homeless Fund	0	100	0	0	100
RoadHome	0	100	0	0	100
Thresholds Program	0	100	0	0	100
NOP	0	100	0	0	100
CDBG-DR	0	0	0	100	100

### Reason for Allocation Priorities

Rhode Island's need for affordable housing development, and the lack of other sources for capital assistance, has led to the HOME and HTF programs' focus on Goal 1. The state CDBG program funds

the most diverse set of priorities of any state program; bolstering efforts to develop affordable housing while previously reliable capital sources have dried up, funding the Home Repair program to provide resources to low-income households throughout the state that do not qualify for other funding, and funding crucial public facility, public service and public infrastructure needs to non-entitlement communities. The State's allocation priorities for CDBG coronavirus supplemental funds allocated under the CARES Act (CDBG-CV) are based directly on the needs related to preparing for, responding to, and preventing COVID-19. All CDBG-CV funds shall be made available to the public at [www.ohcd.ri.gov](http://www.ohcd.ri.gov) at least five days prior to the obligation and/or distribution of any such funds. The State's allocation of CDBG Recovery Housing supplemental funds allocated under the SUPPORT Act is limited to addressing the housing needs of persons in recovery from substance abuse disorders. The funding of programs to prevent and end homelessness through ESG, state and entitlement, and HOPWA, thus each's 100% focus on Goal 2, relates to the state's Strategic Plan to End Homelessness, known as Opening Doors Rhode Island.

**How will the proposed distribution of funds address the priority needs and specific objectives described in the Consolidated Plan?**

All of the funds associated with Goal 1, as described in AP-15, will combine to meet the objectives of developing or preserving close to 1,200 affordable homes. Based on analysis of previous years' funding of affordable development, the \$25.5 million in capital subsidies will leverage an additional \$130 million in other private funding. All Goal 1 funds, which now includes the state's Housing Trust Fund allocation, will directly address priority needs 1, 2 and 8 as described in TABLE 50, section SP-25 of the Consolidated Plan 2020-2024 Strategic Plan.

The Consolidated Homeless Fund combines five different program sources associated with Goal 2, as described in TABLE 89, to fund rapid re-housing, state rental assistance, permanent supportive housing vouchers and emergency shelter operations, street outreach and RI Homelessness Systems Development Work. RoadHome and State Rental Assistance programs go to fund the state's permanent supportive housing opportunities, although they function as separate programs. The Thresholds Program develops housing for disabled and homeless persons in need of health services and those funds help add shelter beds and permanent housing opportunities. HOPWA funds housing assistance for homeless persons with AIDS while NOP funds the operations of rental units that offer reduced rents and supportive services for households that qualify as homeless. All of these programs combine to prevent and end homelessness, which is Goal 2 of the 2020-2024 Consolidated Plan, and shares the goals outlined in Opening Doors Rhode Island, the state's plan to end homelessness. Priority needs 3, 8 and 10 (TABLE 50 of the Consolidated Plan 2020- 2024) are directly addressed by the distribution of these funds. These funds are distributed to qualified service providers located in Rhode Island that offer eligible programming for homeless persons and households.

The LeadSafe Homes Program (LSHP) of RIHousing combines funding from HUD and from the state to remediate lead-paint and other healthy homes hazards, including environmental home hazards like radon and carbon monoxide exposure, asthma triggers, mold and moisture problems, poor indoor air quality, slip and fall hazards, pests, and fire hazards., providing these services to nearly 100 homes annually (combining both homeowners and rental housing). RIHousing's LSHP staff takes in applications, completes the inspection and analysis of need of a home, schedules a contractor

walkthrough advertised to RIHousing-enrolled state-licensed lead hazard work contractors, coordinates scope of work review and work plan between lowest bidder and owner, relocates tenants temporarily if needed, clears the final work with owner and contractor, then pays the contractor directly based on invoices once the work is cleared.

The CDBG Home Repair Program provides funding to units of general local government (UGLGs), sometimes individual municipalities or groups of municipalities, to operate funding programs to homeowners in need of rehabilitation assistance. Priority needs 1,4, 5 and 10 (TABLE 50 of the Consolidated Plan 2020-2024) are directly addressed by the distribution of funds to LSHP and municipal home repair programs (CDBG). CDBG funds for non-housing community development are distributed to UGLGs to use to develop much-needed public facilities and infrastructure. CDBG Recovery Housing will be distributed in accordance with guidance provided by HUD. Priority needs 6 and 7 (TABLE 50 of the Consolidated Plan 2020-2024) are directly addressed by the distribution of these funds.

The Neighborhood Stabilization Program (NSP) has been reactivated. Non-profit community development corporations report a sufficient supply of vacant, abandoned and/or foreclosed properties in existing target neighborhoods. NSP funds are awarded to non-profit developers to rehabilitate such properties for residential use. This program directly addresses priority need 1 (TABLE 50 of the Consolidated Plan 2020-2024).

## **AP-30 Methods of Distribution – 91.320(d)&(k)**

### **Introduction:**

State programs that meet the goals outlined in the Strategic Plan and include some HUD assistance are described in this section. The Housing Choice Voucher Program does not make funds available through competitive rounds but provides housing assistance payments to landlords on behalf of qualified tenants. When a tenant leaves the program, a new tenant is re-certified from the waiting list then provided a voucher with which to find an eligible housing unit in the private rental market. The state's HOPWA competitive grant program provides renewal funding to its two sponsors, AIDS Care Ocean State and the Community Care Alliance and does not solicit requests for proposals. The following programs solicit funding proposals through competitive rounds save for the LeadSafe Homes Program and allocation of 4% Housing Tax Credits, which accept applications on a rolling basis.

### **Distribution Methods**

#### **Low Income Housing Tax Credits**

##### Selection criteria and relative importance:

Many of the allocation priorities defined in the state's Qualified Allocation Plan ("QAP") for its Low-Income Housing Tax Credit program are based on federal criteria as well as state criteria. Federal tax code requires that preference for an allocation of credits must be given to developments serving the lowest income residents, developments which commit to the longest period of affordability and developments located in a qualified census tract (QCT). Eligibility requirements for any type of tax credit are based on complex federal regulations, and the state advises all developers to consult qualified tax attorneys or accountants to determine eligibility for the credit.

RIHousing may hold up to three competitive funding rounds each year for the 9% allocated credits but typically only holds one round per year. Applications for tax exempt financing with 4% credits are received on a rolling basis. While 4% credit proposals are not required to participate in a competitive funding process, all development proposals must meet the requirements of the QAP.

RIHousing is not required to allocate all tax credits even if it has received a surplus of applications that have exceeded the threshold criteria. After a project has met its threshold requirements (which are described later in the section), it is then scored using the QAP's scoring criteria, which emphasizes financial leveraging, as well as projects effectively serving the lowest income households and showing a strong readiness to proceed in addition to a variety of other scoring opportunities for aligning with other state goals. These other opportunities may include providing good homes in healthy environments, providing supportive services, encouraging energy efficiency, and otherwise expecting to have a strong community impact.

RIHousing staff conducts an initial review to determine if a project meets threshold requirements, and subsequently scores these projects. Staff then presents results of reviews to its funding committee composed of senior staff and representatives from its Board of Commissioners for formal scoring and allocation determinations. Aggregate assessments and scores in no way guarantees an award of tax credits to a particular development.

**NOTE:** The full Rhode Island Qualified Allocation Plan for 2022 funding rounds is available at <https://www.rihousing.com/wp-content/uploads/RIHousing-2022-Qualified-Allocation-Plan.pdf>  
Resource allocation by funding category

In accordance with federal tax code, RIHousing will set aside a minimum of ten percent of the total tax credit allocation available for qualified non-profit organizations that materially participate in the development and management of the project throughout the compliance period.

#### Threshold factors and grant size limits

Threshold criteria that must be met before a development can be considered for a reservation of housing credits include: The development team must have experience in the successful development and operation of affordable housing of similar scope and complexity; the development must demonstrate financial feasibility for at least 15 years and have a reasonable likelihood of feasibility for the entire term of financing; the development must have a reasonable likelihood of achieving sustainable occupancy of 95% within six months of construction completion; and construction must be reasonably likely to commence within twelve months of preliminary commitment and be complete within 30 months of firm commitment.

#### What are the outcome measures expected as a result of the method of distribution?

Rental units constructed 150, rental units rehabilitated 600

### **HOME Program**

The state's HOME program awards funding for the purpose of acquisition, rehabilitation and new construction of affordable housing, homeowner down payment assistance, as well as for Tenant Based Rental Assistance ("TBRA"). RIHousing intends to continue with 10%, or \$361,759 as the cap on administration.

**NOTE:** See the full PY22 HOME Annual Action Allocation Plan in the Grantee Unique Appendix

#### Selection criteria and relative importance:

Rhode Island priorities include three Tiers found below.

- 1) Tier 1 / High Priorities:
  - a) Substantial rehabilitation and/or new construction to provide new rental units for low and very low-income families;
  - b) Substantial rehabilitation and/or new construction of new housing units for homeless and special needs populations (as defined in the Consolidated Plan), in conjunction with supportive services.
- 2) Tier 2 / Medium Priorities:
  - a) New construction to provide new rental units for low and very-low income one and two-person households;
  - b) Preservation of the existing affordable housing stock through rehabilitation. (Properties eligible for assistance under 24 CFR 248 "Prepayment of Low-Income Housing Mortgages" are ineligible for HOME funds)

3) Tier 3 / Low Priorities:

- a) Moderate rehabilitation of rental units for low and very low-income households throughout the State including the elimination of lead-based paint hazards, correction of code violations, the provision of handicapped access for persons with disabilities and for the elderly, and to increase the energy efficiency of units occupied by lower income families;
- b) Acquisition only for the purposes of any of the above-mentioned activities.

Selection Criteria and Relative Importance:

Scoring of applications is based on the following factors:

<b>Scoring Factor</b>	<b>Total Possible Points</b>
<u>Meeting Program Priorities:</u> The extent to which the proposal addresses one or more of the HOME Program Priorities outlined below (Tier 1 priorities=30 points; Tier 2 priorities=25 points; Tier 3 priorities=20 points)	30
<u>Applicant Ability to Obligate and Undertake Eligible Activities:</u> Capacity of the applicant to undertake the proposed activity (past project performance- up to 7 points, development and management team- up to 7 points, financial feasibility- up to 6 points, deduction of up to 9 points for HOME findings in monitoring- 3 points, past compliance concerns- 3 points, and/or lack of responsiveness to past requests for required information - 3 points)	20
<u>Leverage and Match:</u> Commitment of and amount of leveraged resources and available match (non-federal match will be scored more highly)	15
<u>Demonstrated demand:</u> Market study or waitlist (full points allocated if waiting lists are provided, 5 points for demonstration of need but not demand)	10
<u>Financial feasibility of Project:</u> Committed or projected operating subsidy=up to 5 points; Pro forma performance through affordability period=up to 5 points	10
<u>Design and Construction Standards:</u> Meets or exceeds RIHousing Design and Construction Standards	10
<u>Community Participation:</u> Evidence of community engagement, public solicitation of feedback, and/or resident participation in project planning or execution	5
<u>Geographic Diversity:</u> HOME funding is available to all communities in the State, with the general exception of Providence, Pawtucket, and Woonsocket (entitlement communities), which receive HOME allocations directly from HUD. Entitlement communities may be eligible for State HOME funding if the entitlement entities do not have funds available for a specific activity. Priority will be given to non-entitlement communities who have yet to meet or exceed State requirements that at least 10% of housing stock is affordable (1 point). Additional points will be given for each of the following: <ul style="list-style-type: none"> <li>•accessibility to transit (1 point);</li> <li>•accessibility to employment centers (1point);</li> <li>• accessibility to high performing schools (1 point);</li> <li>• accessibility of community services (1 point)</li> </ul>	5
<u>Duration of Affordability:</u> Term of Affordability exceeds minimum requirements for type of unit and amount of funding requested. HOME affordability varies dependent on project type and level of HOME investment. (meets affordability - 2 points, +1-10 years – 3 points, +11-20 years – 4 points, +21 years or more – 5 points)	5

<u>Priority Housing Needs of the State:</u> Connectedness to State Consolidated Plan priority needs	5
<u>Additional Merits:</u> Preference for underserved segments of the population as defined in the State's Consolidated Plan	5
<u>Additional Merits:</u> Project provides access to resident services and supports (maximum point allocation to those applications which include executed MOUs with service partners)	5
<u>Additional Merits:</u> Project integrates green design elements, universal design, energy, and water conservation, etc. technologies above and beyond the Design & Construction standards.	5
<b>TOTAL</b>	130

Resource allocation by funding category

Of the total grant award for PY22, 10% will go to project administration and a maximum of 5% will be held to support Community Housing Development Organizations (CHDO) operating expenses.

Of the balance, we estimate that 85% will go to rental housing production or rehabilitation and homeowner down payment assistance with the remaining going to Tenant Based Rental Assistance. TBRA funds are administered directly by RIHousing and may be available to assist qualifying renters with security deposits, for rental payment assistance, or for utility deposit assistance where security deposit assistance or rental payment assistance is also provided. Preference will be given to applicants that are homeless, at risk of homelessness or living in temporary housing with a family combined annual income of up to 60 percent of Area Median Income (AMI).

Funding will be allocated in a competitive application process open to all eligible entities, including cities and towns, nonprofit housing organizations, and for-profit developers. It is available to all communities in the State, with the general exception of Providence, Pawtucket, and Woonsocket, which receive HOME allocations directly from HUD. Rhode Island Housing staff review project applications to ensure their compliance with all federal and state regulations and to assess overall project feasibility. Applications are scored based upon the criteria shown later in this section. Rhode Island Housing staff reviews each proposal and recommends funding of specific activities to the Board of Commissioners. Contracts are then awarded by Rhode Island Housing to HOME sponsors. Since funds are awarded on the basis of competitive applications, it is not yet possible to identify which specific groups will be assisted during the upcoming 2022 program year.

In line with federal regulations (24 CFR 92.300), at least 15% of the total HOME allocation is set aside for investment in housing developed, sponsored, or owned by eligible Community Housing Development Organizations (CHDO). These organizations will receive preference in the application process.

**Funding Categories:**

- HOME-assisted rental units must have rents that do not exceed the applicable HOME rent limits. Each year, HUD publishes the applicable HOME rent limits by area, adjusted for bedroom size. For projects with five or more HOME-assisted rental units, 20 percent (20%) of the units must be rented to very low-income families.
- HOME-assisted rental housing must remain affordable for a long-term affordability period, determined by the amount of per-unit HOME assistance or the nature of the activity. An additional

extended use restriction may also be added, at the discretion of the PJ. HOME-assisted homebuyer housing is also subject to Rhode Island Housing Resale and Recapture Policies.

#### Threshold factors and grant size limits

For an application to be moved forward through the scoring process it must meet and/or exceed the following requirements:

- A complete application including all attachments submitted on or before the application deadline;
- Application contains a description of eligible activities to be conducted with HOME funds and applicant is an eligible entity meeting all HUD regulations for the HOME program as published in the Federal Register at 24 CFR Part 92.205;
- Proposed assistance amounts to a minimum of \$1,000 per unit
- Project must meet at least one program priority, as described in the section titled “Rhode Island Program Priorities”
- Project is consistent with the HOME income targeting rule at §92.216-217);
- The development team must have experience in the successful development and operation of affordable housing of similar scope and complexity;
- The development must demonstrate financial feasibility for the duration of the affordability period and have a reasonable likelihood of feasibility for the entire term of financing;
- The development must have a demonstrated probability of achieving sustainable occupancy of 95% within six months of construction completion and 100% occupancy within eighteen months of project completion;
- Construction must demonstrate a probability that it will commence within six months of firm reservation of funding and be completed within twenty-four months of commitment/closing

Pursuant to 24 CFR 92.250, all HOME grantees must establish maximum limitations on the total amount of HOME funds that the grantee may invest per-unit for development of non-luxury housing. The limits must be “reasonable” and based on actual costs of developing non-luxury housing in any given geographical area. Each grantee must submit maximum per-unit development subsidy amounts and accompanying justification with its HOME Allocation Plan on an annual basis.

**Maximum HOME investment:** Due to the discontinuation of the Section 221(d)(3) mortgage insurance program, alternate maximum per-unit subsidy limits must be used for the HOME Program. HUD is required to undertake rulemaking. Until a new rule can be published, HUD published a Notice (CPD-15-003) establishing an interim policy directing participation jurisdictions (“PJs”) to use the Section 234 Condominium Housing basic mortgage limits, for elevator-type projects, as an alternative to the Section 221(d)(3) limits. This interim policy remains in effect until the effective date of the new final rule provisions, amending the existing provisions of 24 CFR 92.250(a).

To ensure consistency with the provisions of section 212(e)(1) of NAHA and 24 CFR 92.250(a), the HOME maximum per-unit subsidy limit that HUD can approve for a PJ cannot exceed 240 percent of the Section 234 basic mortgage limit (i.e., 100 percent of the basic mortgage limit plus up to 140 percent in high-cost areas). For a PJ whose high-cost percentage has been increased above the 240 percent, the CPD Division must cap the HOME per-unit subsidy limit at 240 percent of the Section 234 basic mortgage limit.

#### What are the outcome measures expected as a result of the method of distribution?

Estimated goal outcome indicators include: Rental units constructed 22, rental units rehabilitated 25, homebuyers assisted in the purchase of HOME-assisted housing 2, homebuyers assisted through DPA 33.

Performance measures information: In accordance with the Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs dated March 7, 2006, Rhode Island Housing evaluates HOME Program investment using the IDIS Outcome Performance Measurement System.

The HOME Program objective is Providing Decent Affordable Housing through acquisition, rehabilitation and new construction of rental units and homeownership opportunities. The HOME Program outcome is Affordability.

### **Housing Trust Fund Program**

NOTE: Please see the HTF Allocation Plan section of the Grantee Unique Appendix for the full allocation plan.

The National Housing Trust Fund (HTF) is a federal program to support the development of affordable housing for low-income individuals and households. It is a newly funded federal affordable housing program that will complement existing federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for families and other households in Rhode Island, including homeless families.

The HTF will be funded annually with certain proceeds available from two government-sponsored entities – the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). The U.S. Department of Housing and Urban Development (HUD) will administer the HTF at the federal level and will distribute trust funds to participating states in accordance with an established formula.

