

RESOURCES

RESOURCES.....SECTION 1

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**Application round pending

Rhode Island Housing Resources

- 1. First Mortgage Financing:** Tax exempt and taxable first mortgage financing is available for both construction and permanent financing for a term of up to 40 years. Borrowers must be single-asset entities and must have a satisfactory credit history. First mortgages are non-recourse and may not exceed 90% of the as-built value as determined by an independent appraisal. Requests for tax-exempt financing which require an increase in bonding authorization from Rhode Island Housing are subject to approval by the Rhode Island Housing Board of Commissioners (the “Board”).
- 2. Deferred Payment Loan Funds:** Deferred Payment Loan Funds may be made available to write down the cost of developments as needed. These funds may be used as second mortgage financing but not as an operating subsidy and are only available to those developments utilizing Rhode Island Housing first mortgage financing. Rhode Island Housing reserves the right to waive this provision if there are significant benefits resulting from the use of other first mortgage financing.

The maximum amount of Deferred Payment Loan Funds available for one development is \$1 million. The maximum amount of Deferred Payment Loan Funds per low-income unit is as follows:

Maximum Per Unit Deferred Payment Loan	
Size of Unit	Maximum Deferred Payment Loan Per Unit
SRO	\$ 8,400
Efficiency	\$ 9,000
1 BR	\$13,000
2 BR	\$21,000
3 BR	\$26,600
4 BR	\$29,800

The interest rate on Deferred Payment Loan Funds will be five percent (5%) simple interest. The term of the loan will be a maximum of 40 years. Repayment of Deferred Payment Loan Funds will be made from available cash flow.

- 3. Housing Tax Credits:** The Housing Tax Credit Program (“HTC”) is advantageous to owners of qualified rental housing, as the HTC is economically more attractive than a tax deduction. The HTC is a direct dollar-for-dollar offset against a taxpayer’s federal income tax liability to be taken over a 10-year period. These tax credits are sold in exchange for equity investment in qualified low-income housing developments.

There are three types of HTCs that can be awarded to a development. The first type of credit is a 9% annual credit for the costs of new construction or substantial rehabilitation of an existing building without any federal subsidies. The second type of credit is a 4% (approximate) annual credit for the costs of new construction or substantial rehabilitation of an existing building with

a federal subsidy. The third type of credit is a 4% (approximate) annual credit for the cost of acquiring an existing building that involves substantial rehabilitation without federal subsidy. The first and third types of credit are awarded annually through a competitive process outlined in the state's Qualified Allocation Plan. The second type of HTC, known as the 4% credit, is available for developments financed with tax-exempt bonds. Developments utilizing the second type of HTC must also meet requirements outlined in the Qualified Allocation Plan. Currently, allocations of volume cap (tax exempt financing) are not awarded through a competitive process. Requests for tax exempt financing are accepted on a rolling basis throughout the year. Developments financed with 4% credits are subject to all requirements of this Handbook.

In order to qualify for HTCs, developments must set aside at least 20% of the units for households earning 50% or less of the area median income OR 40% of the units for households earning 60% or less of the area median income. In addition, HTC units must remain rent-restricted for a 30-year period. The Qualified Allocation Plan outlines the allocation process and criteria in detail.

In a situation where Rhode Island Housing is not the issuer of the tax-exempt bonds but is asked to allocate 4% credits, we reserve the right to deny an allocation if due diligence demonstrates that the financing package is not beneficial to the long-term viability of the development.

4. **Predevelopment Loan Program:** The Predevelopment Loan Program is an initiative designed to provide nonprofit developers with the resources necessary to determine the feasibility of and obtain site control for an affordable housing development. Predevelopment loans are expected to be repaid at closing of construction or permanent financing, or within 24 months, whichever occurs first. Predevelopment financing can be applied only to that percentage of a development that will be occupied by households at or below 80% of median income. In addition to site control costs, technical assistance costs that may be covered include architectural fees, financial packaging, legal costs, engineering, market analysis, application and bank fees, inspection, appraisal and survey fees, insurance, and title search and recording.
5. **HOME Investment Partnerships Program:** Rhode Island Housing is responsible for administering the federal HOME Program on behalf of the state. HOME funds may be used for acquisition, rehabilitation and new construction. Eligible applicants include nonprofit and for-profit developers, municipalities and Public Housing Authorities. The minimum amount of assistance per unit is \$1,000. The maximum allocation is \$500,000 per developer per community, per fiscal year allocation. HOME-assisted homeownership units must be occupied by households with income at or below 80% of area median income. For rental developments, developers must target households with income at or below 60% of area median income. Twenty percent (20%) of rental units in buildings containing five or more units must be occupied by households at or below 50% of area median income, adjusted for family size.
6. **Thresholds Program (revised 8/2006):** Rhode Island Housing administers the Thresholds Program ("Thresholds") on behalf of the Rhode Island Department of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH). Using BHDDH bond funds, Thresholds increases the supply of housing for people with disabilities and/or serious and persistent mental illness. Thresholds requires participating nonprofit housing sponsors to make

units affordable to this population in return for: 1) funds to develop or refinance housing, and 2) an agreement to provide mental health and social services for residents. Developments that integrate people with a serious and persistent mental illness with the general public are preferred over developments that segregate this population in single or adjacent buildings. Housing exclusively for people with a serious and persistent mental illness must either be supervised or provide access to on-site mental health services during the day. Contact Diane Benjamin, Program Coordinator, at 401-450-1347 for further information.

