

# **RULES AND REGULATIONS OF THE COMMISSION**

## **APPLICABLE TO THE NEIGHBORHOOD OPPORTUNITIES PROGRAM**

### Part I. General Description

#### SECTION 1. PROGRAM PURPOSES

- 1.1 Program Purposes and Objectives. The Rhode Island Housing Resources Commission (the “Commission”) hereby promulgates Rules and Regulations (the “Regulations”) applicable to the Neighborhood Opportunities Program through the Permanent Supportive Housing Fund (“PSH”) and the Family Housing Fund (“FHF”) and Building Better Communities Fund (“BBC”). The primary purpose of these programs is to increase the supply of decent, safe, sanitary and affordable rental housing for very low-income families and individuals and to revitalize local neighborhoods.
- 1.1.1 Under the Permanent Supportive Housing Fund, funds will be awarded to provide gap financing and operating support for the acquisition, construction, or rehabilitation of rental housing for individuals/families who have a determination of disability by a qualified professional and who require on-going supportive services. The primary purpose of the PSH is to produce units of permanent affordable rental housing for families and individuals with very low income who are homeless or at risk of being homeless.
- 1.1.2 Under the Family Housing Fund, funds will be awarded to provide gap financing and operating support for the acquisition, construction, rehabilitation of rental housing to ensure rents are affordable to families (with children) working at or near minimum wage.
- 1.1.3 Under the Building Better Communities Fund, funds will be awarded to provide gap financing to (i) acquire, clear, develop or rehabilitate vacant buildings or lots; (ii) assist in the redevelopment of vacant or underutilized commercial or industrial properties; (iii) acquire, develop, construct, rehabilitate, renovate or replace commercial, mixed-use or social services buildings;(iv) construct, acquire, finance or rehabilitate housing for homeownership for families making up to 120% of median income.

#### SECTION 2. DEFINITIONS

- 2.1 Definitions. As used in these regulations.
- 2.2 “Act” means the Rhode Island Housing Resources Commission Act of 1998 more particularly set forth in Chapter 128 of Title 42 of the Rhode Island General Laws of 1956, as amended.
- 2.3 “At-risk of being homeless” means persons who have received notice of eviction, and/ or are experiencing difficulty due to the inability to pay rent, and is inclusive

of persons residing in institutions who have been unsuccessful in locating housing.

- 2.4 “BBC” means Building Better Communities Fund
- 2.5 “Capacity” means an applicant or track record in implementing financially sound housing programs, the experience and success of the staff or team to implement the program, as well as the ability to provide or coordinate necessary supportive services.
- 2.6 “Commission” means the State of Rhode Island Housing Resources Commission, a public corporation existing under this Act.
- 2.7 “Corporation” or “Rhode Island Housing” means Rhode Island Housing and Mortgage Finance Corporation, a public corporation organized and existing under Chapter 55 of Title 42 of the Rhode Island General Laws, as amended.
- 2.8 “Disability” means a physical, mental or emotional impairment, confirmed by a qualified professional, who may be a licensed physician or licensed behavioral health professional. The disability may be of long-term or unknown duration and impedes an individual’s ability to live independently.
- 2.9 “Family” means household with children under 18 years of age or child/children that is/are full-time student(s).
- 2.10 “FHF” means Family Housing Fund
- 2.11 “Homeownership activities” may include, but not limited to construction, development, substantial rehabilitation or housing payment subsidy.
- 2.12 “HUD” means United States Department of Housing and Urban Development.
- 2.13 “Income” shall be defined as gross annual income which includes but is not limited to: gross wages, salaries, overtime pay, commissions, fees, tips, bonuses, public assistance, retirement and pension benefits, Workmen’s Compensation, Temporary Disability Insurance, Supplemental Security Income (SSI), and interest income from assets.
- 2.14 “MFI” means the median family income of the area, as determined by the United States Department of Housing and Urban Development adjusted for family size.
- 2.15 “Minimum rent for Permanent Supportive Housing” means rent calculated at 30% of gross monthly Supplemental Security Income.
- 2.16 “Minimum rent for Family Supportive Housing” means rent calculated at 30% of gross monthly family income for families working at minimum wage for 40 hours per week
- 2.17 “Mixed-use development” means projects that incorporate commercial/retail with residential.