Each participating state must identify one qualified housing agency to allocate the funds made available through HTF. In addition, each state must prepare and submit for HUD approval an allocation plan outlining the process it intends to follow to distribute the HTF monies. The National Housing Trust Fund Interim Rule can be found at 24 CFR Parts 91 and 93.

In the State of Rhode Island, the Governor has identified RIHousing Mortgage and Finance Corporation (RIHousing) as the allocating agency for the HTF. Rhode Island does not intend to appoint subgrantees for HTF and will distribute funds directly to recipients, defined as “organizations, agencies, or other entities that receive HTF funds to undertake an eligible project.” It is RIHousing’s intent to award HTF funds as rapidly and efficiently as possible.

In any fiscal year in which the total amount available for allocation of HTF funds is less than \$1 billion, RIHousing must use one hundred percent (100%) of its HTF grant for the benefit of extremely low-income families or families with incomes at or below the poverty line (whichever is greater). In any fiscal year in which the total amount available for allocation of HTF funds is greater than \$1 billion, the grantee must use at least seventy-five percent (75%) of its grant for the benefit of extremely low-income families or families with incomes at or below the poverty line.

#### Selection criteria and relative importance:

*Scoring of applications is based on the following factors:*

Scoring Factor	Total Possible
<u>Meeting Program Priorities:</u> The extent to which the proposal addresses one or more of the HTF Program Priorities outlined below (Tier 1 priorities=30 points; Tier 2 priorities=25 points; Tier 3 priorities=20 points;	30
<u>Applicant Ability to Obligate and Undertake Eligible Activities:</u> Capacity of the applicant to undertake the proposed activity (past project performance- up to 7 points, development and management team- up to 7 points, financial feasibility- up to 6 points, deduction of up to 9 points for HOME findings in monitoring- 3 points, past compliance concerns- 3 points, and/or lack of responsiveness to past requests for required information - 3 points)	20
<u>Leverage and Match:</u> Commitment of and amount of leveraged resources and available match (non-federal match will be scored more highly)	15
<u>Demonstrated demand:</u> Market study or waitlist (full points allocated if waiting lists are provided, 5 points for demonstration of need but not demand)	10
<u>Financial feasibility of Project:</u> Committed or projected operating subsidy=up to 5 points; Pro forma performance through affordability period=up to 5 points	10
<u>Design and Construction Standards:</u> Meets or exceeds RIHousing Design and Construction Standards	10
<u>Community Participation:</u> Evidence of community engagement, public solicitation of feedback, and/or resident participation in project planning or execution	5
<u>Geographic Diversity:</u> HTF funding is available to all communities in the State. Priority will be given to communities that have yet to meet or exceed State goal that at least 10% of housing stock is affordable (1 point). Additional points will be given for each of the following: •accessibility to transit (1 point); •accessibility to employment centers (1point); • accessibility to high performing schools (1 point); • accessibility of community services (1 point)	5
<u>Duration of Affordability:</u> Term of Affordability exceeds minimum requirements for type of unit and amount of funding requested. HTF affordability is 30 years. (meets affordability - 2 points, +1-10 years – 3 points, +11-20 years – 4 points, +21 years or more – 5 points)	5
<u>Priority Housing Needs of the State:</u> Connectedness to State Consolidated Plan priority needs	5
<u>Additional Merits:</u> Preference for underserved segments of the extremely low income population as defined in the state’s Consolidated Plan	5
<u>Additional Merits:</u> Project provides access to resident services and supports (maximum point allocation to those applications which include executed MOUs with service partners)	5
<u>Additional Merits:</u> Project integrates green design elements, universal design, energy, and water conservation, etc. technologies above and beyond the Design & Construction standards.	5
<b>TOTAL</b>	<b>130</b>

### Rhode Island Program Priorities

Rhode Island priorities include three Tiers found below.

- 1) Tier 1:
  - a) Acquisition and/or substantial rehabilitation and/or new construction to provide rental units for extremely low-income (ELI) families;
  - b) Acquisition and/or rehabilitation and/or new construction of rental housing units for homeless and special needs populations in conjunction with supportive

services;

- c) Acquisition and/or rehabilitation and/or new construction of rental housing units that provides or will provide project-based rental assistance to eligible tenants.

2) Tier 2:

- a) Preservation of existing affordable rental housing stock through rehabilitation, acquisition, or other eligible assistance;
- b) Acquisition and/or rehabilitation and/or new construction to provide rental units for one and two-person households;
- c) Acquisition, and/or rehabilitation and/or new construction to provide rental units for elderly residents

3) Tier 3:

- a) Moderate rehabilitation of rental units for families throughout the State including the elimination of lead-based paint hazards, correction of code violations, the provision of handicapped access for persons with disabilities and for the elderly, and to increase the energy efficiency of family units;
- b) Acquisition and/or substantial rehabilitation and/or new construction to provide rental units for very low-income (VLI) families, as permitted by the regulations

### Geographic Diversity

As described in the scoring factor matrix for the HTF, HTF funding is available to all communities in the state. However, priority will be given to communities who have yet to meet or exceed the state's Low- and Moderate-Income Housing Act requirements. Geographically based distribution criteria for HTF funds also include factors that contribute to improving or sustaining economic opportunity for the future tenants or owners of the homes developed. These criteria include additional points for accessibility to transit, accessibility to employment centers, accessibility to high performing schools and accessibility to community services.

### Applicant Capacity

A threshold for an application to move to scoring requires that the development team must have experience in the successful development and operation of affordable housing of similar scope and complexity. Scoring of an application includes higher points for proven capacity (i.e., strong project performance in past, experienced development and management teams associated with proposed project, financial soundness) and deductions of points for poor prior performance (i.e., monitoring findings among comparable projects, lack of responsiveness, compliance concerns, etc.).

### Project-based Rental Assistance

Providing project-based rental assistance to eligible tenants is a high and Tier 1 priority for the HTF program (see program priorities). Applicants with existing or committed project-based rental

assistance will receive preference.

### Duration of Affordability Period

All HTF applicants must propose a minimum of a 30-year affordability period beginning after project completion per § 93.302(d). Operating pro forma reviewed by program underwriters is reasonably projected to meet or exceed minimum affordability period. Financial feasibility of the project and length of affordability are scoring factors.

### Priority Housing Needs in the State

Rhode Island's HTF program bases awards on the merits of a project's application in meeting the priority housing needs established by the State. Priority housing needs refers to both the program's development priorities and the statewide housing needs as determined in the State's most recently approved five-year Consolidated Plan. The program priorities are listed above, with descriptions provided for Tier 1, Tier 2, and Tier 3 housing development priorities. The priority needs established in the most recent ConPlan include: increased housing opportunities; preserved affordability of current affordable housing stock, rehabilitation of foreclosed homes and properties; decreased homelessness; permanent supportive housing; housing that is fitted to the needs of its residents; elimination of lead-based paint hazards in households with children under 6 years of age; investments and improvements in public infrastructure, public services and public facilities; and removed barriers to fair and affordable housing. Further, it is a priority of the state's HTF-administering agent, RIHousing, that housing is developed where there is proven demand (as shown in a market study or a relevant waitlist) for that housing type.

### Leveraging

As described in the scoring factor matrix, Rhode Island's HTF Program utilizes ratios of committed funds to non-committed, federal versus non-federal match, and HTF funds versus other sources to determine scoring. Committed funds receive more weight than non-committed sources. Similarly, non-federal match will be given more weight than federal funds leveraged into a project.

### Resource allocation by funding category

In accordance with HUD guidance, the funds available through HTF can only be used to directly support housing units for the target income group (ELI individuals or households). HTF units can be included in projects that also serve higher income level tenants, but the HTF monies can only support the HTF-designated units. All HTF-assisted rental housing must meet a 30-year affordability period. Per § 93.200, HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction and/or rehabilitation of non-luxury rental housing with suitable amenities. All HTF applications must include a description of the eligible activities to be conducted with HTF funds. Funds may be used to support:

- Real property acquisition
- Site improvements and development hard costs

- Conversion
- Related soft costs
- Demolition
- Financing costs
- Relocation assistance
- Reasonable administrative and planning costs

#### Threshold factors and grant size limits

#### **Eligibility Requirements**

Funding will be allocated in a competitive application process open to all eligible entities, including cities and towns, nonprofit housing organizations, and for-profit developers. It is available to all communities in the State, with priority given based on specific factors listed in the Selection Criteria section below. Cities and towns are encouraged to apply to receive funding for projects. To be considered eligible for program funds, Rhode Island requires that recipients of HTF funds per §93.2, at minimum:

- a) Make acceptable assurances to the grantee (RIHousing) that it will comply with the requirements of the HTF program during the entire period that begins upon selection of the recipient to receive HTF funds and ending upon the conclusion of all HTF-funded activities.
- b) Demonstrate the ability and financial capacity to undertake, comply, and manage the eligible activity
- c) Demonstrate its familiarity with the requirements of other Federal, State, or local housing programs that may be used in conjunction with HTF funds to ensure compliance with all applicable requirements and regulations of such programs
- d) Have demonstrated experience and capacity to conduct an eligible HTF activity as evidenced by its ability to own, construct, or rehabilitate, and manage and operate an affordable multifamily rental housing development.

RI Housing will generally award HTF as subordinate debt and will close all HTF assistance through its approved closing policies and procedures.

#### **Application Requirements**

RIHousing will conduct up to four (4) competitive rounds per program year – one as part of the Low-Income Housing Tax Credit application process and up to three additional rounds as part of a joint application with other ancillary funding programs (such as HOME, BHRI, Thresholds, etc.). Additional rounds may be held if there are remaining project funds not yet committed. Incomplete applications will not be considered for funding. Applicants not funded in one round are encouraged to re-apply in subsequent rounds.

RIHousing staff will review project applications to ensure their compliance with all federal and state regulations and to assess overall project feasibility and if they meet threshold criteria as outlined below.

Upon review and scoring of those applications meeting the Minimum Requirement Threshold, found below in a subsection of “Selection Criteria”, RIHousing staff will recommend funding of specific activities to its Board of Commissioners. Upon preliminary reservation by the Board of Commissioners, RIHousing staff will complete underwriting and cost reasonableness analysis and resubmit the project to the Board of Commissioners for final reservation. HTF Commitments will then be formally awarded by RIHousing to HTF recipients in the form of an executed HTF Agreement (“Commitment”). Both the application and the HTF Agreement will require recipients to affirmatively certify that housing assisted with HTF funds will comply with all HTF requirements.

## **Selection Criteria**

### *Minimum Requirement Threshold*

Before an application can be considered for a reservation of funds it must meet or exceed the following:

- A complete application including all attachments submitted on or before the application deadline;
- Application contains a description of eligible activities to be conducted with HTF funds and applicant is an eligible entity meeting all HUD regulations for the HTF program as published in the Federal Register at 24 CFR Part 93.200-93.204;
- Proposed assistance amounts to a minimum of \$1,000 per unit
- Project must meet at least one program priority, as described in the section titled “Rhode Island Program Priorities”
- Project is consistent with the HTF income targeting rule at §93.250.
- The development team must have experience in the successful development and operation of affordable housing of similar scope and complexity;
- The development must demonstrate financial feasibility for the duration of the affordability period and have a reasonable likelihood of feasibility for the entire term of financing;
- The development must have a demonstrated probability of achieving sustainable occupancy of 95% within six months of construction completion and 100% occupancy within eighteen months of project completion;
- Construction must demonstrate a probability that it will commence within six months of firm reservation of funding and be completed within twenty-four months of commitment/closing

## **Maximum per-unit development subsidy amounts for HTF projects**

Pursuant to 24 CFR 93.300(a), RIHousing must establish maximum limitations on the total amount of HTF funds that the grantee may invest per-unit for development of non-luxury housing. To maintain maximum consistency across programs, and to provide predictability and efficiency in program administration and compliance, the State has adopted the HOME program maximum per-unit development subsidy limits for the Housing Trust Fund program.

The Housing Trust Fund Program will use the same standards as published for the HOME Program for Program Year 2022, and outlined as follows:

Due to the discontinuation of the Section 221(d)(3) mortgage insurance program, alternate maximum per-unit subsidy limits must be used for the HOME Program. HUD is required to undertake rulemaking. Until a new rule can be published, HUD published a Notice (CPD-15-003) establishing an interim policy directing PJs to use the Section 234 Condominium Housing basic mortgage limits, for elevator-type projects, as an alternative to the Section 221(d)(3) limits. This interim policy remains in effect until the effective date of the new final rule provisions, amending the existing provisions of 24 CFR 92.250(a).

To ensure consistency with the provisions of section 212(e)(1) of NAHA and 24 CFR 92.250(a), the HOME maximum per-unit subsidy limit that HUD can approve for a HTF grantee cannot exceed 240 percent of the Section 234 basic mortgage limit (i.e., 100 percent of the basic mortgage limit plus up to 140 percent in high-cost areas).

### What are the outcome measures expected as a result of the method of distribution?

- It is expected that the HTF will contribute to the development or preservation of 40 units of housing per year. This estimate is based on analysis of previous funding rounds and anticipated demand for the program. If less units of housing are assisted with HTF funds than this expectation, then allocation priorities will be reconsidered in future program years.
- In accordance with the Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs dated March 7, 2006, RIHousing will evaluate the HTF Program using the IDIS Outcome Performance Measurement System.
- The HTF Program objective is Providing Decent Affordable Housing through acquisition, rehabilitation, and new construction of rental units. The HTF Program outcome is Affordability.

## **CDBG Program**

The Rhode Island Executive Office of Commerce, Office of Housing and Community Development ("OHCD") administers the State's Community Development Block Grant ("CDBG") Program for those communities that do not receive allocations directly from the U.S. Department of Housing and Urban Development. The State's goal is to maximize the impact of CDBG funding by prioritizing activity types and communities of greatest need.

A minimum of thirty percent of the State's PY2022 CDBG allocation will be distributed on an annual competitive basis for the following priority activity types eligible under the HCDA: Public facilities, Infrastructure and Public Services. Activities will be funded, in whole or in part, based upon State Priorities, taking into account limited funding available, geographic distribution of resources and staff/threshold comments. Future year funding may be committed contingent upon receipt and availability of funds. Priority populations and activities as detailed in the State's Non-Housing Community Development needs assessment may receive extra consideration. Communities are reminded that the CDBG application is highly competitive. The State intends to fund the most impactful activities in the communities of greatest need, however, not all applicants are guaranteed an award.

A rolling application process will be utilized to obligate funds to the following high priority activity categories: Housing Rehabilitation, Economic Development, and Affordable Housing. Applications may be submitted on the most current application forms available, in accordance with the OHCD *PY22 CDBG Schedule* following the most current procedures. Such applications will be reviewed for eligibility. Only those applications which can demonstrate the activity meets program requirements, and can immediately proceed, with necessary funding substantially obligated, may be considered. OHCD staff may consult with other state agencies during the review. Temporary/transitional housing (including emergency shelters for the homeless and group homes which constitute "public facilities" under CDBG regulations) may apply under the "Affordable Housing" set aside or through the annual competitive process referenced above.

Any funds remaining from PY16 or earlier were de-obligated effective June 30, 2021 (excluding contracts with termination dates after June 30, 2021). Any program income returned, or any additional funds recaptured, de-obligated, reallocated or otherwise available shall be available in accordance with the PY22 distribution process. New awards may be funded with PY22 funds and/or prior source year CDBG funds, at the sole discretion of OHCD. Awards may be shifted to different source year funds, prior to processing of the initial draw request for an activity, to expedite closure of older grant years. (CDBG-CV funds made available shall be distributed in accordance with the *Rhode Island CDBG-CV Handbook* and the PY19 AAP.) Over the course of each year, in consideration of a project's timeline, future year funding may be tentatively committed to specific activities proposed, subject to availability. These amounts will be deducted from the total available in that year's application cycle.

#### Selection criteria and relative importance:

All Rhode Island municipalities, except those receiving direct CDBG entitlements from HUD, are eligible to apply via competitive and rolling application processes. Threshold criteria for rolling applications are described in the thresholds section below. The following process/criteria apply to the competitive application only. Relative to CDBG/COVID (Recovery) funding, the State may undertake activities directly and/or will allow non-profit organizations to apply directly to the State to undertake eligible COVID-response activities.

OHCD Staff Review/Fundability. All applications received will be reviewed by OHCD staff for compliance with Federal and State program rules and regulations. Any activity deemed not compliant with such requirements will be eliminated from consideration. Area under consideration in this part include:

- Completeness of application;
- Fundability - meets Eligibility and National Objective requirements;

- Process Issues - meets necessary regulatory public comment processes;
- Consistency with Program Design.
- Scoring: Applications will be scored based upon the following:
  - Total number and/or concentrations of low/moderate income persons served by the proposed activity;
  - Cost per LMI person served by the proposed activity;
  - Priority activities:
    - Public Improvements/Facilities – water/sewer and street/streetscapes activities are considered the highest priorities;
    - Public Services – job training and essential services for the homeless and elderly are prioritized.
  - Committee Evaluation: Committees comprised of individuals with expertise in community development issues will use the scoring results described above as a guide in consideration of proposals received. The committees may reduce and/or eliminate a request based upon the following criteria:
    - Timeliness – Any activity not likely to proceed in a timely fashion shall be eliminated from consideration. Timeliness requirements vary depending on activity type, as outlined in application materials;
    - Other Sources/Reviews – Any activity with an available, alternative source of funds may be eliminated from consideration. Such alternatives may or may not be under State control. Activities may also be eliminated from consideration if the proposal has not progressed through necessary/appropriate review steps by other State/local authorities.
    - Capacity/Performance – Any activity that lacks the experience and/or capacity to implement the proposed activity shall be eliminated from consideration. Demonstrated past performance and resolution of prior monitoring/audit findings will be taken into consideration. Outstanding issues will be considered.
    - Feasibility/Accuracy – Any activity that is not feasible as described in the application, may be eliminated from consideration. Cost effectiveness of the proposal will be reviewed under this criterion. If the information provided in the application is inaccurate, it may also be eliminated.
    - The committees may factor geographic distribution to assure areas are served equitably.

#### Access to application manuals

Application materials, including details on the application criteria and the PY22 CDBG Schedule, will be publicly available on the CDBG webpage at: <http://ohdc.ri.gov/community-development/cdbg/>.

A community application workshop will be conducted at the beginning of the competitive application process.

#### Resource allocation by funding category

All applications will be reviewed by OHCD staff for compliance with Federal and State program rules and regulations, and threshold requirements. Any activity deemed not in compliance with such requirements

will be eliminated from consideration. OHCD staff may consult with other state agencies during the threshold review. As described above, the State will use rolling and competitive application processes to distribute PY22 funds.