7. **Rental Subsidies:** Developers may be able to obtain a set-aside of Federal Section 8 development based contract authority from an administering housing authority.
8. **Construction Loan:** The Construction Loan Program is designed to provide financing for the construction or rehabilitation of rental and for-sale housing to low and moderate income individuals and families.
9. **Land Bank:** The Land Bank Program is designed to provide interim financing to nonprofit developers and/or municipalities for the acquisition of property or buildings for the development of affordable housing. Interested parties should contact Peter Calo, Program Coordinator, at (401) 457-1288.
10. **LeadSafe Homes Program:** The LeadSafe Homes Program is designed to provide financial assistance to property owners or developers to make their properties lead safe. Financing is limited to a maximum of \$10,000 per unit and can be used only for lead hazard reduction work. Work must be performed by a lead-certified contractor. Interested parties should contact Russell Johnson, Program Coordinator, at (401) 450-1386.
11. **McKinney Homeless Programs:** The McKinney Homeless Programs include the Supportive Housing Program, Shelter Plus Care Program, and Section 8 SRO Moderate Rehabilitation Program. These HUD programs are administered by Rhode Island Housing and are intended to promote the development of supportive housing and services that assist homeless families and individuals transition from homelessness to living as independently as possible. Supportive Housing funds may be used to finance the development and operation of transitional housing and permanent supportive housing for the homeless and disabled. Funds may also be available for supportive services. Shelter Plus Care provides rental assistance for homeless and disabled persons in permanent housing. Section 8 Moderate Rehabilitation Single Room Occupancy (SRO) provides rental assistance to developments containing no more than 100 assisted units. The structure to be assisted must meet rehabilitation cost and vacancy requirements. Nonprofit developers must subcontract with a Public Housing authority to administer the assistance. Interested parties should contact Laura Archambault, Supportive Services Manager, at (401) 457-1261.
12. **Qualified 501 (c) (3) Tax Exempt Bond Financing:** Rhode Island Housing has the ability to provide 501(c)(3) tax-exempt bond funding to qualified nonprofits to produce affordable housing.
13. **Deferred Payment Loan/Special Needs:** The Deferred Payment Loan/Special Needs (“DPSN”) provides resources for the production of rental housing for homeless, disabled and/or very low-income individuals and families. With its DPSN program, Rhode Island Housing provides amortizing and deferred loans, at a maximum of \$50,000 per unit, to

developers for the acquisition and development of housing with supportive services for special needs populations. All applications must include a Service Plan ensuring that social services will be provided to residents of these developments. Social services are not funded by the Program. Interested parties should contact Paula Coleman, Assistant Director of Development, at 401-457-1134.

14. **Neighborhood Opportunities Program:** Rhode Island Housing provides capital and operating subsidy to developer-owners of rental housing for very low income families and individuals whose incomes do not exceed forty percent (40%) of family median income. The Family Housing Program provides funds to develop and operate rental units affordable to individuals and families. The Permanent Supportive Housing Program provides funds to develop and operate rental units for very low income individuals and families who have a determination of a disability and who are homeless or at risk of being homeless. Interested parties should contact Diane Benjamin, Program Coordinator at (401) 450-1347 for further information.
15. **HUD Section 811 Project Based Rental Assistance Demonstration Program:** Rhode Island Housing is filing application with HUD to secure up to \$4.9 million in HUD Section 811 PRADP funding. These resources will be available under a competitive round upon receipt of an award through HUD. It is anticipated that at least 150 project based units will be created under the program.

Other Resources

16. **Resources Available Through Cities and Towns:** Developers are encouraged to explore with local planning and/or community development departments the availability of resources such as Community Development Block Grant funds, Section 108 funds, HOME funds and tax incentives.
17. **Federal Home Loan Bank:** The FHLB administers two programs, the Affordable Housing Program (AHP) and the Community Investment Program (CIP) to fund homeownership and rental housing proposals that benefit low and moderate income individuals and families. Proposals for developments in New England must be submitted by a bank affiliated with the FHLB of Boston. Deadlines for applications are traditionally in April and October, but applicants should prepare to discuss proposals with their local bank prior to these deadlines. For more information, contact either your local member bank or the Housing and Community Investment Office of the FHLB of Boston.
18. **Rural Housing Service:** The Rural Housing Service (RHS), an Agency of the U.S. Department of Agriculture, offers the Guaranteed Rural Rental Housing Program (GRRHP) which is designed to serve the rental housing needs of low- and moderate-income rural households by providing loan guarantees for newly constructed or rehabilitated rental property in eligible rural areas. Rhode Island Housing is an approved USDA GRRHP Lender. For information on RHS programs, please call 401-826-0842.

19. Federal Historic Tax Credits: Developments that include substantial rehabilitation and meet certain standards for historic rehabilitation may qualify for Federal Historic Tax Credits. For information on these programs, please call the Historical Preservation and Heritage Commission at 401-222-2678.