- 2.18 “Neighborhood revitalization area” means a neighborhood designated in a revitalization plan such as including but not limited to a State Enterprise Zone, Main Street area, Neighborhood Revitalization area and/or Community Development area.
- 2.19 ”Operating cost,” means costs associated with the physical day-to-day operation of the building. Some examples include: maintenance and repair, operations staff, utilities, equipment, supplies and insurance.
- 2.20 “PHA” means Public Housing Authority
- 2.21 “Project” means unit(s), site(s), or entire building. Project includes all the activities associated with the site and building.
- 2.22 “Proposal” means any eligible activity or group of activities necessary to implement a single program or project.
- 2.23 “Permanent supportive housing” means long-term and community-based housing in conjunction with necessary supportive services and/or supervision for persons with disabilities as defined above.
- 2.24 “PSH” means Permanent Supportive Housing Fund
- 2.25 “Rent” means the total tenant payment including utilities or a utility allowance as approved by HUD.
- 2.26 “Supportive services” may include, but are not limited to, as needed case management, education, employment and training, behavioral health counseling, life skills and/or supervision.
- 2.27 “Unit” for Permanent Supportive Housing may include a bedroom with shared bath and kitchen facilities.
- 2.28 “Very low income” for the purpose of these programs means annual gross income at or less than 40% of median family income.

## **Part II Family Housing Fund & Permanent Housing Fund**

### **SECTION 3. ALLOCATION OF FUNDS**

**3.1 Eligible Applicants.** Generally eligible applicants include non-profit organizations with 501©(3) status, Community Housing Development Organizations, private for-profit entities, any of the 39 cities and towns incorporated in the State of Rhode Island and Public Housing Authorities.

**3.2 Low Income Targeting.** Permanent Supportive Housing and Family Housing Program projects must benefit very low-income individuals/families with incomes at or below 40% of median.

**3.3 Priorities.**

- 3.3.1 Projects located near public transportation and services.
- 3.3.2 Projects located in neighborhood revitalization areas.
- 3.3.3 Projects that include the rehabilitation of existing properties.
- 3.3.4 Family Housing Program projects that target homeless families.
- 3.3.5 Applicants that have not-for-profit status.
- 3.3.6 Projects that do not involve relocation.
- 3.3.7 Collaborative efforts between experienced development entities and service providers.

3.4 Funding shall be the minimum necessary to make a project feasible.

- 3.4.1 Applicants may receive capital funding up to \$20,000 per unit and an operating subsidy sufficient to cover the gap in operating costs for a minimum period of ten years.
- 3.4.2 Projects must leverage at least 50% of total cost of the project from other funding sources.
- 3.4.3 Maximum rents will be set at 30% of gross monthly income. Rents received in excess of the minimum rent shall be applied to offset and extend the operating subsidy.
- 3.4.4 Funds allocated to the operating subsidy shall be held in escrow and invested to maximize the available subsidy.
- 3.4.5 Approved operating subsidies will be paid monthly to the project.

#### SECTION 4. ELIGIBLE PROGRAM COSTS

- 4.1 Family Housing Program eligible costs may include: acquisition, rehabilitation, construction, operating subsidies, replacement reserves and relocation
- 4.2 Permanent Supportive Housing eligible costs may include: acquisition, rehabilitation, and construction, operating subsidies and replacement reserves, case management and/or live-in staff and relocation

#### SECTION 5 ELIGIBLE RESIDENTS

- 5.1 Eligible residents of Family Housing Program projects. Families with children whose gross annual income does not exceed 40% of median family income.
- 5.2 Eligible residents for Permanent Supportive Housing Program projects. Very low income persons or families who have a determination of disability by a qualified professional and

who may be homeless or at risk of becoming homeless and whose gross annual income is at or below 40% of state median family income.