The CDBG funds are split among multiple Funding Allocation Priorities, with estimates shown below and in Table V.

- Goal 1 (Affordable Housing Development) – 30% of the State’s CDBG allocation - Applications must create or preserve long-term affordable units at any residential facility that provides transition or permanent housing and serves low/moderate income households. Capital improvements at homelessness shelters are eligible for assistance under this category, as transitional housing. Activities must meet the LMI Housing national objective (or LMI Limited Clientele in the instance of shelters).
- Goal 3 (Safe and Healthy Housing) – 25% of the State’s CDBG allocation - Housing rehabilitation: Rehabilitation of single family (one-four units) housing. Only applications meeting the Low/Moderate Income Housing national objective will be considered; and
- Goal 6 (Non-Housing Community Development) – 45% of the State’s CDBG allocation - Includes Economic Development, Public Facilities/Infrastructure, and Public Services.

Relative to CDBG/COVID funding only – the primary goal is anticipated to be Non-Housing Community Development. This is in recognition that essential services which fall into this category are a likely primary response to the pandemic. It is estimated that 75% of funds will fall within this category with the remaining 25% supporting housing.

The above percentages include administration costs. The amount of \$264,771 will be set aside for State use in program administration. The State will determine local administration awards, ranging from 5% to 15% based upon the activities funded, their size and complexity. For example, a construction project which requires extensive environmental review and federal labor standards compliance may receive an additional 15% to support administrative costs, while a small public service proposal may receive little administrative funds. All administrative expenses must be supported by time sheets/billing and other verifiable documentation.

#### Threshold factors and grant size limits

For the competitive round, limits on the number of activities and amounts which may be requested will be identified in the application handbook. For clarity, additional details relative to each activity type have been separated.

Residential Rehabilitation Thresholds (Up to 25%): National Objective (income & family size backup documentation); Inspection/scope/cost documentation; Procurement documentation (bid, quotes); Environmental documentation; Ownership and other applicant data.

Limit: The State will reserve up to 25% (\$1,373,099) of its annual award for residential rehabilitation purposes. Any funds not obligated by the conclusion of the annual competitive application cycle described below will be de-obligated for these purposes and distributed at that time. Up to 20% may be used for documented housing operating and administrative costs. Individual projects may not exceed \$120,000/unit. No individual community may submit requests for more than 20% of the total housing rehab

amount reserved. The State will assist municipality struggling with capacity to administer a residential rehabilitation program by soliciting a centralized entity which can be used for this purpose.

Affordable Housing Thresholds (No category limit specified - Projected 30%): National Objective & Eligibility Compliance; Financial Feasibility (Construction and/or Operating); Cost necessary & reasonable; Long-term affordability; Developer risk; Staff and Committee criteria detailed in the annual competitive process below.

Limit: Ongoing - The State will fund applications on a first-come, first-served basis, up to a maximum allowed when factoring other set-asides. Therefore, it is projected that 30% (\$1,647,719) of the State's allocation would be available for this purpose. No individual application may receive more than \$250,000/unit.

Economic Development Thresholds (No category limit specified): National Objective & Eligibility Compliance; Public Benefit requirements; Financial/Project Feasibility; Cost necessary & reasonable; and Underwriting.

Limit: Ongoing - The State will fund applications on a first-come, first-served basis, up to a maximum allowed when factoring other set-asides. The State does not project significant obligations under this category. Individual proposals must meet the aggregate public benefit requirements for the program.

Public Facilities/Public Improvements & Public Service Thresholds (Minimum of 30%): OHCD Staff Review/Fundability. All applications received will be reviewed by OHCD staff for compliance with Federal and State program rules and regulations. Any activity deemed not compliant with such requirements will be eliminated from consideration. Limit: The State will reserve 30% (\$1,647,719) to support public facility/improvement and public service proposals. Of that, a minimum of 10% (\$549,239) will be used to support public service proposals. Applications will be accepted annually using a competitive application cycle described above.

#### Expected outcome measures:

Rental units rehabilitated (Goal 1) - 14, homeowner housing rehabilitated (Goal 3) – 50, public facility and infrastructure improvements other than low-mod housing benefit (Goal 6) - 15,000 persons, public services other than low-mod housing benefit (Goal 6) - 750 persons

### **CDBG-Recovery Housing**

HUD has allocated supplemental funds available under the SUPPORT Act for increased transitional housing for persons in recovery with substance abuse disorders. These funds are limited to housing activities, such as rental assistance and/or rehabilitation of units for persons in recovery with substance abuse disorders. The Needs Assessment in the 2020-2024 finds that a significant portion of both sheltered and unsheltered homeless persons are suffering from chronic substance abuse.

Selection criteria and relative importance:

OHCD staff is responsible for verifying that each proposed project/program fulfills at least one CDBG national objective, and meets threshold, eligibility, and cross-cutting requirements, and that CDBG Recovery Housing funds are the best available resource for implementation of the proposal. Proposals that meet these criteria shall then be evaluated in accordance with the *CDBG PY22 Application Handbook*.

Factors that shall be considered in evaluating CDBG-Recovery Housing proposals include, but are not limited to, the following:

- Cost per person served
- Fulfillment of low- and moderate-income National Objective
- Applicant capacity, including experience with persons in recovery from substance abuse
- Ability to leverage other funding sources and/or wrap-around services for resident clients

Resource allocation by funding category:

Rhode Island has been allocated \$1,043,000 in Recovery Housing funds. The allowable amount will be set aside for administrative purposes. The balance will be awarded to eligible entities in accordance with applicable HUD guidance, for transitional housing for persons in recovery with substance abuse disorders.

Threshold factors and grant size limits:

Additional threshold factors shall be identified in the *CDBG PY22 Application Handbook*. The state may award one or more grants under this program. No grant shall exceed the state's total CDBG-Recovery Housing allocation.

### **CDBG Coronavirus Supplemental (CDBG-CV)**

In accordance with guidance from HUD, CDBG-CV funds are covered by the PY19 AAP. All CDBG-CV funds shall be distributed in accordance with the *Rhode Island CDBG-CV Handbook*, to be available at [www.ohcd.ri.gov](http://www.ohcd.ri.gov) following issuance of program guidance and/or waivers by HUD. Information specific to CDBG/CV funding is incorporated in the CDBG content above.

### **CDBG-Disaster Recovery Program**

Detailed methods of distribution for the 2010 Floods and Hurricane Sandy CDBG-DR grants are available in their respective Action Plans, at <http://ohcd.ri.gov/community-development/cdbg-dr/>. There are some variations due to differing regulations, the types of damages associated with either disaster, and the State's evolving experience with CDBG-DR. Both grants are subject to the same general review process and evaluation criteria, as described below.

#### Selection criteria and relative importance:

OHCD staff is responsible for verifying that each proposed project fulfills at least one CDBG national objective and meets threshold and eligibility requirements as articulated in the request for letters of interest, application and federal regulations, and that CDBG-DR funds are the best available resource for implementation of the proposal. Proposals that meet these criteria are then evaluated by the Review Committee (the Committee). The Committee is comprised of representatives from OHCD, RIEMA, the RI Commerce Corp., the Division of Planning, the Department of Transportation, the Department of Environmental Management, the Coastal Resources Management Council, and the Governor's Office.

OHCD staff prepares reviews of each eligible, proposed project for the Committee, which include:

- A summary of the project;
- Identification of national objective;
- Mapping of physical location on CBRS (Coastal Barrier Resource System) Mapper and FEMA's most recent and current data source at time of application;
- Quantitative metric data;
- Assessment of link to qualified disaster impacts and unmet need;
- Qualitative analysis of the proposed timeline;
- Qualitative analysis of the project's feasibility, impact, and other criteria.

Given the federal requirement that 50% of the CDBG-DR funds must be used to primarily benefit LMI persons, the Committee may review projects benefiting LMI persons separately from projects fulfilling other national objectives. Each project undergoes a competitive review by the Committee. Factors the Committee considers in evaluating proposals include, but are not limited to, the following:

- Fulfillment of low- and moderate-income National Objective
- Disaster recovery need in the area (neighborhood, municipality, or county) the project will affect. CDBG-DR needs assessment will be based on the most current data at the time of review of projects.
- Applicant capacity
- Ability to leverage other funding sources

Resource allocation by funding category:

Rhode Island has been allocated funds in Hurricane Sandy and 2010 Floods CDBG-DR Funds. Of this amount, (5%) will be set aside for administrative purposes. The balance will be awarded to units of local government, non-profit organizations serving low and moderate income (LMI) persons, or agencies of state government, through a competitive application process.

In order to ensure that program requirements, as listed in the applicable federal register notices, are met, at least 50% of CDBG-DR funds will be awarded to activities that primarily benefit low- and moderate-income persons. The remaining funds will be awarded to proposals that meet any of the three National Objectives, subject to other applicable grant requirements.

Threshold factors and grant size limits:

HUD allocated CDBG Disaster Recovery funds based on the best available impact and unmet needs data. Every activity must meet one of the CDBG national objectives: Benefiting Low- and Moderate-Income Persons; Preventing or Eliminating Slums or Blight; and Meeting Urgent Needs AND address an unmet need resulting from the disaster.

Eligible activities are determined primarily by applicable federal laws and regulations, and letters of interest and/or applications submitted by municipalities and non-profit organizations. The overall list of eligible CDBG activities is set forth by 42 U.S.C. 5305 and amended by applicable CDBG-DR Federal

Register Notices. HUD's Environmental Review Procedures and Floodplain Management regulations, codified at 24 CFR 58 and 24 CFR 55, respectively, apply.

All units of general local government in Rhode Island are eligible to apply for CDBG-DR funds, however, a minimum of 80% of the Hurricane Sandy CDBG-DR grant funds must be expended in Washington County.

Requirements at 42 U.S.C. 5306 are waived to the extent necessary to allow a state to use its disaster recovery grant allocation directly to carry out state-administered activities. Agencies of state government and non-profit organizations serving LMI persons are generally eligible to apply for CDBG-DR funds. OHCD reserves the right to distribute CDBG-DR funds to a State Agency, or to a direct sub-recipient of the state. Non-profit organizations serving LMI persons are eligible direct sub-recipients of Hurricane Sandy CDBG-DR funds.

Within Washington and Newport Counties, generally only projects and activities located outside of CBRS Units will be eligible for CDBG-DR funds, pursuant to HUD guidance provided March 19, 2013. Locations of CBRS Units are available on the U.S. Fish and Wildlife Service website, at <http://www.fws.gov/CBRA/Maps/Mapper.html>.

Furthermore, no activity in an area delineated as a special flood hazard area or equivalent in FEMA's most recent and current data source will be eligible, unless the activity is designed or modified to minimize harm to or within the floodplain. At a minimum, actions to minimize harm must include elevating or flood-proofing new construction and substantial improvements to one foot above the base flood elevation and otherwise acting in accordance with U.S. Executive Order 11988 and 24 CFR part 55. Threshold Criteria includes: Regulatory compliance; Feasibility; Timeliness of project implementation; unmet need and Compliance with the State's Land Use 2025 Plan.

What are the outcome measures expected as a result of the method of distribution?

Public facility and infrastructure improvements (Goal 4) – 330 persons

If only summary criteria were described, how can potential applicants access application manuals or other state publications describing the application criteria? (CDBG only)

Detailed methods of distribution for the 2010 Floods and Hurricane Sandy CDBG-DR grants are available in their respective Action Plans, [at www.ohcd.ri.gov](http://www.ohcd.ri.gov). There are some variations due to differing regulations, the types of damages associated with either disaster, and the State's evolving experience with CDBG-DR. Both grants are subject to the same general review process and evaluation criteria, as described below.

The State anticipates few new activities to be implemented with CDBG/CV funding. The State will instead focus on completing activities underway and closing-out programs with HUD.

**Consolidated Homeless Fund (State ESG Program)**

To increase program performance and efficiency, while reducing administrative burden, the Emergency Solutions Grant (ESG) Entitlement Cities of Pawtucket and Providence have joined with

the State of Rhode Island Office of Housing and Community Development, Housing Resources Commission and the Department of Human Services (in accordance with a OHCD MOA) to create the Consolidated Homeless Fund Partnership (CHFP) (The entitlement City of Woonsocket is also consulted in the distribution of funds). Herein the State of Rhode Island will be referred to as the CHF Partnership. State ESG formula allocations (\$718,868) are combined with the ESG funds allocated to entitlement communities (\$715,994) with additional state funds coming from a direct allocation to the HRC (\$3,418,045) and a pass through of social service funds from the Title XX program (\$1,272,598). In total, the CHF will have available \$6,125,505 for PY22. Note: of the \$718,868 State ESG award \$53,915 will fund administrative costs, leaving \$664,953 to be included in the Consolidated Homeless Fund.

There is an admin cap of 7.5% of the ESG award, and a cap of 60% of the ESG award or the 2010 hold harmless need amount, whichever is greater, going to outreach and shelters from the ESG award.

#### Selection criteria and relative importance:

The CHFP Partnership staff will conduct a threshold review of all applications, before forwarding them to the CHF/CoC Review Committee. The threshold review will determine the following:

- Application Completeness
- Applicant Eligibility
- Applicants Compliance with CHF/ESG Requirements

Applications found to be technically or substantially non-responsive at any point in the evaluation process will be rejected and not receive further consideration.

All applications that meet the threshold criteria listed above will be forwarded to the CHF/CoC Evaluation Committee. The review committee will thoroughly review and evaluate the applications against rating criteria, such as, but not limited to the following:

- Applicant's Proposed Service Plan (100 points)
  - Applicants plan to serve eligible populations
  - Applicants plan to provide linkages to appropriate services
  - Applicant's description of how it will assist clients with increasing income
  - Applicant's description of how it will assist with obtaining housing
  - Applicant's budget request is reasonable in comparison to similar projects, appropriate match funds are provided, administrative costs are consistent with CHF policies and procedures and do not exceed limitations.
  - Applicant's description of how it will comply with CHF/ESG Requirements
- Program Performance Data (100 points)
  - Applicant's fiscal and programmatic management.
  - Bed Utilization Rate/Units Secured
  - Average length of stay in project meets system performance standard.
  - Number of exits to positive destinations meets system performance standard.
  - Number of exits to negative destinations meets system performance standard.

- Changes in income both earned and non-earned from program entry to exit meets system performance standard.

The CHFP Partnership reserves the right not to fund any proposal.

The Committee will recommend funding to the appropriate authorities, who will then make the grantee awards.

All Appendices and Downloadable Application Forms are available at:

<http://ohcd.ri.gov/homelessness/funds-grants.php>.

Describe the process for awarding funds to state recipients and how the state will make its allocation available to units of general local government and non-profit organizations, including community and faith-based organizations (an ESG-specific question)

State ESG funds are pooled with entitlement ESG funds (Pawtucket, Providence, and Woonsocket) along with other state and federal homeless funding to consolidate the process of applying for funds to operate emergency shelters, provide essential services, conduct street outreach, and provide rapid rehousing and state rental assistance. Applicants do not explicitly apply for State ESG funds when they apply but receive an award from the Consolidated Homeless Fund Partnership. State ESG funds are used to cover only those activities that are eligible under the ESG regulations. The state makes ESG funds available to units of general local government and non-profit organizations, including community and faith-based organizations.

For ESG, grant size limits include the total amount that may be used for services and emergency shelter (#2 & #3 above) will not exceed 60% of the CHF Partnership's fiscal year grant or the amount of PY22 grant funds committed for homeless assistance activities (hold harmless need amount), whichever is greater. Given these limits, on an annual basis, 60% of State ESG funds are used for shelter operations and essential services while 40% is made available for rapid re-housing.

Resource allocation by funding category

Private not-profit organizations are eligible to apply for funding. Grants may be used for one of more of the following activities:

1. **Street Outreach (\$150,000 estimated available funds)** - Funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people (*"unsheltered homeless people" means individuals and families who qualify as homeless under paragraph (1)(i) of the "homeless" definition under § 576.2.*) for the purposes of connecting them with emergency shelter, housing or critical services; and provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility. The eligible costs and requirements for essential services consist of: engagement; case management; emergency health and mental health services (***services that are typically paid for with Medicaid funds are not eligible for funding***); transportation and services for special populations.

2. **Emergency Shelter (estimated \$2,872,732 available funds)**– Funds may be used for costs of providing essential services to homeless families and individuals in emergency shelters, renovating buildings to be used as emergency shelter for homeless families and individuals, and operating emergency shelters. Each of these are described as follows:
- A. Essential Services – CHFP funds may be used to provide essential services to individuals and families who are in an emergency shelter, as follows: Case Management, Childcare, Education Services, Employment Assistance and Job Training, Outpatient Health Services, Legal Services, Life Skills Training, Mental Health Services, Substance Abuse Treatment, Transportation and Services for Special Populations.
- B. Shelter Renovations – Eligible costs include labor, materials, tools, and other costs for renovation (including major rehabilitation of an emergency shelter or conversion of a building into an emergency shelter). The emergency shelter must be owned by a governmental entity or private nonprofit organization. *However, due to the limited availability of CHFP funds, priority will be given to Essential Services and Shelter Operation activities. Applicants are encouraged to pursue other sources of funding for shelter renovation activities.*
- C. Shelter Operations – Eligible costs are the costs of maintenance, including (minor or routine repairs) rent, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies necessary for the operation of the emergency shelter. *Applicants interested in submitting proposals to operate Harrington Hall (the 112 Bed State Shelter) owned by the State are encouraged to submit proposals for shelter operations funding.*

*Individuals and families defined as Homeless under the following categories are eligible for assistance under Emergency Shelter:*

- *Category 1-Literally Homeless*
- *Category 2-Imminent Risk of Homeless*
- *Category 3 –Homeless Under Other Federal Statutes*
- *Category 4- Fleeing/Attempting to Flee DV*

3. **Rapid Rehousing and State Rental Assistance and Voucher-Based Permanent Supportive Housing (estimated \$1,850,000 available funds) –**

- A. Rapid Rehousing Programs are designed to help those who are homeless quickly transition out of homelessness (less than 28 days after entering shelter) into permanent housing. The primary goal is to stabilize program participants in housing as quickly as possible and to provide wrap-around services after the family or individual obtains housing. Individuals or households receiving this type of assistance must have an income (s) at or below 30% of AMI. Enrollment in a rapid rehousing program should rely heavily on a guided case management plan to ensure long term stability for program participants.

