

**Request for Action by
the Trustees of the
Affordable Housing Trust Fund**

**Approval of Turnkey Affordable Homeownership Program
Additional Funding**

1. Summary of Issues

This Request for Action (“RFA”) is for approval to allocate \$2,000,000 in additional funding for the Turnkey Affordable Homeownership Program (the “Turnkey Program,” “Turnkey,” or the “Program”). Turnkey was created to provide financing to qualified developers to rehabilitate or newly construct homes to be sold to households earning up to 100% of area median income (“AMI”).

2. Discussion

On August 15, 2024, the Affordable Housing Trust Fund approved the creation of the Turnkey Program and funded the Program with an initial allocation of \$1,000,000 to be administered by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”). Turnkey was developed to address a priority of RIHousing’s Strategic Planning to (i) help address the need for low to moderate income homeownership opportunities in the State of Rhode Island and (ii) streamline the process for the development of low to moderate income homes that will be deed-restricted by RIHousing.

- The Turnkey Program provides financing to developers of for-sale units to homebuyers upon project completion.
- The developer is responsible for funding the acquisition, construction and/or rehabilitation of the home(s) without the benefit of RIHousing financing prior to completion. This minimizes RIHousing’s involvement prior to and during construction.
- RIHousing intends to disburse the Turnkey financing once (i) a Certificate of Occupancy is issued by the municipality in which the home is built and (ii) a deed restriction restricting the household income of the initial and subsequent homeowners is recorded. The deed restriction should be recorded upon the sale of the home to the initial homebuyer; however, recording a deed restriction prior to such sale may be allowed, in RIHousing’s sole discretion, in certain circumstances.

RIHousing issued the first Request for Proposals (“RFP”) for Turnkey funding on September 26, 2024. In response to the rolling RFP, RIHousing received three proposals requesting more than \$1,900,000 in Turnkey funding. Staff has recommended awards of \$1,000,000 in Turnkey funding to two projects, which will deplete the initial Program allocation. The additional funding requests are under review.

All Turnkey Program applications are reviewed by RIHousing staff and assessed based upon the criteria outlined in the Program Guidelines, including RIHousing’s threshold criteria for awards: a

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complete application; readiness to proceed with construction within four months of commitment and closing expected within 12 months of commitment; financial feasibility; experience and capacity to complete and market for-sale housing; and demand for the housing. The current demand for the Program represents an opportunity to finance additional units should additional funding be allocated to the Program.

3. Recommendation

Staff recommends approval of an additional \$2,000,000 of funding for the Turnkey Program. Applications under the Program will continue to be accepted on a rolling basis, reviewed in the order in which they are received, and underwritten in accordance with the Program Guidelines and the program priorities and evaluative criteria set forth in the Request for Proposals.

4. Attachment

A. Resolution

Attachment A

Resolution of the Trustees of the Affordable Housing Trust Fund

- Whereas:** the Affordable Housing Trust Fund (the “AHT”) was created by Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) for the sole purpose of making homeownership to low- and moderate- income residents of the State of Rhode Island more affordable, and
- Whereas:** one of the purposes of the AHT is to assist with the preservation and development affordable housing throughout the State of Rhode Island, and
- Whereas:** the AHT has authorized the creation and initial funding of the Turnkey Affordable Homeownership Program, and
- Whereas:** the AHT is providing additional funding up to \$2,000,000 for the Turnkey Affordable Homeownership Program to finance the construction of new homeownership opportunities.

NOW, THEREFORE, IT IS HEREBY

- Resolved:** that the Affordable Housing Trust Fund, acting by and through its Trustees, be, and hereby is, authorized to (i) set aside up to \$2,000,000 for the Turnkey Affordable Homeownership Program, subject to funding availability, and (ii) transfer such funds to RIHousing for purposes of implementing and administering the Turnkey Affordable Homeownership Program structured generally in accordance with the description contained in the Program Guidelines approved by the Trustees in August 2024, with such changes as the Executive Director, Deputy Executive Director, and Director of Real Estate Development of RIHousing may, in their sole discretion, determine to be necessary or advisable.
- Resolved:** that the Executive Director, Deputy Executive Director, and Director of Real Estate Development of RIHousing, each acting singly, be and hereby are authorized, empowered and directed to take any and all actions as each, in his/her sole discretion, shall deem necessary or advisable to carry out the foregoing resolutions.