



RIHousing Overview

Top 7 Things to Know about RIHousing

1. **Mission.** RIHousing works to ensure that all people who live or work in Rhode Island can afford a safe, healthy home that meets their needs. Our belief is that a home encompasses much more than four walls and a roof. A good home provides the foundation upon which family members can live healthy lives, children can thrive, and communities can prosper.
2. **Privately funded quasi-public corporation.** RIHousing is a quasi-public corporation of the State of Rhode Island exercising public and essential governmental functions, which has a distinct legal existence from the State. Although RIHousing was created by the General Assembly, it is not funded by the state or its taxpayers. RIHousing has traditionally raised its funds by selling tax-exempt bonds and notes to investors including many from Rhode Island. Most of our debt is rated **AA+** with a stable outlook. Bond proceeds are used to make or purchase mortgage loans. The agency needs to have sufficient annual revenues to pay bondholders, cover operating costs and fund community housing programs. RIHousing also raises funding by selling its loans to Fannie Mae and selling GNMA mortgage-backed securities in the TBA market.
3. **Focus.** RIHousing reinvests all of its earnings in housing and community development activities. As Rhode Island's principal housing agency, we offer more than two dozen programs with primary attention to:
 - increasing homeownership opportunities
 - increasing the supply of affordable homes in all areas of the state
 - preserving the financial and physical condition of 24,000 affordable apartments
 - providing assistance to those in housing crisis
 - building a better future for our state
4. **Employees.** RIHousing has about 240 employees who work at least 40 hours per week, receive merit-based compensation and are not part of any public or privately funded pension system or the state's health benefits plan. Our employees are enthusiastic supporters of our mission and many volunteer significant time outside of work hours to further those goals. A 2020 employee survey found that 95% of our employees felt connected to our mission and more than 92% would recommend RIHousing as a place to work.
5. **Net worth.** As of March 31, 2022 RIHousing had assets of about \$2.6 billion and a net worth of about \$369 million. Except for cash to operate and maintain sufficient liquidity for its obligations, all of RIHousing's assets are invested in affordable housing related



activities in Rhode Island.

6. **Annual impact.** Historically, RIHousing provides housing assistance, in many forms, to about 1 in 10 Rhode Island households and contributes about \$800 million each year to the state's economy.
7. **Subsidiaries.** RIHousing has subsidiary corporations which have the same Board structure as the agency. RIHousing is also a Public Housing Authority (PHA) that primarily serves communities that do not have their own housing authority. When acting as the PHA, the Board of Commissioners is supplemented by a PHA resident.

Business Environment

Financing platforms. For about 35 years, RIHousing's primary business model involved selling tax-exempt bonds in accordance with IRS rules and lending those funds to first-time homebuyers and developers of affordable apartments. Since the collapse of the financial markets in 2008, tax-exempt interest rates have not always provided the same historical savings. Therefore, RIHousing has developed new financing models to stimulate the economy and help Rhode Islanders achieve lower cost housing.

Residential Real Estate Landscape. Even within a small state like Rhode Island, home sale activity and property values vary greatly. The residential real estate market in Rhode Island was slow to recover after the recession. However, with RIHousing's financial platforms, our new homebuyer lending business has soared from \$72 million in first mortgage volume in 2013 to a projected \$487 million for the calendar year ending 2021. Much of this increased activity results from new and expanded lender partnerships.

Foreclosures. We track foreclosure activity and trends carefully because our borrowers tend to be more vulnerable to economic shocks than the general homeowner population. We know that foreclosure is bad for the lender, community and homeowner. Therefore, we work very hard to prevent it. RIHousing regularly provides mediation notices and services under state law.

Overall economic trends. RIHousing's multi-pronged investment in communities keeps many businesses going and workers employed.

Real Estate Market. Rhode Island is currently experiencing a critical shortage of housing at all price points, but particularly for lower-income households. Housing prices and rents have increased significantly and both the rental vacancy rate and inventory of homes for sale are at an historically low level. Rhode Island consistently ranks among the lowest nationally in per-capita building permit activity. In 2020 (the most recent available data), Rhode island permitted 1.3 new housing units per state resident, while the US average is 5.1 units per resident. Rhode Island grew about 60% as fast as the United States as a whole from 2010-2020, while it is only issuing 25% of the building permits per capita.



Neighborhood impact. As result of our investment over the past 25 years, many of our urban neighborhoods have seen marked revitalization. We have also expanded our investments in communities that have very few affordable housing opportunities.

Lending environment. Despite significant increases in home prices, rising interest rates and an extremely competitive market for homebuyers, RIHousing is continuing to see stable mortgage volume with many borrowers taking advantage of our down payment and closing cost assistance programs.