- B. Rental Assistance Programs are designed to help the chronically homeless achieve housing stability.** The primary goal is to address the barriers and challenges that cause individuals and families to be chronically homeless, while also working to stabilize program participants in housing through the provision of wrap around services after the family or individual obtains housing.

Rapid Re-housing and State Rental Assistance *may be provided to program participants who meet the criteria under category (1) of the “homeless” definition in § 576.2 or who meet the criteria under category (4) of the “homeless” definition and live in an emergency shelter or other place described in category (1) of the “homeless” definition.*

Rapid Rehousing and State Rental Assistance must be provided in accordance with the housing relocation and stabilization services requirements in § 576.105, the short-and medium-term rental assistance requirements in § 576.106, and the written standards and procedures established under § 576.400. Rapid Rehousing and Rental Assistance may include tenant-based and/or project-based rental assistance. Eligible costs include:

a) Financial Assistance-

1. **Security deposits-** CHF funds may pay for a security deposit that is equal to no more than 1 months’ rent.
2. **Moving costs-**CHF funds may pay for reasonable moving costs, such as truck rental or hiring a moving company.
3. **Rent-** CHF funds may be used to provide up to 24 months of rapid rehousing and/or state rental assistance during any three-year period. Project based rental assistance is allowed, provided that the property is not owned by the Sub recipient/Contractor.
4. **Landlord Risk Mitigation Funds** – Funds to reimburse landlords for damages to a unit beyond the amounts covered by a security deposit. No more than an incidental amount should be set aside for landlord risk reduction funds.

a) Services Costs -Subject to the general restrictions under § 576.103 and § 576.104, CHF funds may be used to pay the costs of providing the following services:

1. **Housing Search and Placement/Housing Navigators** - Services or activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing.
2. **Housing Stability Case Management**-CHF funds may be used to pay cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing. **This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing.**
3. **Credit Repair**-CHF funds may pay for credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.
4. **Homeless Prevention Activities (estimated available funds \$2,750,000– COVID supplemental assistance only)** – Funds may be used to assist households at risk of losing their permanent housing, including individuals and families at imminent risk of becoming literally homeless according to HUD’s definition. Specifically, supplemental COVID-19 resources, including supplemental ESG funds, may be used to provide housing relocation and stabilization services

and short- and/or medium-term rental assistance necessary to prevent an individual or family from moving into an emergency shelter or another place described in paragraph (1) of the “homeless” definition in 24 CFR 576.2. Rental assistance may include related housing costs, allowable under 24 CFR 576.103, 576.105, and 576.106, such as rental arrears and utilities. ESG support for such costs shall in no instance exceed the applicable durations established by HUD. Other homeless prevention activities may include follow-up services to assist households with maintaining their housing as necessary to prevent homelessness.

The method of distribution for supplemental COVID resources may differ from the process outlined in this section. Any such differences will be made publicly available, in accordance with applicable HUD guidance.

The CHFP retains the right to reduce, amend, or eliminate applications and/or awards based on the availability of funding and forthcoming federal regulations for the programs listed above.

#### Threshold factors and grant size limits

The CHFP will commission a Fund Distribution Review Committee to review and evaluate all proposals. Before a submitted application can be evaluated, it will first undergo a threshold review to determine:

- Application Completeness
- Applicant Eligibility
- Applicant HMIS Capacity
- Target Population Eligibility
- Proposed Service Eligibility

All applications that meet the threshold criteria listed above will be ranked by the CHFP RFP Review Committee. Applications found to be technically or substantially non-responsive at any point in the evaluation process will be rejected and not receive further consideration. The review committee will thoroughly review and evaluate the applications against rating criteria (as described above). The CHFP reserves the right not to fund any proposal.

The eligible activities for funding, and thus the key criteria for which funding is awarded, are for use in operating or maintaining an emergency shelter, as well as essential services for the residents utilizing the shelter, for use relating to essential services for unsheltered persons, and for use in the renovation of emergency shelter facilities.

There is no restriction on the maximum amount an applicant may request.

#### What are the outcome measures expected as a result of the method of distribution?

Emergency overnight shelter assistance - 3,000; homelessness prevented - 6 persons; rapid re-housing - 250 households

#### **ESG Coronavirus Supplemental (ESG-CV)**

In accordance with guidance from HUD, ESG-CV funds are covered by the PY20 AAP. All ESG-CV funds, with the exception of homelessness prevention funds, shall be distributed in accordance with a publicly available ESG-CV method of distribution, to be available at [www.ohcd.ri.gov](http://www.ohcd.ri.gov) following issuance of program guidance and/or waivers by HUD. The anticipated amount to be distributed is \$3,004,476.

In addition, the State of Rhode Island has awarded an additional \$10,947,250 for COVID emergency assistance. Funds were awarded for temporary emergency shelters (hotel rooms), coordinated response projects (emergency shelter cleaning and cleaning supplies) relating to preventing the spread of COVID 19 and for homelessness prevention programs and landlord incentive programs to encourage landlords to rent to individuals and families.

## **AP-40 Section 108 Loan Guarantee – 91.320(k)(1)(ii)**

**Will the state help non-entitlement units of general local government to apply for Section 108 loan funds?**

Yes

### **Available Grant Amounts**

See “Grant Limitations” section of provided acceptance process

### **Acceptance process of applications**

Rhode Island Section 108 Loan  
Guarantee Program

The Office of Housing and Community Development recognizes that non-entitlement communities find it difficult to access large scale funding for specific economic and housing development activities. The National Affordable Housing Act of 1990 amended Section 108 of the Housing and Community Development Act to enable non-entitlement communities to apply to the State and to HUD to finance revenue producing activities that meet the accepted CDBG national objectives and eligibility criteria.

The State of Rhode Island may pledge up to \$25 million of future CDBG allocation in support of eligible activities. In accordance with applicable federal regulations, additional security is required to assure repayments of the guaranteed obligations and may include assets financed by the guaranteed loan. Third party credit underwriting is required to determine if the project is an acceptable credit risk and the collateral meets security requirements.

### Eligible Activities

Guaranteed loan funds may be used for the following activities, provided that said activities are designed to produce revenue.

1. Acquisition of improved or unimproved real property in fee or by long-term lease, including acquisition for economic development activities.
2. Rehabilitation of real property owned or acquired by the entity applicant, city or town or its designated public agency.
3. Payment of interest on obligations guaranteed under the 108 Program.
4. Relocation payments and other relocation assistance.
5. Clearance, demolition, and removal, including movement of structures to other sites, or building and improvements on real property acquired or rehabilitated pursuant to numbers 1 and 2 above.
6. Site preparation, including construction, reconstruction or installation of public improvements, utilities, or facilities (other than buildings) related to the redevelopment or use of the real property acquired or rehabilitated pursuant to paragraphs and above.

7. Payment of issuance, underwriting, servicing and other costs associated with private sector financing of notes or other obligation guaranteed under this subpart.
8. Economic development programs including acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures or other real property, equipment, and improvements. Assistance may be provided to private-for-profit, and private or public nonprofit sub-recipients where assistance is appropriate to carry-out the economic development activity.
9. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), site improvements, and utilities, for an economic development purpose.
10. A debt service reserve in accordance with requirements.

#### National Objectives

- Activities must be designed to comply with one of the following national objectives.
- Benefit to low- and moderate-income families and individuals or, aid in the prevention or elimination of slums and blight
- Applicants are reminded that the state is committed by HUD requirements to fund activities that provide a 70% benefit to low- and moderate-income persons.

#### Application Period and Grant Limitations

- The state will accept applications throughout the year. Total state exposure will not exceed \$25 million dollar at any one time. Local accrued awards shall be limited to \$10 million dollars at any one time.
- There are no application minimums or maximums.

#### Evaluation Criteria

Successful applicants will receive project money from HUD, but the repayment of those funds is guaranteed by State CDBG. The state pledges that future CDBG grant monies will repay the federal government should a non-entitlement recipient of a Section 108 Loan guarantee default. Because of this provision the state will develop an application that provides for stringent review with the following criteria:

- Clear definition of the project goals and activities.
- Effective and capable local management.
- Analysis of secondary economic and fiscal impacts.
- Revenue projections and firm financial information on the proposed project.
- Total housing units developed for permanent affordable housing.
- Percent of low/moderate jobs created over the fifty-one percent National Objective minimum.
- Percent of jobs to be documented as "taken by" low/moderate income persons.
- Ratio of loan guarantee dollars to the number of low/moderate income persons.
- Percent of permanent affordable housing units developed over the fifty-one percent national objective minimum.
- Ratio of loan guarantee dollars to permanent affordable units developed.
- Leverage of non-government funding
- Extent of Consolidated Plan/CHAS/local Affordable Housing Plan consistency.

The state will grant special consideration and encourage applicants that:

- Are located in or directly benefit the state and federal enterprise zones.
- Are part of the comprehensive community or neighborhood revitalization program.
- Provide for linkages between housing development and supportive services.

### Risk Management and Controls

(Note: For terms longer than 10 years, or where in any one year the 108 payment exceeds the annual State CDBG entitlement, HUD will also exert itself into project underwriting.)

- The local jurisdiction will complete its own underwriting/analysis of each project with recommendation for approval to the state and be accompanied by the chief elected official's signed certification required by HUD.
- The State shall complete its underwriting of the project and shall require: quality collateral/security reasonably consistent with conventional lending practices for similar project with respect to loan to value (LTV) ratios. After project stabilization and a good payment history, collateral can be reduced by the applicants request and State and Local approval.
- The City or Town and State must conclude that the project is likely to...a) produce both the National Objective and forecasted public benefits and b) evidence that the net operating income will be sufficient to meet debt service.
- Under certain circumstances where overwhelming public benefits are forecasted the State and locality can mutually decide to accept:
  - impaired collateral
  - reduced interest rates
  - poor cash flow and/or credit risks
- Provided, however, that the state and locality can mutually agree to financial sanctions against the local jurisdiction relative to the future CDBG applicants/foregoing funding in event of default or missed payment(s) by the recipient.

### Outcome Measures

In accordance with Federal Register Notice dated March 7, 2006, every activity funded will be designated a minimum of one projected outcome measure. Compliance with this measurement must be tracked by the local recipient.

Every activity will have a designated "general objective category". The choices are 1) Decent Housing, 2) Suitable Living Environment, and 3) Economic Opportunity. Every category will have a designed "general outcome category". The choices are 1) availability/accessibility, 2) affordability, and 3) sustainability.

The State will preliminarily designate the following measures for certain classes of activity (examples shown below). If a community feels an alternative measure is more appropriate, it must return justification for its assertion along with its annual contract agreement.

- Housing Rehabilitation:
  - Decent Housing - Availability/Accessibility
- Affordable housing projects/developments:
  - Decent Housing - Affordability
- Neighborhood Revitalization/Facilities:
  - Suitable Living Environment - Availability/Sustainability
- Services:

- Dependent upon nature of services.
- Job Creation Activities:
  - Economic Opportunity – Availability

**AP-45 Community Revitalization Strategies – 91.320(k)(1)(ii)**

**Will the state allow units of general local government to carry out community revitalization strategies?**

No

**State's Process and Criteria for approving local government revitalization strategies**

Not applicable

## **AP-50 Geographic Distribution – 91.320(f)**

### **Description of the geographic areas of the state (including areas of low-income and minority concentration) where assistance will be directed**

As is referred to in SP-35, the general strategy of the LIHTC program is described on page 9 of the state's 2022 QAP, which states that "preference for an allocation of credits must be given to developments serving the lowest income residents, developments which commit to the longest period of affordability, and developments located in a qualified census tract ("QCT")."

HOME funding is available to all communities in the State, with the general exception of Providence, Pawtucket, and Woonsocket, which receive HOME allocations directly from HUD. However, applicants from these three communities may be eligible for State HOME funding if the entitlement entities do not have sufficient funds available for a specific activity. The scoring system favors communities with the lowest percentage of affordable housing units to encourage a more equitable distribution of affordable housing throughout the State.

State CDBG funds for housing rehabilitation, economic development, and affordable housing are available for 33 of the 39 cities and towns in Rhode Island. The Cities of Cranston, East Providence, Pawtucket, Providence, Warwick, and Woonsocket are all entitlement communities that receive CDBG allocations directly from HUD. Therefore, these six entitlement communities are not eligible under the State CDBG program but may be eligible for CDBG Disaster Recovery funds (see below). CDBG/CV funding is available statewide.

The State anticipates that CDBG-Recovery Housing funds will be available statewide. However, such guidance/waivers had not been issued by HUD at time of publication.

Rhode Island's CDBG-DR funding is available statewide. However, 80% of the Hurricane Sandy allocation is reserved for activities in Washington County, designated a "most impacted and distressed county." Eligible "Sandy" disasters include Hurricanes Sandy and Irene, and the February 2013 Winter Storm (Nemo).

NSP funding is limited to NSP Target Areas, with high foreclosure rates. A map of NSP Target Areas is available at <http://ohcd.ri.gov/community-development/nsp/documents/NSPtargetAreasMap.pdf>.

The Consolidated Homeless Funds has five regional zones for allocation purposes, with a maximum of 15% of all allocated funds through the CHF going to Northern Rhode Island (which includes one entitlement community, Woonsocket), and a maximum of 10% of allocated funds going to East Bay Rhode Island, Southern Rhode Island, and Kent County each. According to the 2016-2017 CHF Request for Proposals, 70-75% of all CHF funds will be allocated to assist programs in Providence and the Metro Providence vicinity.

HTF funding is available to all communities in the state. However, priority will be given to communities who have yet to meet or exceed state requirements that at least 10% of housing stock is affordable. Only six of the state's 39 municipalities meet this threshold, though these six towns combine to contain 25% of the state's non-seasonal housing units. Geographically based distribution criteria for HTF funds also include factors that contribute to improving or sustaining economic

opportunity for the future tenants or owners of the homes developed. These criteria include additional points for accessibility to transit, accessibility to employment centers, accessibility to high performing schools and accessibility to community services.

### **Rationale for the priorities for allocating investments geographically**

The rationale for the prioritization for the development of affordable housing in those communities not currently with a sufficient stock is directly related to the legislative findings in Rhode Island General Law § 45-53-2 that “it is necessary that each city and town provide opportunities for the establishment of low- and moderate-income housing”. The legal definition for a municipality containing a sufficient stock of low- and moderate-income housing can be found in § 45-53-3(4)(1). HOME and LIHTC funding for affordable housing production prioritize housing in areas found not to contain enough low- and moderate-income housing for the purpose of helping each city and town in the state to provide affordable housing opportunities.

Regardless of the eligibility of a municipality or consortium to apply for funds, allocation amounts are contingent to two other geographic considerations. First is the need of that community and second is the project’s location with relation to the Urban Services Boundary and its proximity to a growth center, which were defined in the State’s Land Use 2025 Guide Plan.

Local Plan Compliance threshold requirements in CDBG applications also places a priority, as a result of needing to be in compliance with a municipal comprehensive plan, on the development of affordable housing in communities that have not reached the statutory requirement of having 10% of its housing stock be affordable (deed-restricted and/or subsidized) to low-to-moderate income households.

Homelessness program funding is directed to the entitlement communities that participate in the Consolidated Homeless Fund to the degree to which they contribute to the fund, plus added need based on applications from service providers. These geographic distributions of funding are not a requirement of the Consolidated Homeless Fund but is estimated annually based on the location of programs that have been funded in the past and the statutory requirement of entitlement ESG funds going to each respective entitlement community. The State’s ESG funds, as a result of other funding sources that are devoted for the entitlement communities, often fund programs in Southern Rhode Island, Kent County and the East Bay, but this is not a requirement of State ESG distribution.

CDBG-DR priority to Washington County is based on the amount of damage done by the storms for which the DR grants cover in that County relative to the rest of the state.

## AP-55 Affordable Housing – 24 CFR 91.320(g)

### Introduction:

In PY22, the state plans to serve a total of 899 households through affordable housing programs, including 51 homeless households, as well as 848 non-homeless households. The majority of persons served with affordable housing will be through the development of long-term affordable rental and homeownership opportunities or through the extension of affordability of units in which the household already resides, while the remaining households will be served through rental assistance.

TABLE VIII – ONE YEAR GOALS FOR AFFORDABLE HOUSING BY SUPPORT REQUIREMENT

One Year Goals for the Number of Households to be Supported	
Homeless (Homeless Housing Added, NOP, RHP)	45
Non-Homeless (Rest Goal 1 and 2)	848
Special-Needs	0
<b>Total</b>	<b>893</b>

TABLE IX – ONE YEAR GOALS FOR AFFORDABLE HOUSING BY SUPPORT TYPE

One Year Goals for the Number of Households Supported Through	
Rental Assistance (TBRA, NOP, HOPWA, RHP)	333
The Production of New Units	94
Rehab of Existing Units	466
Acquisition of Existing Units	0
<b>Total</b>	<b>893</b>

### Discussion:

The state plans to fund the production or preservation of 560 low- to moderate-income homes with the resources it has available, rehabilitating 466 existing structures (either producing new affordable options or preserving existing housing) and 94 homes constructed new (all of which will be counted as new affordable housing options). It is estimated that 45 new affordable units will be devoted to house homeless or formerly homeless households, the balance will serve non-homeless households. Though it is not a specific outcome stated as an accomplishment for Goal 1, many of the households served through the production or rehab of units for the development of affordable housing will contain special-needs populations.

All persons and households assisted through the accomplishments of Goal 2 are counted as homeless households supported in TABLE IX, as are the 45 units of rental housing for the homeless added in Goal 1. The eCon Planning Suite: Desk Guide for this section asks applicants to “not include the provision of emergency shelter, transitional shelter, or social services” to the total of households supported, thus only HOPWA, NOP, and RHP outcomes are included from Goal 2. These outcomes combine to support homeless households through rental assistance. The remaining goal outcomes of Goal 1 combined together equal the number of non-homeless households supported by affordable housing in PY22.

The above referenced figures were based on historic program performance, current unit production costs and anticipated financial resources at the time of the 2020-2024 ConPlan was developed.

## **AP-60 Public Housing - 24 CFR 91.320(j)**

### **Introduction:**

RIHousing, in its role as a PHA, works to ensure that all people who live or work in Rhode Island can afford a safe, healthy home that meets their needs.