## SECTION 6 RENTS

6.1 FHP Rents Rents under these projects will be established at the greater of 30% of gross monthly income or the minimum rent as defined under Section 2.14

6.2. PSH Rent. Rents under these projects will pay the greater of 30% of gross monthly income or the minimum rent as defined under Section 2.13

6.3 Income will be certified prior to initial occupancy to demonstrate eligibility and to determine rent. Incomes will be recertified annually to determine rental payments, but may be recertified more frequently on an emergency basis due to substantial changes in income.

## SECTION 7 APPLICATION PROCESS

7.1 Applications for Funding. The Commission will announce Request for Proposals from qualifying organizations for funding and will make available the required applications for the Family Housing Program and/or Permanent Supportive Housing Program. The deadline for receipt of applications will be disclosed in the Request for Proposals.

7.2 Review of Applications. Applications shall be reviewed by Rhode Island Housing and Mortgage Finance Corporation staff to determine eligibility, capacity, economic feasibility and past performance. Recommendations will be presented to the Housing Resources Commission for final approval.

7.3 Scoring of Applications. The Office of Homelessness Services and Emergency Assistance of the Housing Resources Commission will make recommendations for funding to the Housing Resources Commission based on application scores.

## SECTION 8 SCORING

8.1 All applications will be scored by the Housing Resources Commission staff based on a maximum of 100 points in accordance with the following criteria:

8.1.1 The extent to which the application addresses any of the priorities set forth in these regulations. (total of 25 points)

- Projects that are located in neighborhood revitalization areas (5)
- Projects that are used for rehabilitation of existing properties (5)
- Family Housing Program projects that target homeless families (5)
- Projects that are located near public transportation and services (4)
- Applicants with non profit status (2)
- Projects that are collaborative efforts (2)
- Projects that do not cause permanent relocation (2)

8.1.2 Project feasibility (20 points)

8.1.3 Commitment of funds (15 points)

Private resources to be leveraged by the proposal

Other public funding committed to the activity

8.1.4 Readiness to proceed (10 points)

8.1.5 Capacity of the applicant to undertake the proposed activity. (10 points)

8.1.6 Cost of the proposal per family or individual benefiting (10 points)

8.1.7 Acquisition and/or rehabilitation of at least 3 units (5 points)

8.1.8 The extent to which the project promotes a more equitable distribution of affordable housing units throughout the State. (5points)

## SECTION 9 REQUIREMENTS

9.1 Term of commitment. All recipients must agree to operate the FHP and/or PSH for a term of 20 years from the date of initial occupancy or date of initial service provision. Upon the depletion of operating reserves, the project sponsor may request a change of use to convert to a project of direct benefit to low income persons.

9.2 Repayment of funds. If project is not operated for a minimum of 10 years

following the date of initial occupancy or service provision, the entire amount of the funds must be repaid. For each year after year 10, the recipient's repayment amount will be reduced by 10 percentage points per year beyond the initial 10 year period in which the project has been used for the Family Housing Program or Permanent Supportive Housing.

9.3 Exception. A recipient will not be required to comply with the provisions set forth in Section 9 if the sale or disposition of the project results in the continued used of the project for the Family Housing Program or Permanent Supportive Housing.

9.4 Term may be negotiated where conflicts exist with other funding sources.

## SECTION 10 PROGRAM ADMINISTRATION

10.1 Contracting. All contracts shall be awarded through a competitive process and shall be approved by the Rhode Island Housing Resources Commission.

10.2 Administration. The Housing Resources Commission shall designate Rhode Island Housing and Mortgage Finance Corporation to administer and monitor these programs.

10.3 Monitoring. To ensure compliance with the requirements set forth in these Regulations, Rhode Island Housing and Mortgage Finance Corporation may fromtime to time, conduct site visits and inspections and may require reports and information to document compliance

### **Part III Building Better Communities Fund**

#### **SECTION 11. ALLOCATION OF FUNDS**

11.1 Eligible Applicants. Generally eligible applicants include non-profit organizations with 501©(3) status who are located, conduct business and or provide services in the targeted neighborhoods, any of the 39 cities and towns incorporated in the State of Rhode Island and Public Housing Authorities.