Federal funds. The COVID-19 pandemic has resulted in an unprecedented influx of federal resources to address pandemic related hardships. RIHousing has been called upon to administer many of the housing related programs. These include \$352 million in rent and utility assistance, \$50 million in homeowner assistance, \$13.5 million in housing assistance for households that are homeless or at risk of homeless and \$210 million in ARPA funds for affordable housing production, site acquisition, middle-income housing, predevelopment, community revitalization and down payment assistance.

State Budget. RIHousing is financially independent of the State of Rhode Island, however periodically the State funds programs that RIHousing is called upon to administer or transfers resources from RIHousing to fill budget deficits. Because RIHousing does not have a guaranteed long-term income stream, each proposal must be carefully analyzed for its long-term impact.

The State does provide funding to the Housing Resources Commission (HRC), which co-funds many developments and programs with the agency. But the State has also looked to us many times to continue operating state-created programs such as the Neighborhood Opportunities Program (NOP). Other state funds are used for rental assistance, supportive homes and lead paint hazard abatement. Since 2006, RIHousing has assisted the HRC with the administration of the Building Homes RI program which has been funded through a series of voter approved housing bonds. The State's FY2022 budget included the establishment of a new Housing Production Program funded through an increase in the Real Estate Conveyance Tax and initially capitalized with \$25 million. RIHousing will administer this program according to program guidelines established by the HRC's Coordinating Committee.

Key Issues

Audits. RIHousing administers a variety of federal and state programs, which are reviewed, audited and monitored periodically. Audits are a key element in every program that we administer. RIHousing adeptly administers its programs and frequently receives high rankings and additional funding because of its administrative efficiency. When program audits are received, additional information is provided to the oversight agency or regulatory body, and the matters are resolved administratively.

Personnel Matters. With about 240 employees, RIHousing management of employment matters may result in litigation. The Board Chairman and/or Board is kept fully apprised



of any employment situation that could have a material detrimental effect on the reputation or financial health of the agency.

First Time Homebuyer Program. RIHousing lending has grown dramatically since 2013. We have introduced innovative programs including the First Homes Tax Credit which allows borrowers to receive 20% of their mortgage interest as a credit instead of a deduction. In 2022, the agency launched the First Generation homebuyer program which provides homebuyers from targeted communities who qualify as a first-generation homebuyer to receive \$25,000 in down payment and closing cost assistance. The program is designed to open the door to homeownership for first-generation buyers in the community of their choosing.

Apartment Financing. The loans which we make for new apartment construction, are often quite small compared to the actual development cost. Therefore, traditional real estate lending principles are of limited value in evaluating financing. Many of the funds for construction of affordable apartments have come via the federal low-income housing tax credit program.

Homelessness Prevention. RIHousing invests substantial staff and funds to prevent homelessness. We use federal and agency funds to preserve and finance new homes for at-risk populations, assist supportive service providers and give small grants through our partners to help families from becoming homeless.

Competitive Funding Rounds. Since requests for development funding far exceed the limited funds available, most of the funds that RIHousing awards is done on a competitive basis. Criteria for making selections among competing applications are published, after public comment and Board approval, for the different programs.

RIHousing Loan performance. The Section 8 component of our multi-family loan portfolio generally performs well. The housing credit financed developments, which have no or limited rental subsidies are often financially challenged but the low loan-to-value (LTV) ratios usually make work-outs easier. The ability to raise income restricted apartment rents is very limited so developments often suffer from insufficient cash flow.

Non-lending activities. Although RIHousing's primary business activities are single-family and apartment lending, it also administers more than 20 other programs. Some of these are multi-million-dollar federal capital grant and rent subsidy programs while others are financed from our own funds. These include: secondary financing of homes and apartments for lower income families; direct assistance in providing housing and services for individuals and families who are homeless, have special needs or who are at risk of homelessness; and grants to build better homes and communities.

RIHousing Budget. Our fiscal year ends June 30. Our FY 2022 operating budget is about \$48 million with projected net earnings at about \$8.0 million. We examine performance at the end of each quarter and current earnings are ahead of budget.



Legislation. Housing, real estate and building activity in the state is heavily regulated and influenced by actions of the General Assembly. Therefore, RIHousing carefully monitors and occasionally offers comments on bills that impact our mission. The Board’s legislative committee oversees this effort.

Congressional activity. We work closely with our Congressional delegation directly and through NCSHA, our national trade organization. During the Great Recession, there were significant changes in programs and funding at the federal level. The Covid-19 pandemic brought substantial investments in emergency housing assistance programs to assist households impacted by the pandemic, as well as broader investments in housing and economic recovery. RIHousing works with the State and our Congressional delegation to ensure that federal resources are meeting the housing needs of our residents.