### **Actions planned during the next year to address the needs to public housing**

- **Use the Housing Choice Voucher Program (HCVP) to further HUD's Opening Doors initiative to end homelessness.** Since 2015, RIHousing has adopted a homeless preference in the Housing Choice Voucher Program. In calendar years 2016 2017 and 2018, 100% of new admissions to the HCV Program were homeless households. RIHousing adopted a new preference for families "moving up" from Permanent Supportive Housing to the HCV Program. The "move-up" preference is part of a larger effort among RIHousing and community services providers to increase housing opportunities for homeless families and individuals. By moving families from supportive housing into the HCV Program, additional supportive housing opportunities will be created for currently homeless households. In 2021, RIHousing elevated its preference for families currently in an unstable housing situation, where they are receiving a subsidy that is set to expire or otherwise end and are at increased risk of homelessness.
- **Work with other Public Housing Authorities to more effectively meet the housing needs of all families.** RIHousing successfully opened the Centralized Waitlist Portal on December 17, 2017, with 19 agencies currently participating throughout the state, and plans to make efforts to encourage the remaining Rhode Island housing authorities to join the system in PY22. The Centralized Waitlist allows potential applicants to access one application for thirty-four project-based voucher wait lists and the wait list for eighteen housing choice voucher programs all from one online portal.
- **Better utilize state and federal funds to provide residents with additional supports and perform better owner outreach.** RIHousing launched the Housing Stabilization Specialist (HSS) program in Summer 2016. RIHousing's HSS team supports households who are at risk of eviction or who have been issued a voucher and are struggling to locate an apartment. Since the inception of the program, more than 330 households have been served and will continue to build on these numbers in PY22 as well. The team has also launched a robust Landlord Recruitment strategy that includes outreach to communities across the state as well as providing local real estate agencies with information regarding Housing Choice Voucher Program. They have continued to host SMART landlord presentations and the second annual Landlord Appreciation and Resource Fair was held virtually last year. The quarterly landlord newsletter also remains active with the goal of further increase the population of landlords who participate in the HCV program by alerting the landlord community to a list of resources accessible to them.. Governor McKee's FY22 Budget also included the creation of a \$6 million "Pay for Success" permanent supportive housing (PSH) pilot program for those experiencing chronic homelessness in Rhode Island. Supported by social impact bonds, the initiative aims to improve the services received by chronically homeless households, prevent crises, and decrease the utilization of emergency services. By increasing spending for preventative services, the program is expected to save the state between \$1.8 million and \$2.6 million

per year by reducing emergency care and justice system expenses for approximately 125 chronically homeless Rhode Islanders.

**Actions to encourage public housing residents to become more involved in management and participate in homeownership**

RIHousing has served as Family Self Sufficiency (FSS) program coordinator for more than 25 years and currently has over 150 participants actively enrolled in the program, of which 61% have established savings accounts. Family Self Sufficiency (FSS) enables individuals and families who receive assistance through the Housing Choice Voucher Program (HCVP) to learn the fundamentals of money management and achieve economic independence. In 2021, we had 14 families graduate from the program and disbursed over \$100,000 in Family Self Sufficiency (FSS) escrow funds.

**If the PHA is designated as troubled, describe the manner in which financial assistance will be provided or other assistance**

Not applicable

## **AP-65 Homeless and Other Special Needs Activities – 91.320(h)**

### **Introduction**

The 2012 Opening Doors Rhode Island: Plan to End Homelessness in Rhode Island guides the State's plan for homelessness alleviation and prevention. Actions in 2022 planned to address outcomes of the 2012 plan include:

- Address Veterans housing needs: The Veteran Placement Committee meets monthly, enabling key stakeholders to coordinate local resources on ending Veteran homelessness.
  
- Coordinated assessment / application process for supportive housing programs– The CoC refers to supportive housing programs solely through its Coordinated Entry System, allowing centralized access to homeless service programs to further the implementation of the Housing First philosophy. The OHCD and COC plan to conduct a third-party evaluation of the CES during PY2022 to inform ongoing refinements of the universal assessment, the CES system, and navigation of implementation challenges. The local Veterans Affairs department is also looking to connect to the CES and HMIS.  
RIHousing will continue to work with PHAs in 2022 to implement a common application process and to utilize the centralized housing choice voucher waitlist (shared by RIHousing's PHA program and local PHA programs) to coordinate information regarding prioritized populations.
  
- Coordinate training activities for supportive housing providers – The OHCD and COC will look at ways to fund training and advise providers on how to take advantages of trainings, with an emphasis on peer training.
  
- Increase economic security. The committee will look to develop partnerships with the Governor's Workforce Investment Board, the Department of Labor and Training.

### **Describe the jurisdictions one-year goals and actions for reducing and ending homelessness including reaching out to homeless persons (especially unsheltered persons) and assessing their individual needs**

The RI Coalition to End Homelessness (The Coalition) oversees the RI Coordinated Entry System, which includes a call center, assessment, shelter referral and housing prioritization and referral components. As part of this effort, The Coalition operates a crisis Hotline as one option for assessment and for entry to the shelter system. Outreach workers also conduct these assessments and focus their work on reaching people who are currently living outside unsheltered. RI's homeless system provides a range of outreach services to homeless adults and families as part of its crisis intervention programming and has an outreach van out almost every night. The key to system efforts has been in establishing trust with homeless persons on the street in order for them to enter case management and rapid re-housing. The Coalition trains outreach workers on the new, streamlined assessment and call center processes to take full advantage of outreach workers skills and abilities in reaching and assessing unsheltered persons. RI's Statewide Coordinated Entry System is a federal mandate that requires the state's homeless service providers to integrate their efforts to achieve the following goals:

- Make it easier for people to access services

- Identify and prioritize services based on need
- Make sure that people who need help the most, get help first

Since the onset of the COVID-19 pandemic in Rhode Island, the state has documented an increase in unsheltered homelessness statewide. This has been due to new households entering homelessness and shelters having to reduce capacity to allow for safe social distancing as recommended by the RIDOH. While the state has added non-congregate shelter beds in local hotels throughout the state to attempt to meet the increased need, there are still more people living unsheltered in Rhode Island than have been historically. This makes RI's outreach programs critical in the response to reach and assess people experiencing homelessness.

### **Addressing the emergency shelter and transitional housing needs of homeless persons**

As part of the state's Housing First policy, it is the goal of the Coordinated Entry System to help people move out of emergency shelter and into stable housing as quickly as possible.

A key component of Coordinated Entry is a Diversion program, which attempts to provide short-term finite resources to resolve housing instability to attempt to keep a person or family from entering homelessness. Crossroads RI runs the Diversion program for the CES and Homeless system in Rhode Island. In their work, the Diversion team meet with individuals and families to better understand their specific circumstances and housing or service needs.

In addition to the RCoC, the Rhode Island Office of Housing and Community Development (OHCD) administers the Consolidated Homeless Fund (CHF), which provides grant funds to units of general local government and non-profit organizations that provide services to the homeless. Units of general local government and non-profit organizations are encouraged to apply for funding for one or more of the following eligible activities:

- Renovation Costs – including major rehabilitation costs of an emergency shelter or conversion of a building into an emergency shelter. The emergency shelter must be owned by a government entity or private nonprofit organization.
- Shelter Operations – Eligible costs are the cost of maintenance (including minor routine repairs), rent, security, fuel, equipment, insurance, utilities, food, furnishings, staffing and supplies necessary for the operation of the emergency shelter.
- Rapid Rehousing/State Rental Assistance – CHF funds may be used to provide housing relocation and stabilization services and short and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing.
- HMIS Lead Eligible Costs – CHF funds may be used to pay the costs of continuing data to the HMIS designated by the Continuum of Care for the area, including the costs.
- Coordinated Entry System Lead eligible costs – CHF funds may be used to pay the costs of

operating and evaluating the Coordinated Entry System

More than 4,000 persons annually find themselves in a homeless shelter or a place not meant for human habitation. Although the CHF program does not provide direct support to individuals and families who are homeless, this population is almost exclusively served by programs supported by the Consolidated Homeless Fund.

**Helping homeless persons (especially chronically homeless individuals and families, families with children, veterans and their families, and unaccompanied youth) make the transition to permanent housing and independent living, including shortening the period of time that individuals and families experience homelessness, facilitating access for homeless individuals and families to affordable housing units, and preventing individuals and families who were recently homeless from becoming homeless again**

Supportive housing is a nationally tested approach to permanently break the cycle of homelessness by providing the people experiencing homelessness including the chronically homeless with affordable housing and the wrap-around services that will allow them to live independent, stable, and productive lives. Rhode Island has 1,700 supportive housing opportunities, which provide case management and a variety of supportive services (such as mainstream and non-mainstream benefit application assistance, financial literacy, education attainment, job skill and life-skill training). Creating more affordable housing with operating assistance, which provides the next step in the continuum of independent living for formerly homeless persons and individuals. Case managers and housing service providers deliver assistance on attaining housing vouchers, locating available affordable units and mortgage application assistance for that qualify.

As part of the Rhode Island Coordinated Entry System, the Rhode Island Coalition to End Homelessness manages the supportive housing referrals into available programs, once persons are in a shelter or are living on the street. In supportive housing settings, funded mostly through RICOc programs, residents sign leases, pay rent and care for their own apartments, which is an important first step for homeless households to regain the self-confidence needed to take control over their lives.

For more information go to <https://www.rhomeless.org/coordinated-entry>.

**Helping low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families and those who are: being discharged from publicly funded institutions and systems of care (such as health care facilities, mental health facilities, foster care and other youth facilities, and corrections programs and institutions); or, receiving assistance from public or private agencies that address housing, health, social services, employment, education, or youth needs**

### **Foster Care**

The Rhode Island Department of Children, Youth and Families (DCYF) has a policy not to discharge clients into homelessness and has committed to this policy through a Memorandum of Agreement with OHCD. Children in foster care are not reunited with their families unless stable housing is secured. Families receive short term financial assistance and support services when housing is the primary barrier to reunification. Youth unable to go home are given the option of voluntarily

participating in the DCYF-funded YESS (Young Adults Establishing Self Sufficiency) Aftercare Services which provides a stipend for housing and other wrap-around supports until the youth is 21.

### **Health Care**

A Memorandum of Agreement between the Dept. of Health (DOH) and OHCD dictates that hospital patients not be discharged into homelessness. Patients remain hospitalized until they are healthy enough to move on to housing and receive case management support in developing a discharge plan. Discharge planners in assisted living facilities are trained to identify mainstream housing opportunities and to pair placements with Money Follows the Person (MFP) Program long-term care services.

Rhode Island will transition eligible individuals who are in a qualified institutional setting for 90 days or more into a qualified community-based residence. At the end of the demonstration period a total of 520 Phase I Medicaid beneficiaries will be transitioned into the community. The demonstration will use a coordinated system of care to assist a participant transition into and to successfully remain in the community, with the appropriate supports, so that they can experience more independence and a better quality of life. Section AP-85 of this action plan includes more information on preventing homelessness for persons and households facing substantial healthcare needs.

### **Mental Health**

An MOA between BHDDH and OHCD dictates that patients of mental health institutions are not to be discharged into homelessness. BHDDH supports the Housing First model with PATH and SAMSHA grants for client-centered permanent housing and funds new supportive housing for people with serious mental illness and developmental disabilities through the Thresholds program (administered by RIHousing).

The Prevention and Planning Unit of BHDDH provides planning assistance and services for the development and implementation of behavioral health prevention, treatment, and recovery support policies, programs, and services. The Unit also administers federal block and formula grants from the Substance Abuse and Mental Health Services Administration, the Office of Juvenile Justice and Delinquency Prevention, and the Department of Education.

PATH funded services consist primarily of outreach, engagement, screening, and diagnosis. The fact that PATH services are provided through Riverwood Mental Health Services, a statewide CMHO, gives PATH clients access to a wide range of other services, including habilitation and rehabilitation; community mental health; alcohol or drug treatment; staff training; case management; supportive and supervisory services in residential settings; referrals to health services, job training, education, and relevant housing services. Riverwood also directs Rhode Island's premier Housing First program, which provides priority access to permanent supported housing services for its PATH clients.

### **Corrections**

Developing coordinated reentry strategies, including social services and life skills training, in addition to the traditional supervision of probation and parole, helps ex-inmates break the cycle of incarceration. Evidence suggests that providing services beyond post release supervision, such as

substance abuse treatment, mental health services, job placement and educational services lowers the recidivism rate.

The community benefits from reentry programs that work. Public safety improves and correctional and criminal justice costs are reduced in the long run when ex-inmates are directed away from re-offending to more productive work.

RI has initiated a comprehensive approach to offender reentry (established through Executive Order 04-02). This approach, facilitated with technical assistance from the National Institute of Corrections, represents the combined efforts of the Department of Corrections, the state legislature, numerous other state agencies, local governments, law enforcement and countless community agencies. The committee includes key state agencies and is divided into three tiers. The first tier, comprised mainly of cabinet-level appointees, focuses on larger policy issues. The second tier, consisting of departmental appointees and directors of community-based organizations, examines management issues. The third tier, comprised of front-line worker and managers, addresses programmatic issues.

Additionally, community reentry councils, a group of community leaders and service providers, have been established in Providence, Pawtucket, Newport, and Warwick to help assist offenders returning to their community.

The State's 2-1-1 hotline, administered by United Way Rhode Island, is a free, confidential service that provides information and referrals through specialists. The Continuum of Care works with 211, along with community assistance program (CAP) agencies, emergency housing counselors, and reports generated from its Coordinated Entry System to understand risk factors for homelessness. When persons reach out to the various points for housing assistance, they are referred to CES to assure they can receive services and supports available they may qualify for.

## **AP-70 HOPWA Goals – 91.320(k)(4)**

The state is not a HOPWA formula grantee, but the state of Rhode Island has received competitive HOPWA awards, including a \$1.98 million three-year award granted in 2019. As described in the Strategic Plan, specifically shown in TABLE 56, HOPWA contributes to Goal 2, to prevent and end homelessness in the state, and anticipates serving 50 households per year in 43 units.

In Program Year 22, year three of the current planning period, the state will support units provided in permanent housing facilities developed, leased, or operated with HOPWA funds for 36 households and units provided in transitional short-term housing facilities developed, leased, or operated with HOPWA funds for 14 households.

The City of Providence is a formula grantee of HOPWA funds, in which it receives approximately \$1 million per year to serve persons living with HIV or AIDS. The City of Providence is responsible for describing the annual goals of its HOPWA program.

## **AP-75 Barriers to affordable housing – 91.320(i)**

### **Introduction:**

The State, through its laws, tries to balance the need to incentivize economic growth by preserving the state's natural and historic resources, and recognizing the local costs that growth may impose. Many state policies and requirements aim to protect the environment as well as the health and safety of residents. Municipal policies often aim to preserve the character of the community while promoting growth at a pace the community feels it can support. Though important and well-intended, these policies can increase the cost to develop housing and limit opportunities for residential development. The state has tried to mitigate these effects by reducing costs and helping to address the need for more affordable housing options.

In MA-40 of the Consolidated Plan 2020-2024, the state found the following barriers to affordable housing:

1. Lack of public water and sewer infrastructure in non-urban areas
2. Zoning
3. Land Use Controls
4. Impact Fees
5. High Construction and Land Costs
6. Limited Public Transportation in Communities Outside the Urban Core
7. Property Taxes
8. Inconsistencies in regulatory standards relevant to developing housing across municipalities

In SP-55 of the Strategic Plan of the Consolidated Plan 2020-2024, the state outlined the following strategies to ameliorate the barriers to affordable housing stated in the Market Analysis:

1. Prioritize preservation of existing affordable housing and development of housing in areas with a shortage of affordable homes or that are part of a community revitalization plan
2. Improve the quality of existing units
3. Identify and preserve assisted housing developments whose period of affordability expires within five years, with priority given to developments in growth and high opportunity areas
4. Expand the Housing Choice Voucher Program to growth/opportunity areas
5. Seek improvements to the Low- and Moderate-Income Housing Act (RGL: 45-53) to strengthen enforcement of the 10% affordable housing goal and provide incentives to help communities achieve it
6. Expand homeownership opportunities
7. Work toward reducing zoning barriers to affordable housing production
8. Incentivize new multi-family rental production in transit-oriented destinations (TODs)

9. Create an educational campaign on affordable housing as an economic incentive
10. Create a dedicated source of statewide funding for affordable housing production and preservation
11. In Collaboration with all Analysis of Impediments participants, provide statewide fair housing education and outreach
12. Enforce AFFH certification with sub-recipient units of government

**Actions it planned to remove or ameliorate the negative effects of public policies that serve as barriers to affordable housing such as land use controls, tax policies affecting land, zoning ordinances, building codes, fees and charges, growth limitations, and policies affecting the return on residential investment**

Advocate for federal and state funding for the development of affordable housing

With the passage of the \$65 million Housing Bond in 2021, housing advocacy organizations are likely to turn their attention to increasing the State's long-term investment in housing and homelessness programs through the creation of a dedicated funding stream to support housing production and preservation.

Last year, the General Assembly created the Housing Production Fund, the State's first permanent funding stream for affordable housing. The fund received an initial appropriation of \$25 million, with funding being placed into a restricted receipts account from the real estate transfer tax on transactions over \$800,000. In fall 2021, Governor McKee proposed the RI Rebounds program to appropriate 10% of the State's American Rescue Plan Act (ARPA) funds. This initial appropriation included \$29 million for housing, with \$15 million for the development of affordable housing, \$12 million for site acquisition, \$1.5 million for Homeless Assistance Programs, and \$500,000 for OHCD Capacity Building.

The proposed Fiscal Year 2023 budget includes \$244 million for housing (including the RI Rebounds proposal), with a total of \$90 million for the Development of affordable housing, \$50 million for a down payment assistance program, \$20 million for workforce housing, \$25 million in Site Acquisition funds, \$25 million for community revitalization, \$10 million for affordable housing pre-development, \$15.5 million for Homeless assistance, \$5 million for Homeless Infrastructure, \$2 million for a Statewide Housing Plan, and \$1.5 million for OHCD pre-development and capacity building.

Additionally, RIHousing supports federal legislation to restore the boost in Federal Low-Income Housing Tax Credits (LIHTC) which expired at the end of 2021. RIHousing also supports a legislative fix to allow for ARPA funds to count towards LIHTC projects as loans, which is yet to be proposed. Another key priority is the Affordable Housing Credit Improvement Act, which proposes to increase cap authority by 50%, lower the bond threshold from 50 to 25 percent, and establish a 50 percent basis boost for units reserved for extremely low-income households in properties that reserve at least 20% of units for that income level.