11.2 Priorities.

11.2.1 Projects that include the rehabilitation of existing buildings and vacant lots.

11.2.2 Projects located in neighborhood revitalization areas, which may include but not limited a State Enterprise Zone, Main Street area, Neighborhood Revitalization Program area, or Community Development revitalization area.

11.2.3 Projects that provide homeownership opportunities

11.2.4 Applicants that have not-for-profit status and are currently implementing neighborhood revitalization plans for the area.

11.2.5 Projects that do not involve resident relocation.

11.2.6 Collaborative efforts between experienced development entities and service providers or municipalities.

11.2.7 Projects in a neighborhood in which affordable housing is being developed.

11.2.8 Projects that benefit the revitalization of low and moderate-income neighborhoods.

11.2.9 Projects must leverage at least 50% of total cost of the project from other public (federal, state, and local) and private funding sources to implement its housing and neighborhood development policies.

#### **SECTION 12. ELIGIBLE PROGRAM COSTS**

12.1 Building Better Communities Fund eligible costs may include: acquisition, rehabilitation, construction, predevelopment, demolition and site remediation. Homeownership eligible costs may include: acquisition, rehabilitation, financing and construction.

12.2 Building Better Communities Fund will not be used for public facilities.

## SECTION 13. HOMEOWNERSHIP REQUIREMENTS

- 13.1 Eligible residents of homeownership projects. Families whose gross annual income does not exceed 120% of median family income.

## SECTION 14. APPLICATION PROCESS

- 14.1 Applications for Funding. The Commission will announce Request for Proposals (RFP) from qualifying organizations for funding and will make available the required application for the Building Better Communities Program.
- 14.2 Review of Applications. Rhode Island Housing and Mortgage Finance Corporation staff shall review applications to determine eligibility, capacity, economic feasibility and past performance.
- 14.3 Scoring of Applications. The Office of Community Development & Technical Assistance of the Housing Resources Commission will score applications and make recommendations for funding to the Housing Resources Commission based on application scores.

## SECTION 15. SCORING

- 15.1 All applications will be scored by the Housing Resources Commission staff based on a maximum of 105 points in accordance with the following criteria:

- 15.1.1 The extent to which the application addresses any of the priorities set forth in these regulations. (total of 30 points)
- Projects that are located in neighborhood revitalization areas (6)
  - Projects that are used for rehabilitation of existing properties and vacant lots (6)
  - Projects that target homeownership (5)
  - Projects in neighborhoods in which affordable housing is being developed (5)
  - Applicants with non profit status currently implementing neighborhood revitalization plans (3)
  - Projects that are collaborative efforts (3)
  - Projects that do not cause permanent relocation (2)
- 15.1.2 Project feasibility including a long-term plan to maintain the property (20 points)
- 15.1.3 Commitment of funds (15 points)
- Private resources to be leveraged by the proposal
- Other public funding committed to the activities
- 15.1.4 Readiness to proceed (10 points)
- 15.1.5 Capacity of the applicant to undertake the proposed activity. (10 points)
- 15.1.6 Acquisition and/or rehabilitation of at least three eligible activities including 3 housing, mixed use properties and/or vacant lots (10 points)
- 15.1.7 The extent to which the project promotes the revitalization of low and moderate-income neighborhoods throughout the State. (10 points)

## SECTION 16. PROGRAM ADMINISTRATION

- 16.1 Contracting. All contracts shall be awarded through a competitive process and shall be approved by the Rhode Island Housing Resources Commission.
- 16.2 Administration The Housing Resources Commission shall designate Rhode Island Housing and Mortgage Finance Corporation to administer and monitor these programs
- 16.3 Monitoring. To ensure compliance with the requirements set forth in these Regulations, Rhode Island Housing and Mortgage Finance Corporation may from time to time, conduct site visits and inspections and may require reports and information to document compliance.