HRC. The Housing Resources Committee is a 28-member housing policy committee that works with the State’s Office of Housing and Community Development and oversees state appropriated or bonded housing funds and other state appropriated resources. RIHousing provides significant technical assistance to the HRC. The Chairman of RIHousing, or designee, sits on the HRC.

Coalitions –RIHousing contributes significant financial support to local intermediaries including LISC RI, the Housing Network of RI and HousingWorks RI.

Funders – Philanthropic organizations such as the Rhode Island Foundation and United Way have been very supportive policy and funding partners. However, competition for their funding is also intense.

RIHousing Board Members. Of the 7 members, 4 are appointed by the Governor with staggered terms. The General Treasurer is an ex-officio board member along with the Directors of the Departments of Administration and Business Regulation. The ex-officio members may authorize designees to act in their stead.

NCSHA (National Council of State Housing Agencies). The work of HFAs is unique. Therefore, our national trade organization is comprised only of the 50 states plus a handful of other government housing agencies. The three critical roles played by NCSHA are professional development; information sharing among the HFAs; and influencing federal policy in both legislative and executive branches. NCSHA’s work is essential to virtually all that we do.

Portfolio Preservation. Preservation at RIHousing does not usually refer to historic restoration. Instead, it relates to continuing the affordability and condition of Rhode Island’s vast portfolio of subsidized apartments. Some properties require huge investments of capital, which will reduce funding available for new affordable homes.

Affordable Housing Trust. The Affordable Housing Trust (AHT) was created to assist in preservation efforts and is funded through a sharing of refinancing proceeds or capital gains on Section 8 developments. The Trust is governed by three Trustees - the Chairman



of the Board of Commissioners, the Executive Director and the Chief Financial Officer.

Madeline Walker Assistance. This program is unique to Rhode Island and was created by the State Legislature. RIHousing is able to purchase municipal tax liens for homeowners and then working with the homeowners to obtain repayment. This gives cities and towns prompt payment of tax liabilities while protecting the homeowners from predatory tax lien speculators. However, it is a very challenging program and while most liens are resolved to everyone's benefits, some foreclosures are necessary.

Strategic Planning. Early in 2022, RIHousing completed a major strategic planning effort to guide the next five years. Substantial progress has been made toward some initiatives and others are in the planning stages.

RentReliefRI. RentReliefRI is a rental assistance program for eligible Rhode Island renters struggling to pay their rent or utilities due to or during the COVID-19 pandemic. RIHousing has administered this program on behalf of the state with funds sub-awarded to RIHousing via the State through the U.S. Department of Treasury. The program was established by section 501 of Division N of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (Dec. 27, 2020) (the Act).

Homeowner Assistance Fund. The COVID-19 pandemic has resulted in thousands of Rhode Island homeowners falling behind on their mortgage payments and housing-related expenses. On January 10, 2022 RIHousing launched the Homeowner Assistance Fund Rhode Island (HAF-RI) program, to help eligible Rhode Island homeowners remain in their homes. The program is supported by \$50 million in funds allocated in the American Rescue Plan and is administered by the US Treasury. The program was suspended March 14, 2022 due to oversubscription. Staff is currently working to process submitted applications.

Divisions of RIHousing

- Executive – includes finance, accounting, communications, legal, human resources, information technology, research, legislative and constituent relations functions.
- Development – underwrites and finances the production of about 300 new affordable homes each year and is the major administrator of state and federal development funds.
- Homeownership – originates and underwrites first mortgages, equity and septic/sewer loans and provides counseling in its HelpCenter.
- Leased Housing and Rental Services– administers federal and agency funded rental subsidy programs (Section 8) along with administering numerous federal and state housing programs especially related to preventing homelessness.
- Loan Servicing – services and oversees fiscal, financial and regulatory issues for about 15,000 apartments and 10,000 homeowners and services the portfolio for Maine HFA.



Key Executives

Carol Ventura, Executive Director

Lisa Primiano, Chief Operating Officer

Kara Lachapelle, Chief Financial Officer

James Comer, Deputy Executive Director

Christine Hunsinger, Chief Strategy and Innovation Officer

Corinne Myers, General Counsel

Anne Berman, Director of Real Estate Development

Peter Pagonis, Director of Homeownership

Mike DiChiaro, Director of Leased Housing and Rental Services

Bernadette Lynch, Director of Finance

Leslie McKnight, Assistant Deputy Director of Loan Servicing

Carl Rotella, Director of Information Technology

Amy Rainone, Director of Government Relations and Policy