RIHousing also supports maintaining the tax-exempt status of Mortgage Revenue Bonds, and increased housing appropriations as exhibited in President Biden's proposed budget and legislative packages such as the Build Back Better Act.

Work with municipalities to improve incentives to develop affordable housing

Proposed legislation would create a municipal infrastructure grant program to issue grants and assistance for infrastructure projects that support job creation, housing, and community development. In 2017, legislation was passed that requires that city and town building permit fees recover no more than the cost of permitting activities during the period of normal building activity. The RI house of Representatives has also established a Low- and Moderate-Income

Housing Commission that is assessing the status of municipal implementation of the Low- and Moderate-Income Housing Act and recommending changes. The Commission received an extension this spring and will report to the House next session. The Commission has heard presentations from groups such as the Rhode Island League of Cities and Towns, the RI Association of Realtors, ONE Neighborhood Builders, amongst many other groups. Their work in developing policy recommendations remains ongoing, and they continue to look at the topic from all angles.

The General Assembly also created a commission to study the area of land use and preservation, which also received an extension and will report next session. The Commission heard presentations from GrowSmart RI, the Rhode Island Chapter of the American Planning Association, and Church Community Housing Corporation, among others. The commission continues to review the area by examining zoning codes, and hearing presentations on national best practices in the area of land use and zoning to develop recommendations to present to the full General Assembly.

Rhode Island is actively working on accessory dwelling unit policy to serve as a source of housing development that assists disabled and elderly persons to remain close to family and community supports. A law that took effect January 1, 2017 allows owner-occupied single-family homes to construct accessory dwelling units (also known as in-law apartments) as a reasonable accommodation for family members who are 62 years old, or older, provided all other laws are followed. Prior to this legislation, municipalities could restrict the development of in-law apartments only to disabled family members. While the state considers this legislation a removal of a barrier to affordable housing, the advocacy community will continue to work with its members and other partners to educate Rhode Islanders about their right to develop in-law apartments for elderly family members, and to ensure compliance on the part of municipalities. The dedicated funding stream for housing production and preservation which was included in the Governor's proposed FY22 budget would also provide financial incentives to municipalities that promote housing development by allowing for denser residential zoning. RIHousing is currently working with municipalities and the state to design a technical assistance program for municipalities utilizing this funding.

#### Reduce property tax burdens on protected classes

Rhode Island municipalities will continue to provide a variety of property tax exemptions for protected classes, such as for Veterans, the elderly, the visually impaired and blind as well as tax relief for low-income elderly and disabled households that qualify. RIHousing also administers the Madeline Walker program, which gives the Agency the right of first refusal to purchase liens on 1–4-unit owner-occupied properties at tax sale and work with those homeowners to get on a payment plan so that they can remain in their homes.

#### Support Housing Development

In recent years, a number of bills have been enacted that reduce barriers to housing development including standardizing wetland requirements, the calculation of building permit fees and changing how properties under development are taxed. In 2017, legislation was

passed that reduced the time frames for municipalities to review and post decisions on proposed subdivisions. Legislation is currently being considered which would make it easier to achieve a quorum for decisions by planning and zoning boards and the State's Housing Appeals Board. This legislation passed the House in 2021 and stalled in the senate but has been re-introduced in 2022. Legislation was also recently passed by the State House of Representatives establishing a commission to study Rhode Island's land use policies and changes that could be made to remove barriers to development.

In the FY22 budget, the double taxation on the sale of affordable housing developments was ended. The budget also established Pay For Success, a 5-year pilot program which contracts with local non-profits to address homelessness. The General Assembly also passed a bill providing that municipalities must adopt and implement electronic construction permitting processes for submission and approval of building permits, plans, inspection scheduling, project tracking and fee collection by July 1, 2023. These steps, along with those being considered this session such as previously mentioned ADU legislation and various other proposals show the increased attention to the State's housing shortage given the current lack of supply.

## **AP-85 Other Actions – 91.320(j)**

### **Introduction:**

In addition to the actions detailed in the previous sections, the state of Rhode Island will continue to address the other issues covered in the 2020-2024 Consolidated Plan, including the following:

### **Actions planned to address obstacles to meeting underserved needs**

The state identifies the following as underserved populations that will be the subject of targeted interventions to provide more housing opportunities and services that prevent homelessness.

Successes regarding the actions outlined here will be described in each program year's CAPER.

#### Youth aging out of foster care

Foster Forward, Rhode Island's leading advocacy organization for youth aging out of foster care, operates the Youth Establishing Self-Sufficiency program (YESS). Participants receive one-on-one advice and support from a self-sufficiency specialist, assistance locating safe and affordable housing, identifying employment, and/or enrolling in an educational program. They also receive guidance creating a tailored budget, and limited funds that help pay for housing and other living expenses (participants become increasingly responsible for their own housing expenses over time).

YESS participants live in a variety of settings, with the majority (53%) living with a supportive adult. This person is typically a former foster parent, extended family member, or other positive connection that has been identified by the participant. A quarter of the participants live in their own apartments, roughly 11% live in an apartment with a roommate, and the remaining 11% live in a dormitory or some other temporary living arrangement.

After executing a Memorandum of Understanding with the RI Department of Child, Youth and Families (DCYF) and Foster Forward, RI Housing has submitted a request to HUD to participate in the Foster Youth Initiative (FYI). FYI is a HUD initiative that allows qualified housing agencies to deploy tenant protection vouchers for up to 25 youth who are or were recently involved with DCYF and are at-risk of homeless.

ASPIRE is a resource funded in part through the CYS contract that is available to any young person who experienced foster care on or after their 14th birthday, regardless of whether they aged out, were adopted, reunified with a biological parent, or moved to guardianship. ASPIRE helps young people impacted by foster care get on the path to financial independence. Through financial education and support in saving toward a purchase goal, the ASPIRE Initiative empowers youth-ages 14-26 to manage and save their money and become successful adults. ASPIRE participants receive:

- Nine hours of classroom-based, comprehensive financial education, tailored to the

unique needs of young people in foster care

- \$100 toward the opening of an Individual Development Account (IDA), and a dollar-for-dollar match, up to \$1,000 per year, toward the purchase of such items as cars, education expenses, housing expenses, health expenses, and investments
- Additional financial education specific to transportation, housing, saving and investing, and education and training
- Access to financial coaching

#### De-institutionalized elderly and disabled

The State will continue to coordinate across agencies to permanently and adequately house de-institutionalized elderly and disabled.

Section 811 Project Rental Assistance: RIHousing was awarded \$5.6 million in 2015 to administer the Section 811 Project Rental Assistance Program for RI, a project that provides renewable project based rental assistance for five years to affordable housing projects that serve extremely low-income persons with disabilities and targets de-institutionalized elderly and disabled populations. BHDDH will – through facilitation with owners of units, award rental assistance contracts – provide case management services, transportation and employment services, support for independent living skills training, mental health services and making connections to Medicaid via these services to the eligible populations. Through April 2022, RIHousing has approved 150 units under this program.

Accessory dwelling units: The State has successfully advocated for the statewide accommodation for the development of accessory dwelling units (in-law apartments), on the site of single-family owner-occupied dwellings, for disabled and elderly family members. Such a law prohibits municipalities from restricting in-law apartment development for this use. While the passage of these laws is an important step in allowing families to move their elderly or disabled family members to leave institutions into an affordable care setting, it is up to municipal officials (zoning boards of review, primarily) to recognize these laws. State agencies will work in PY22 to inform homeowners of their rights regarding in-law apartments and engage municipal stakeholders in the proper assessment of the law and to encourage, where applicable, the use of such in-law apartment development.

#### The re-entry of discharged prisoners into community settings

Facilitating the re-entry for persons leaving prison is a goal of Opening Doors Rhode Island and is thus a shared goal of the 2020-2024 Consolidated Plan. Each subsequent year of this planning period, the state will provide updates on achievements relating to the provision of housing opportunities and the prevention or ending of homelessness for this population.

#### *Preventing homelessness*

Most of the work for re-entry is conducted through the local re-entry councils of which probation and parole staff takes the lead in creating. Homeless provider agencies and homelessness advocates participate to create the linkage between the discharge plans and the support systems in the community. They also report on-going housing issues of the re-entry population to the Chronically Homeless/High Need Individuals Committee of the Continuum of Care. Most persons are discharged to their families in temporary situations, so DOC discharge planners ensure that the person has access to all the local information related to housing, community programs and networking activities related to housing. They work with housing outreach workers to locate affordable housing and the SOAR program to access SSI and SSDI. Targeting this population within DOC facilities helps divert many at-risk prisoners from homelessness upon release or shortly thereafter.

BHDDH operates the Transition from Prison to Community Program (TCP), in conjunction with the Department of Corrections (DOC), the Rhode Island Parole Board. The program's substance abuse treatment providers have been working closely to assist in the transition of inmates back into their communities by providing/coordinating substance abuse services to those individuals who are eligible for parole and in need of services upon their release from the ACI. The Rhode Island Adult Drug Court has been in existence for about 13 years. Its purpose is to improve the quality of participant's lives in a timely and effective manner through substance abuse treatment, social services, and justice interventions, to help reduce the incidence of substance abuse among participants and decrease their involvement in the criminal justice system.

The Rhode Island Department of Corrections continued its work of transitioning offenders, near their releases from prison, with necessary services. Discharge Planners create transition plans, and manage the service of a new Transition Center, a one-stop resource center where released offenders can access community-based and state service providers, receive clarification about probation and gain assistance with applications for public benefits.

OpenDoors, a private, Providence-based social service organization that helps inmates adjust to life after their release, will continue to sponsor in PY22 a program called the "9 Yards Program" that provides subsidized housing, educational training and workforce services for six months following prison release. The program is paid for with money from the Corrections Department, the Governor's Workforce Board, and the Damiano Fund. 9 Yards participants recidivated back to prison less than those that did not participate in the program. The State funding of this program contributes to its goal of preventing homelessness of recently released prisoners.

### **Actions planned to foster and maintain affordable housing**

The state's Office of Housing and Community Development provides financial and operational support for all housing programs administered by the Housing Resources Commission, including rental assistance, rapid re-housing, community development, emergency shelter and transitional housing programs. Proceeds from the state's real estate transfer tax (RETT) partially funds these efforts.

The Public Housing Association of Rhode Island and its 25-member public housing Authorities (PHAs) maintain approximately 20,000 units of project-based and tenant-based housing. These agencies adhere to safety and quality guidelines to ensure these households remain stably housed and able to participate in their communities.

RIHousing, the state's housing finance agency, administers the federal funding for approximately 15,000 project-based section 8 housing units and maintains accountability over a portfolio of nearly 10,500 Low Income Housing Tax Credit units, 2,000 HOME-funded units, and hundreds of state-funded housing units.

The Housing Resources Commission, as the state's planning and policy, standards and programs agency on housing issues, develops regulations for affordable housing development and promotes the implementation of the Low to Moderate Income Housing Act, which allows developers to utilize a comprehensive permitting process for housing development that includes at least 25% of units as low- to moderate-income units. Municipal participation in the programs has proven successful as many municipalities made progress toward the goal of having 10% of its housing stock affordable to low- and moderate-income households in 2021, and the pipeline of projects suggests that further progress will be made in PY22.

### **Actions planned to reduce lead-based paint hazards**

Rhode Island also continues to support the much-needed work in continuing to reduce lead-based paint hazards. Rhode Island has the 3<sup>rd</sup> oldest housing stock in the nation and this stock requires proper maintenance and rehabilitation to mitigate the hazards posed by the widespread use of lead-based paint prior to 1978.

RIHousing's LeadSafe Homes Program (LSHP) is a Green and Healthy Homes model program that is able to produce comprehensive interventions that reduce lead hazards, address healthy homes hazards, and reduce energy consumption in a cost effective and efficient manner for families in the Program's at-risk target communities. As stated in the Strategic Plan, Goal 3 of the 2020-2024 Consolidated Plan is to improve the health, safety, and energy efficiency of all Rhode Island homes. LSHP achieves this goal by remediating lead-based paint hazards and expects to complete remediation work in 92 households in the third program year. While no set-asides exist within the regulations of the program, historical program data suggests that, in a given calendar year, 60% of funds will go to multi-family projects, either owner-occupied or not, and 40% will go to single family homeowners.

In 2019, HUD awarded \$8.4 million to RIHousing to protect low-income families from lead-based paint and home health hazards. RIHousing plans to use this funding to address lead hazards in 340 homes for low-income families with children and perform healthy homes intervention assessments in another 118 units. RIHousing has also received HUD approval to target additional communities which now include East Providence, Newport, Pawtucket, and Central Falls.

RIHousing will work with The Alliance, the Housing Resources Commission, Rhode Island's Weatherization Assistance Program agencies, and municipalities to secure additional resources for lead mitigation and continue to improve coordination of resources to meet the broader healthy housing needs of Rhode Island residents.

### **Actions planned to reduce the number of poverty-level families**

OHCD and RIHousing employ a multifaceted approach to reducing the number of families living in poverty. The first is providing affordable, stable housing to low-income families. For families leaving the shelter system with a rental housing placement, stabilization and self-sufficiency programs are offered and promoted. RIHousing and many PHAs throughout the state administer successful family self-sufficiency (FSS) programs that help families transition from public assistance in rental housing to independent homeownership. Continuum of Care-funded projects work to increase cash income from employment, providing employment and training opportunities through their agencies, i.e., CNA training at CrossroadsRI, carpentry training and a culinary arts program at Amos House, recovery coach and clinician training at the Providence Center, retail training at Foster Forward, and retail training at House of Hope. Many of these job training initiatives were funded by the Governor's Workforce Board – Workforce Innovation Grants program. Projects also assist their participants in accessing training and job openings through a partnership with the RI Department of Labor and Training.

RIHousing will continue to administer a Family Self Sufficiency (FSS) program, which enables individuals and families who receive assistance through the Housing Choice Voucher Program (HCVP) to learn the fundamentals of money management and achieve economic independence. In PY22, there will be over 150 participants actively enrolled in the program at any given time, with an estimated 24 families participating in the Housing Choice Homeownership Program.

### **Actions planned to develop institutional structure**

The coordination of State, Federal, and private resources will improve access to housing and community development resources and focus these resources to high priority areas and initiatives. Recommendations continue to be made on how to improve the administration of programs by State agencies. Closer communication ties among agencies with housing programs are also being pursued to improve program coordination. Periodic meetings of the State agencies improve the coordination of current funding programs as well as implementation of new housing policies and programs.

In 2021, the General Assembly created the Deputy Secretary of Commerce for Housing position in the Fiscal Year 2022 budget. Josh Saal was hired in January 2022 to fill the position, which is within the Executive Office of Commerce, with broad authorities and responsibility for coordinating with HRC Coordinating Committee on development of a housing plan and an extensive "integrated housing report" annually.

## Systems Development and Capacity Building – Consolidated Homeless Fund

In PY20, the Housing Resources Commission awarded \$1,001,189 (source: state real estate conveyance tax) to projects **that address key components of a systems development and capacity building program to meet the objectives of Opening Doors Rhode Island.** Key components include:

- Operating and evaluating the Coordinated Entry System for the State
- The Homeless Management Information System
- Innovate projects to meet one or more goals of Opening Doors RI

The goal of these actions is to sharply decrease the number of homeless people in Rhode Island. The Coordinated Entry system, including the diversion processes therein, will serve to not only reduce the number of persons homeless but also reduce time homeless. This institutional development program seeks to connect organizations across the state that can improve the information and outreach that makes clear where people who are homeless can go for help. The intention is also to fund projects that reduce barriers to entering homeless shelters for people who are truly in crisis and have no place else to go. Four organizations received funding from the System Development award category in June of 2017 and implementation of these projects is underway.

The Rhode Island Continuum of Care will continue to improve and formalize its institutional structure in PY22. One full time CoC planner and a part-time COC program representative have been hired to coordinate the programs serving homeless persons in the state across various governmental and nongovernmental agencies through planning and monitoring. To support the planner, the program representative and the Continuum of Care, various consulting agencies with experience operating and monitoring Continuum of Care programs were contracted for specific scopes of work in PY2021.

### **Actions planned to enhance coordination between public and private housing and social service agencies**

#### *HUD Section 811 Project Rental Assistance Program*

RIHousing, the Executive Office of Health and Human Services (EOHHS), and the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) will build on their strong history of collaboration and Rhode Island's strong infrastructure and supportive service system to administer the HUD Section 811 PRA Program in Rhode Island.

Systems change associated with implementation of the PRA will result in seamless communications between EOHHS, BHDDH and RIHousing; increased placement of disabled individuals in integrated community-based settings; and greater oversight of the provision and expansion of quality housing and services.

The effects of this system change will be measured by:

- The decreased number of disabled individuals on waitlists

- The increased number of disabled individuals who are placed in integrated community- based settings
- Improved housing retention (fewer evictions and abandoned apartments)
- Increased housing stability (fewer hospitalizations/emergency room visits, less interfacing with law enforcement, fewer tenant landlord disputes)
- Shorter length of stays in institutions
- Fewer re-admissions to institutions

RIHousing, EOHHS and BHDDH intend for the proposed PRA program to result in improved health outcomes, reduced service costs per beneficiary (particularly amongst homeless high Medicaid users), reduced chronic homelessness statewide and increased tenant income. RIHousing, EOHHS and BHDDH believe that pairing the PRA program with the interdepartmental data matching of homelessness (HMIS) and Medicaid information is a particularly innovative, replicable model that could become a best practice for reducing homelessness and lowering Medicaid expenditures.

**AP-90 Program Specific Requirements – 91.320(k)(1,2,3)  
Emergency Solutions Grant (ESG)**

**(i) The State must either include its written standards for providing Emergency Solutions Grant (ESG) assistance or describe its requirements for its subrecipients to establish and implement written standards for providing ESG assistance. The minimum requirements regarding these standards are set forth in 24 CFR 576.400(e)(2) and (e)(3).**

**(i) Written Standards for providing Emergency Solutions Grant (ESG) assistance:**

**24 CFR 576.400(e)(3)(i) Policies for evaluation of individuals' and families' eligibility for assistance.**

Individuals and families who meet HUD’s definition of Homeless (as defined by HUD Homelessness Categories 1-4) or HUD’s definition of “at risk of homelessness” are eligible to receive services through CHF. Generally, these include individuals and families who are:

1. Literally Homeless (living on the street or in emergency shelter)
2. Imminently Homeless (within 14 days)
3. Unaccompanied youth/families who meet other Federal homeless definition (must also meet additional criteria for HUD, similar to 2)
4. Fleeing/attempting to flee Domestic Violence
5. At risk of homelessness

Household composition includes an individual living alone, family with or without children, or a group of individuals who are living together as one economic unit. In all cases a household must lack sufficient resources and support networks necessary to obtain or retain housing without the provision of CHF assistance in order to be program eligible. The type of CHF assistance for which an eligible household qualifies is determined by their homeless status. Program Participant Eligibility by program type is detailed in the table below:

Program Participant Eligibility by Program Type					
Program	Category 1	Category 2	Category 3	Category 4	Category 5
Street Outreach	X				
Emergency Shelter	X	X	X	X	
Rapid Rehousing	X			X	
State Rental Assistance	X			X	
Homeless Prevention		X			X

Sub-recipients/Contractors are required to participate in and comply with the Continuum of Care Coordinated Entry Process including utilizing standard COC assessment tools and

protocols. The minimum eligibility process includes an initial phone or in person screening to determine whether or not the program participant meets one of HUD's categorical definitions of homeless. Eligibility determinations must be documented in client files and preferably through third-party documentation. The Coordinated Entry System utilizes a different intake process with the same assessment for victims of domestic violence and other crimes where safety is a predominant concern to assure client confidentiality.

Within the activity types eligible under the Consolidated Homeless Fund, there shall be additional participant eligibility criteria and recordkeeping requirements. These requirements are described in the "Recordkeeping" section in this document.

## **24 CFR 576.400(e)(3)(ii) Standards for targeting and providing services related to street outreach.**

### **Purpose**

Street Outreach should be principally focused to one goal: that of supporting persons experiencing homelessness in achieving some form of permanent, sustainable housing. CHF street outreach funds may be used for costs of providing essential services necessary to reach out to unsheltered homeless people; connect them with emergency shelter, housing, or critical services; and provide urgent, non-facility-based care to unsheltered homeless people who are unwilling or unable to access emergency shelter, housing, or an appropriate health facility.

Individuals and families shall be offered the following eligible Street Outreach activities, as needed and appropriate: engagement, case management, emergency health and mental health, transportation services (24 576.101).

### **Target Population**

Providers of Street Outreach services shall target unsheltered homeless individuals and families, meaning those with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground.

### **Universal Assessment**

All individuals and families served through street outreach programs will be assessed using a comprehensive, universal assessment tool in order to make an informed and objective decision on the level of need of each family and streamline eligibility determinations.

### **HMIS**

All CHF funded Street Outreach programs are required to enter clients in the Homeless Management Information System (HMIS) at first contact per the ESG and CoC Interim Rule (24 CFR 576 and 578). This helps to ensure coordination between service providers through the Coordinated Entry System (CES) while avoiding duplication of services and client data and

provides an opportunity to document homelessness.

## **Coordinated Entry System**

To help ensure homeless households receive immediate housing and minimize barriers to housing access, all individuals and families assessed through street outreach will be entered into RI's Coordinated Entry System (CES) through HMIS. CES is a CoC-wide process for facilitating access for all resources designated for homeless individuals and families. This system ensures that every homeless individual or family is known by name, provides assistance based on the individual or family's unique needs, and matches them to the most appropriate service strategy or housing intervention. In doing so, CES ensures that limited resources are allocated to achieve the most effective results.

### **24 CFR 576.400(e)(3)(iii) Policies and procedures for admission, diversion, referral and discharge by emergency shelters assisted under ESG, including standards regarding length of stay, if any, and safeguards to meet the safety and shelter needs of special populations.**

From Rhode Island's "Statewide Coordinated Entry System for Homeless Services Policies and Procedures Manual"

Persons or families are eligible for emergency shelters if they are literally homeless people who cannot be diverted and with no other safe place to sleep and are persons who can be safely accommodated in a shelter and do not present danger to themselves or others. Regional preference is given to service families/individuals from local areas.

The following is the intake and assessment system that evaluates the eligibility of persons that enter an emergency shelter, which can ultimately determine if they are eligible to stay in a bed in that shelter:

- **Diversion Assessment** - Any trained staff person may conduct the Diversion Interview and Assessment. If a household presents at or calls any shelter, housing, or other program and requests services to assist with a current or impending episode of homelessness, and that program has trained staff available, that program may serve as an "Assessment Entity" and will administer the Diversion Assessment upon initial contact. If the program does not have trained staff available, the program will immediately refer the household to an Assessment Entity or the Coordinating Entity and that entity will conduct or arrange the Diversion Assessment and Shelter Intake, if applicable, in person or by phone. The Assessment Entity will submit the Diversion Interview and Assessment Form and Shelter Intake Form, if applicable the Coordinating Entity.
- **Eligibility and Referral Notifications** - The Coordinating Entity will review the Diversion Interview and Assessment Form and Shelter Intake Form, if applicable, and issue an Eligibility Decision and Referral Notification indicating for which services the applicant household is eligible and making a referral for indicated services. To ensure immediate access to emergency shelter, Assessment Entities may make direct referrals to Emergency Shelter, and Emergency Shelter programs may admit clients they determine eligible, if the client presents outside of the normal operating hours of the

Coordinating Entity. In all other cases, all Emergency Shelter, Program Shelter, Transitional Housing, Rapid Re-Housing, and Permanent Supportive Housing programs may only accept referrals made by the Coordinating Entity or Universal Waitlist Committee.

- Universal assessment will be used to determine the intervention necessary to resolve homelessness for any household that remains literally homeless. The intervals at which Next Step Assessments/relevant SPDAT will occur will be dependent upon the location of the household as defined in this manual. Next Step Assessments will continue to occur at the specified interval, until the household is placed in permanent housing or otherwise resolves their homelessness.
- Program Admissions – All programs receiving referrals from the Coordinating Entity (i.e., “Receiving Programs”) will make a determination about whether or not the referred household can be accommodated based on the protocols defined in this manual. In instances in which the Receiving Program determines that they cannot accommodate a referred household, the Receiving Program will document the reason and refer the client back to the Coordinating Entity, and the Coordinating Entity will review the determination and issue another referral or schedule a case conference.
- Case Conferences - The Coordinating Entity will, at their discretion, require a case conference to review and resolve rejection decisions by receiving programs. The purpose of the case conference will be to resolve barriers to the client receiving the indicated level of service. The Coordinating Entity will also, at their discretion, require a case conference to review and determine next steps when a homeless individual or family residing in shelter or transitional housing refuses to engage in a housing plan or otherwise take steps to resolve his/her/their homelessness. The purpose of the case conference will be to discuss interventions used to date and resolve barriers to securing permanent housing.
- Transitional Housing Programs range in their length of stay averages from 4 to 8 months.

**24 CFR 576.400(e)(3)(iv) Policies and procedures for assessing, prioritizing, and reassessing individuals’ and families’ needs for essential services related to emergency shelter:**

Essential Service Activities serve homeless individuals /families (according to HUD’s definition, 24 CFR 576.2). Households/persons served by these programs must lack a fixed, regular, and adequate nighttime residence, are unable to be served by other housing programs or resources. CHF Providers shall exhaust all available options for diversion.

The Consolidated Homeless Fund Policies and Procedures Manual makes essential services available to homeless families or households only if the prior living location is determined to be one of the following: Street, Emergency Shelter, Motel (paid by non-profit), Domestic Violence Safe Home or Fleeing Domestic Violence. See Page 11 of CHF Policies and Procedures Manual to see the eligible prior living locations for all CHF programs.

- Essential services shall address the immediate needs of the homeless, helping them to become more independent and secure permanent housing.

- Essential services for homeless persons may also be operated in or provided by shelters, day centers, or meal sites that are designed to serve predominantly homeless persons.

The provision of essential services related excludes the following items:

- Any cost not directly associated with the supported activity.
- Advocacy, planning, and organizational capacity building
- Staff recruitment/training
- Any activities not detailed in the following pages are assumed to be ineligible. Description of Essential Service Activities:
  - Case Management - The cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to meet the needs of the program participant is eligible.
  - Child Care - The costs of childcare for program participants, including providing meals and snacks, and comprehensive and coordinated sets of appropriate developmental activities, are eligible. The children must be under the age of 13 unless they are disabled. Disabled children must be under the age of 18. The child-care center must be licensed by the jurisdiction in which it operates in order for its costs to be eligible.
  - Education Services - When necessary for the program participant to obtain and maintain housing, the costs of improving knowledge and basic educational skills are eligible. Services include instruction or training in consumer education, health education, substance abuse prevention, literacy, English as a Second Language, and General Educational Development (GED).
  - Emergency Health Services (Street Outreach ONLY) – Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals operating in community-based settings, including streets, parks, and other places where unsheltered homeless people are living. Funds may be used only for these services to the extent that other appropriate health services are inaccessible or unavailable within the area.
  - Employment Assistance and Job Training – The costs of employment assistance and job training programs are eligible, including classroom, online, and/or computer instruction; on the job instruction; and services that assist individuals in securing employment, acquiring learning skills, and/or increasing earning potential. The cost of providing reasonable stipends to program participants in employment assistance and job training programs is an eligible cost. Learning skills include those skills that can be used to secure and retain a job, including the acquisition of vocational licenses and/or

certificates.

Services that assist individuals in securing employment consist of employment screening, assessment, or testing; structured job skills and job-seeking skills; special training and tutoring, including literacy training and prevocational training; books and instructional material; counseling or job coaching; and referral to community resources.

- Street Outreach and Engagement – The costs of activities to locate, identify, and build relationships with unsheltered homeless people and engage them for the purpose of providing immediate support, intervention, and connections with homeless assistance programs and/or mainstream social services and housing programs.

These activities consist of making an initial assessment of needs and eligibility; providing crisis counseling; addressing urgent physical needs, such as providing meals, blankets, clothes, or toiletries; and actively connecting and providing information and referrals to programs targeted to homeless people and mainstream social services and housing programs, including emergency shelter, transitional housing, community-based services, permanent supportive housing, and rapid re-housing programs. Eligible costs include the cell phone costs of outreach workers during the performance of these activities.

All providers funded under the Street Outreach activity will provide services to any unsheltered persons that desire to be engaged and provided services. When able, outreach workers shall target services and resources to those with perceived mental and/or physical health issues, so as to improve their access to resources that will improve the clients' safety and wellbeing.

- Legal Services – Eligible costs are the hourly fees for legal advice and representation by attorneys licensed and in good standing with the bar association of the State in which the services are provided, and by person(s) under the supervision of the licensed attorney, regarding matters that interfere with the program participant's ability to obtain and retain housing. Funds may be used only for these services to the extent that other appropriate legal services are unavailable or inaccessible within the community.
- Life Skills Training – The costs of teaching critical life management skills that may never have been learned or have been lost during the course of physical or mental illness, domestic violence, substance use, and homelessness are eligible costs. These services must be necessary to assist the program participant to function independently in the community. Component life skills training are budgeting resources, managing money, managing a household, resolving conflict, shopping for food and needed items, improving nutrition, using public transportation, and parenting.
- Mental Health Services – Eligible costs are the direct outpatient treatment by licensed professionals of mental health conditions. Funds may only be used for these services to

the extent that other appropriate mental health services are unavailable or inaccessible within the community. Mental health services are the application of therapeutic processes to personal, family, situational, or occupational problems in order to bring about positive resolution of the problem or improved individual or family functioning or circumstances. Problem areas may include family and marital relationships, parent-child problems, or symptom management. Eligible treatment consists of crisis interventions; individual, family, or group therapy sessions; the prescription of psychotropic medications or explanations about the use and management of medications; and combinations of therapeutic approaches to address multiple problems.

- Outpatient Health Services – Eligible costs are for the direct outpatient treatment of medical conditions and are provided by licensed medical professionals. Funds may be used only for these services to the extent that other appropriate health services are unavailable within the community.
- Substance Abuse Treatment Services – Eligible substance abuse treatment services are designed to prevent, reduce, eliminate, or deter relapse of substance abuse or addictive behaviors and are provided by licensed or certified professionals. Funds may only be used for these services to the extent that other appropriate substance abuse treatment services are unavailable or inaccessible within the community.

Eligible treatment consists of client intake and assessment, and outpatient treatment for up to 30 days. Group and individual counseling and drug testing are eligible costs. Inpatient detoxification and other inpatient drug or alcohol treatment are not eligible costs.

- Transportation – Eligible costs consist of the transportation costs of a program participant's travel to and from medical care, employment, childcare, or other eligible essential services facilities.

#### **24 CFR 576.400(e)(3)(v) Policies and procedures for coordination among providers.**

- The RI Coalition to End Homelessness (The Coalition) oversees the RI's Coordinated Entry System, which includes a call center, assessment, shelter referral and housing prioritization and referral components. As part of this effort, The Coalition operates a crisis Hotline as one option for assessment and for entry to the shelter system. Outreach workers also conduct these assessments and focus their work on reaching people who are currently living outside unsheltered. RI's homeless system provides a range of outreach services to homeless adults and families as part of its crisis intervention programming and has an outreach van out almost every night. The key to system efforts has been in establishing trust with homeless persons on the street in order for them to enter case management and rapid re-housing. The Coalition trains outreach workers on the new, streamlined assessment and call center processes to take full advantage of outreach workers skills and abilities in reaching and assessing unsheltered persons. RI's Statewide Coordinated Entry System is a federal mandate that requires the state's homeless service providers to

integrate their efforts to achieve the following goals: Make it easier for people to access services

- Identify and prioritize services based on need
- Make sure that people who need help the most, get help first

Since the onset of the COVID-19 pandemic in Rhode Island, the state has documented an increase in unsheltered homelessness statewide. This has been due to new households entering homelessness and shelters having to reduce capacity to allow for safe social distancing as recommended by the RIDOH. While the state has added non-congregate shelter beds in local hotels throughout the state to attempt to meet the increased need, there are still more people living unsheltered in Rhode Island than have been historically. This makes RI's outreach programs critical in the response to reach and assess people experiencing homelessness.

**24 CFR 576.400(e)(3)(vi) Policies and procedures for determining and prioritizing which eligible families and individual will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.**

Model Eligibility/Entry Requirements -

Priority Populations for Service – used to establish admission priorities relative to other eligible applicants

All Program Models: No additional eligibility requirements can be applied beyond those required by funders or established as a Coordinated Entry policy; All eligibility requirements stipulated by funders will apply.

Permanent Supportive Housing / COC Rental Assistance:

- Requirements: Must meet HUD definition of literally homeless (category 1) or have met that definition prior to entering transitional or other CoC assisted housing; Must include at least one family member with a disability; Must meet any additional eligibility criteria specified by funding source; Must have a completed CES Standard Assessment
- Priority Populations: Households that have high CES Standard Assessment scores or are deemed appropriate byway of Housing Priorities; Households that have longer length of time homeless relative to other PSH eligible households

Persons and families with members that have high universal assessment scores Rapid Re-Housing must meet HUD's definitions of:

Literally homeless (Category 1) (all CoC funded projects)

Fleeing domestic abuse or violence (Category 4)

Income below 30% of AMI

Rhode Island resident for at least 6 months

Newly and first-time homeless individuals and families

Households who are eligible for PSH but literally homeless and awaiting PSH placement

## **24 CFR 576.400(e)(3)(vii-ix) Financial Assistance policies and procedures**

The Rapid Rehousing/State Rental Assistance Program (RRH/RAP) is intended to serve persons who are living in a Shelter (or on the street). Households eligible for Rapid Rehousing/State Rental Assistance-funded financial assistance and/or services may be individuals and/or families. They MUST meet all of the following criteria:

- Shelter/Street Homeless - Homeless as defined by HUD (ONLY Category 1 & 4)
  1. Literally Homeless
  4. Fleeing/attempting to flee Domestic Violence (Only living in Safe Home, Shelter, or Place not meant for Human Habitation)

AND

- Resources: Household MUST have no other existing housing options, financial resources, or other support networks identified to avoid entering or prevent leaving shelter. (Clients that are deemed eligible under RRH/RA can retain \$1,000 in cash assets and one vehicle per adult household member (not to exceed more than two vehicles total per household).
- Sustainability: Clients must be likely to sustain housing once assistance ends. There is no minimum income requirement to enter the program and clients may receive longer periods of assistance (up to 24 months) to help build stability and independence.
- Intensive Case Management: No household can receive (or continue to receive) any assistance related to RRH/RA funds unless they have been assessed by an RRH/RA case manager and are receiving intensive case management (minimum of 2 visits a month, with at least one each month in the household's residence once housed).
- Housing Stabilization Plan: No household can receive (or continue to receive) any assistance related to RRH/RA funds unless they have created (and are abiding by) a Housing Stabilization Plan with their RRH/RA case manager or other authorized representative.
- Financial Counseling: The CHF suggests that households receiving state rental assistance and/or Rapid Rehousing receive Financial Counseling to ensure long-term success in their supported units.

If all criteria are met, then the following financial assistance is available:

Financial Assistance: Limited to short-term rental assistance, medium-term rental assistance, security deposits, utility deposits, utility payments, and moving cost assistance.

- Short-term rental assistance (3 months)

- Medium-term rental assistance (4 to 24 months)
- Security deposits

Reasonable moving cost assistance (CHF providers should consult with their CHF program representative to ensure that this requirement is met).

- Staffing and operating costs associated with implementing eligible financial assistance activities

Monthly rental assistance maximum will be based on that fiscal year's fair market rent, as measured by HUD. A clause about rent reasonableness also exists: Rent Reasonableness: Agencies MUST ensure that State Rental Assistance/RRH funds used for rental assistance do not exceed the actual rental cost, which must be in compliance with HUD's standard of "rent reasonableness." "Rent reasonableness" means that the total rent charged, including utilities, for a unit must be reasonable in relation to the rents being charged during the same time period for comparable units in the private unassisted market and must not be in excess of rents being charged by the owner during the same time period for comparable non-luxury unassisted units.

**91.320(k)(3)(ii) For each area of the State in which a Continuum of Care has established a centralized or coordinated assessment system that meets HUD requirements, the State must describe that centralized or coordinated assessment system. The requirements for using a centralized or coordinated assessment system, including the exception for victim service providers, are set forth under 24 CFR 576.400(d).**

In instances in which the household is unable to be diverted, the Regional Assessment Entity will promptly make an appropriate referral for Emergency Shelter available and the Receiving Program to which the household is referred will promptly determine if the household can be accommodated and will notify the household in accordance with their own agency's policies and procedures.

The standardized assessment score, case conference information, Housing Priorities, and client choice will be the means used by the Coordinating Entity to determine the order in which households are referred for supportive housing programs. In accordance with policy, the CES may break standardized assessment scoring ties, adjust model eligibility, and/or placement order on the Statewide Priority List using all available case information. To ensure that vacancies are promptly filled, the Statewide Coordinated Entry System, may issue multiple referrals to one vacancy; however, the Statewide Coordinated Entry Manager must indicate the order of priority to the referring partner so that vacancy is filled with the most vulnerable eligible applicant. A referral will be issued to the Regional Assessment Entity, Primary Worker, and Receiving Program and should be retained in the Receiving Programs files to document compliance with CES. The referral decision is not the complete housing application. The referral decision will include at a minimum:

- referral date;
- household's initials, HMIS number and other identifying information if necessary;
- Regional Assessment Entity contact information;
- Primary Worker contact information;
- contact information for the project to which the household was referred;

- a brief description of the next steps the household should take; and,
- instructions for appealing the decision, including the contact information for the person to whom and timeframe under which the appeal should be submitted.

The Regional Assessment Entity and any other service provider may not refer a household to COC, CHF and ESG funded housing projects without a Referral Decision from the Statewide Coordinated Entry Manager indicating eligibility and referral to that project. COC, CHF and ESG Permanent Supportive Housing and COC, CHF and ESG Rapid Re-Housing may not admit any household except those that have been found eligible and referred by the Statewide Coordinated Entry Manager.

A complete description is contained in the detailed Policies and Procedures for the Statewide Coordinated Entry System. Available here: <https://www.rihousing.com/continuum-of-care/>

## **Community Development Block Grant Program (CDBG)**

### **Reference 24 CFR 91.220(I)(1)**

**Projects planned with all CDBG funds expected to be available during the year are identified in the Projects Table. The following identifies program income that is available for use that is included in projects to be carried out.**

- 1. The total amount of program income that will have been received before the start of the next program year and that has not yet been reprogrammed - Zero**
- 2. The amount of proceeds from section 108 loan guarantees that will be used during the year to address the priority needs and specific objectives identified in the grantee's strategic plan - Zero**
- 3. The amount of surplus funds from urban renewal settlements - Zero**
- 4. The amount of any grant funds returned to the line of credit for which the planned use has not been included in a prior statement or plan - Zero**
- 5. The amount of income from float-funded activities - Zero**

**Total Program Income - Zero**

### **Other CDBG Requirements**

- 1. The amount of urgent need activities – Zero**
- 2. The estimated percentage of CDBG funds that will be used for activities that benefit persons of low and moderate income – Seventy Percent (70%)**

**Overall Benefit - A consecutive period of one, two or three years may be used to determine that a minimum overall benefit of 70% of CDBG funds is used to benefit persons of low and moderate income. – This Annual Action Plan is part of the three-year overall benefit period of 2020, 2021, 2022.**

## **HOME Investment Partnership Program (HOME)**

### **Reference 24 CFR 91.320(k)(2)**

- 1. A description of other forms of investment being used beyond those identified in Section 92.205 is as follows:**

HOME funds will not be used for purposes beyond those identified in Section 92.205.

- 2. A description of the guidelines that will be used for resale of HOME funds when used for homebuyer activities as required in 92.254, is as follows:**

The Rhode Island HOME Resale Provision is added at the end of this section.

- 3. A description of the guidelines for resale that ensures the affordability of units acquired with HOME funds. See 24 CFR 92.254(a)(4) are as follows:**

The Rhode Island HOME Resale Provision is added at the end of this section.

- 4. Plans for using HOME funds to refinance existing debt secured by multifamily housing that is rehabilitated with HOME funds along with a description of the refinancing guidelines required that will be used under 24 CFR 92.206(b), are as follows:**

HOME funds will not be used for this purpose.

**RI Housing**  
**HOME Investments Partnership Program**  
**Resale Policy**

**Introduction**

The State of Rhode Island utilizes HOME Program funds for new construction and rehabilitation of homeownership housing, as projects arise. When HOME Program funds assist homeownership housing, the State uses a resale provision to comply with 24 CFR 92.254(a)(5)(i), which requires that the State:

- a. must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability that the housing is made available for subsequent purchase only to a buyer whose family qualifies as a low-income family and will use the property as the family's principal residence.
- b. must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment (including the homeowner's investment and any capital improvement)
- c. and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers; affordable is defined by the State as limiting the Principal, Interest, Taxes and Insurance (PITI) amount to no more than 30% of the gross monthly income for a household earning 80% of Area Median Income (as defined by HUD).

The State projects the use of HOME funds for the development of HOME-assisted homeownership opportunities and has also reserved funds for homebuyer assistance for eligible buyers, subject to relevant subsidy limits on the HOME unit they are purchasing. Homebuyer assistance may include, but is not limited to, down payment assistance to the buyer; mortgage interest write-down; second mortgage assistance; and write down value of the property.

***Part I***

**Qualifying the New Buyer**

All HOME-assisted units must be sold only to a buyer whose family qualifies as a low-income family earning up to 80 percent of the Area Median Income (AMI), as published by the U.S. Department of Housing and Urban Development annually, for the duration of the HOME Period of Affordability. However, the applicable AMI may be set at a level below 80%, and in such cases, the new buyer must qualify per the level indicated in the respective legal documents. Income qualification and documentation must occur as prescribed in 24 CFR 92.203 (see Attachment for checklist of required documents), and all buyer income and demographic information and documentation must be submitted to the HOME Program Staff in Rhode Island Housing's Development Division for approval prior to the transfer of the property. The initial purchaser, and all subsequent buyers of a HOME-assisted unit, must use the property as his/her/their principal residence during the HOME Period of Affordability. The State conducts annual monitoring to ensure this requirement is met.

HOME Period of Affordability	
HOME Investment	Length of the Affordability Period
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years

**Part II**

**a. Fair Return on Investment and Resale Price**

**Per 24 CFR 92.254(a)(5)(i), the HOME resale provision must ensure that the price at resale provides the owner a fair return on his or her investment on the HOME-assisted property. However, CPD Notice 12-003 (Subject: Guidance on Resale and Recapture Provision Requirements under the HOME Program) states that “in certain circumstances, such as a declining housing market where home values are depreciating, the original homebuyer may not receive a return on his or her investment because the home sold for less or the same price as the original purchase price”.**

While Rhode Island’s provision includes a formula on what constitutes a fair return on investment, it is important to note that this provision does not guarantee a return to the homeowner.

“Fair Return on Investment” shall be equal to the change in Area Median Income over the original homebuyer’s period of ownership to the time of resale (Fair Return Rate for Investment) times the homebuyer’s original investment (Investment), plus the change in Area Median Income between the time the improvement was completed to the time of resale (Fair Return Rate for Improvement) times the value of the documented cost of unsubsidized capital improvements (Improvements). Multiple Improvements can be included, and for each eligible Improvement, a specific Fair Return Rate for Improvement will be calculated.

The “Rate(s)” will be calculated as a fraction, the numerator of which is 80 percent (80%) of the AMI for a family of four as published by HUD as of the date of receipt of the owner’s notice to sell the affordable unit and the denominator of which is 80 percent (80%) of the AMI for a family of four as published by HUD as of the date of the initial closing (for any original investment) or as of the date of the completed improvements (all that are applicable). All calculations shall be performed by RI Housing.

Homeowner’s original investments shall include any down payment made from the homeowner’s own funds applied to the purchase price of the property.

“Capital Improvements” are elements that may add to the value of the unit or prolong its useful life, are of function and quality consistent with comparable affordable housing units and are owned solely by the owner (not part of any common areas). Maintenance is not considered a capital improvement. Improvements that are funded by federal, state, or local grant programs are not eligible. Some examples of capital improvements include the replacement of non-operational heating or hot water systems, installation of energy-efficient windows, adding insulation to the home, additions such as a bedroom, bathroom or garage, accessibility improvements such as bathroom modifications or wheelchair ramps, and outdoor improvements such as a paved driveway, retaining wall or fence. The value of the capital improvement for the fair return on investment formula will be the actual costs of the improvements as documented by the homeowner’s receipts. Determination of eligible capital improvements to be included in the fair return on investment formula will be at the discretion of RIHousing.

Where applicable, all improvements must have been installed and inspected in compliance with building code standards. All improvements and costs must be documented to the satisfaction of Rhode Island Housing and may be subject to onsite verification by RIHousing.

An example of the fair return on investment formula is included in the Attachment to this Resale Provision. The Attachment also describes the various actions that the State will take upon resale, relating to the resale price, equity from the sale of the home, and the fair return on investment formula values. **In all instances, the original owner will retain all equity upon resale to a qualified buyer.**

#### **b. Resale Price**

Where possible, the resale price should reflect the fair market value of the home. The State will consider the appraised value of a home as the Resale Price, if that appraisal is no older than six months as of the State’s receipt of the owner’s notice of intention to sell. The cost of the appraisal is the responsibility of the owner intending to sell.

The State will inform the seller of the approved Resale Price in a timely manner, generally no more than five (5) business days after the receipt of the owner’s intention to sell, or after receipt of the appraisal that the owner has commissioned, whichever is later.

The Resale Price, once determined by the State, is valid for six months after the communication of the Price to the owner. After six months, the Resale Price will be continued or updated per review by the State, with the results of that review being communicated to the owner in a timely manner.

***It is important to note that this policy does not guarantee a return to the homeowner.*** Under certain market circumstances the owner may not be able to receive a full return on his or her investment.

### ***Part III***

#### **Continued Affordability**

The State is obligated to ensure that the owners of HOME-assisted units receive a Fair Return on Investment and that the unit(s) remain affordable to a range of income eligible households upon resale. To maintain continued affordability, the State will target subsequent purchase to households earning 70- 80% of the Area Median Income, spending no more than 30 percent (30%) of gross household income on fixed housing costs (principal, interest, property taxes, condominium fees, if applicable, and insurance), assuming current interest rates offered for a 30-year, fixed rate loan and a down payment of 3.5%. Rhode Island Housing maintains a purchase price calculator (<https://www.rihousing.com/sp.cfm?pageid=571>) that will be used to determine the home's affordability to households earning between 70-80% AMI.

If the Resale Price (as determined in Part II, Section b) of the home exceeds the maximum affordable sales price indicated by the purchase price calculator (described in this Part), to provide a fair return to the original buyer while ensuring that the property is affordable to households earning between 70-80% of AMI, additional assistance will be provided to the subsequent homebuyer. Assistance may include but is not limited to: down payment assistance to the buyer; mortgage interest write-down; second mortgage assistance; and write down value of the property.

#### ***Part IV***

##### **a. Disclosure of Resale Provisions**

The HOME Resale Policy is provided to the homebuyer through the execution of legal documents, which at minimum will specify:

- i. The length of the Period of Affordability;
- ii. That the home must be the Buyer's principal residence throughout the Period of Affordability;
- iii. That the Owner must contact Rhode Island Housing in writing if intending to sell the home prior to the end of the Period of Affordability or in the case of foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD; and
- iv. The basis for calculating the maximum resale price and fair return as described above.

Any subsequent buyer within the Period of Affordability specified in the legal documents will be subject to all remaining requirements.

##### **b. Enforcement of Non-Compliance**

If, at some point, the housing is no longer the principal residence of the homeowner during the Period of Affordability, and the housing has not been sold to another income-eligible party, RIHousing will attempt to bring the unit into compliance and enforce the terms outlined in the HOME legal documents. If the HOME-assisted homeowner fails to remedy noncompliance issues, the homeowner will be required to make full repayment of the HOME-assistance. Repayment of the HOME-assistance will release the property from the HOME affordability restriction.

##### **c. Foreclosure, Transfer in Lieu of Foreclosure, or Assignment**

In HOME-assisted homebuyer projects, the affordability restrictions imposed may be suspended upon foreclosure, transfer in lieu of foreclosure, or assignment of an FHA mortgage to HUD. The Period of Affordability will be reinstated if, during the original Period of Affordability, the owner of record prior to the termination event, obtains an ownership interest in the housing. To preserve affordability, RIHousing will attempt to prevent foreclosure or utilize its rights to identify an eligible buyer to purchase the housing and assume the existing HOME responsibilities. Affordability must be preserved by a subsequent purchase at a reasonable price by a qualified low-income homebuyer who will use the property as their principal residence and who agrees to the remainder of the Period of Affordability. If this does not occur, repayment of the entire HOME investment by RIHousing is required.

#### **d. Subordination**

RIHousing will only allow subordination of the recorded HOME documents to proposed senior debt refinancing for a better rate and term.

The Owner should contact the RIHousing HOME staff to notify them of their desire to subordinate the original recorded HOME legal documents. In the event of subordination, the Period of Affordability will continue through the full term, as outlined in legal documents.

RIHousing will consider exceptions to this policy on a case-by-case basis based on circumstances of family hardship and the need to permit refinancing to prevent the loss of the unit(s).

## Explanations of Resale Scenarios and Examples

### Example of Calculating Fair Return on Investment

A HOME-assisted homeownership property in Cumberland, RI is sold to an income-qualified buyer in October of 2013. This owner included a down payment of \$6,000 of their own funds. Further, the owner incurred verified and approved capital improvement expenses of \$5,000 in 2015. The original buyer sent notice to the State in October of 2017 of their intent to sell the affordable unit.

<u>INVESTMENT</u> : The owner used \$6,000 of their own funds as a down payment to purchase the home.	INVESTMENT: \$6,000
<u>IMPROVEMENTS</u> : The owner incurred \$5,000 in approved capital improvements over the course of owning the home.	IMPROVEMENTS: \$5,000
<u>FAIR RETURN RATE OF INVESTMENT</u> : The 80% AMI for a family of four in 2013 as provided by HUD was \$57,500 while for 2017 it was \$57,700. The “Rate” for the down payment is therefore calculated with \$57,700 as the numerator and \$57,500 as the denominator, or $\$57,700 / \$57,500$ , which in this example is equal to 1.0035.	RATE FOR RETURN ON INVESTMENT:  $\$57,700 / \$57,500 = 1.0035$
<u>FAIR RETURN RATE OF IMPROVEMENT</u> : The 80% AMI for a family of four in 2015 as provided by HUD was \$57,600 while for 2017 it was \$57,700. The “Rate” for the down payment is therefore calculated with \$57,700 as the numerator and \$57,600 as the denominator, or $\$57,700 / \$57,600$ , which in this example is equal to 1.0017.	RATE FOR RETURN ON IMPROVEMENT:  $\$57,700 / \$57,600 = 1.0017$
<u>FAIR RETURN ON INVESTMENT FORMULA</u> : (Rate 1 [1.0035] X Investment [\$6,000]) + (Rate 2 [1.0017] X Improvements [\$5,000]) = Total Return to the Original Homebuyer at Sale [\$11,029.50].	FAIR RETURN ON INVESTMENT: $1.0035 \times \$6,000 = \$6,021$ + $1.0017 \times \$5,000 = \$5,008.50$ <hr/> $\$11,029.50$ (rounded to \$11,030)

## **Various Equity Scenarios, Explanations**

### *Scenario 1 – Equity from sale of home **exceed** total return to original homebuyer as per the fair return on investment formula*

In accordance with the HOME regulations, the State is obligated to ensure that the owners of a HOME-assisted units receive a Fair Return on Investment. However, in some cases, equity from a sale of a HOME-assisted unit yields returns above and beyond the fair return on investment formula. Equity from the sale of a HOME-assisted unit is determined by total proceeds at sale minus repayment of senior debt and sale-related closings costs. In a scenario in which the equity from the sale exceeds the fair return on investment obligated to the homeowner, the owner will nonetheless retain the entirety of the equity. For example, if the equity of a HOME-assisted unit is \$20,000, and the fair return on investment calculation yields \$11,030 (like in the example) the owner would retain the fair return on investment (\$11,030) as well as the equity above and beyond the fair return (\$8,970 above and beyond), otherwise described as receiving the total equity of \$20,000.

### *Scenario 2 – Resale of home yields Equity below the fair return on investment*

While the State is obligated to ensure that the owner of a HOME-assisted unit receives a Fair Return on Investment where there are positive returns on the sale, there are scenarios in which a depressed or declining market exists and a loss on investment can occur. If the Equity of the sale (total proceeds from sale at resale price minus loan repayment of senior debt and sale-related closing costs) do not exceed the fair return on investment calculation, the owner in this scenario would not receive a full return. The owner will still retain Equity, if any. For example, if the Equity of the sale of a HOME-assisted unit are \$5,000, and the fair return on investment calculation yields \$11,030 (as in the example in Scenario 1), the owner would retain the full Equity of \$5,000 but would not attain the full value of their investment and fair return.

### *Scenario 3 – Resale of home yields no Equity*

While the State is obligated to ensure that the owner of a HOME-assisted unit receives a Fair Return on Investment where there are positive returns on the sale, there are scenarios in which a depressed or declining market yields no Equity. In this case, the owner receives no Equity and will recoup none of its investments, improvements, or fair return. For example, if a home sells for less than what is still owed on loan repayment and sale-related closing costs, then there are no Equity and therefore the original homeowner will not receive the Total Return to the Original Homebuyer at Sale amount as described in the example earlier in this attachment.

### **Scenario in which Resale Price is above what is affordable to low-income homebuyers**

In accordance with the HOME regulations, the State is obligated to ensure that the owners of a HOME-assisted units receive a Fair Return on Investment and that the unit remains affordable to a range of income eligible households upon resale. To maintain continued affordability, the State will target subsequent purchase to appropriately-sized households earning 70- 80% of the area median income, spending no more than 30 percent (30%) the gross household income for an 80% AMI family (level determined annually by HUD) on fixed housing costs (principal, interest, property

taxes, condominium fees, if applicable, and insurance), assuming current interest rates offered for a 30-year, fixed rate loan and a down payment of 3.5%. For example, an owner in Burrillville sells his or her home at the RIHousing-approved resale price for \$198,000. However, a household at 80% AMI for this area would have to pay no more than \$196,000 to afford to purchase this home (this determination would be made by RIHousing using the mortgage and AMI inputs described above). In such a situation, the State will subsidize the new buyer. This subsidy would come in a form described in Part III of this Resale Policy. In no circumstance does the ability of a low-income buyer to afford a home affect the resale price or the fair return on investment obligated to the seller.