

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 (NOP) through the Permanent Supportive Housing Fund (“PSH”), the Family Housing Fund (“FHF”) and the 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, low and moderate-income families and individuals and to revitalize local neighborhoods.
- 1.1.1 Under the PSH, 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 disabled families and individuals with very low income who are homeless or at risk of being homeless.
- 1.1.2 Under the FHF, funds will be awarded to provide gap financing and operating support for the acquisition, construction, or rehabilitation of rental housing to ensure rents are affordable to families (with children) working at or near minimum wage.
- 1.1.3 Under the BBC, 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, or replace commercial, mixed-use or community projects that enhance neighborhood revitalization; (iv) construct, acquire, finance or rehabilitate housing for homeownership, including rental units, for families earning 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 “**Approved affordable housing plan**”, means a plan prepared and adopted by a town or city to meet requirements of chapter 45-53 or to meet the requirements of

subsection 45-22.2-10(f) of Rhode Island General Laws that has been reviewed and approved by the director of administration pursuant to RI General Laws, Section 45-22.2-9.

- 2.4 “**At-risk of being homeless**” means persons who have received notice of eviction, and/or who 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.
- 2.5 “**BBC**” means Building Better Communities fund.
- 2.6 “**Capacity**” means an applicant with a 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.
- 2.7 “**Commission**” means the State of Rhode Island Housing Resources Commission, a public corporation existing under this Act.
- 2.8 “**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.
- 2.9 “**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.
- 2.10 “**Family**” means household with children under 18 years of age or child/children who is/are full-time student(s).
- 2.11 “**FHF**” means Family Housing Fund
- 2.12 “**Homeownership activities**” may include, but are not limited to construction, development, substantial rehabilitation or down payment and closing cost assistance.
- 2.13 “**HUD**” means United States Department of Housing and Urban Development.
- 2.14 “**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.
- 2.15 “**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.
- 2.16 “**Minimum rent for permanent supportive housing**” means rent calculated at 30% of the federal gross monthly Supplemental Security Income.

- 2.17 “**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
- 2.18 “**Mixed-use development**” means developments that incorporate commercial/retail space with residential units.
- 2.19 “**Neighborhood revitalization area**” means a neighborhood designated in a revitalization plan including but not limited to a State Enterprise Zone, Growth Center, Main Street area, Neighborhood Revitalization area and/or Community Development area.
- 2.20 “**Operating cost,**” means costs associated with the physical day-to-day operation of the building. Some examples include: maintenance and repair, operations staff, taxes, utilities, equipment, supplies and insurance.
- 2.21 “**PHA**” means Public Housing Authority
- 2.22 “**Development**” means unit(s), site(s), or entire building. Development includes all the activities associated with the site and building.
- 2.23 “**Proposal**” means any eligible activity or group of activities necessary to implement a single program or development.
- 2.24 “**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 in 2.9.
- 2.25 “**PSH**” means Permanent Supportive Housing Fund
- 2.26 “**Public facility**” means any facility owned and operated by a public agency.
- 2.27 “**Supportive services**” may include, but are not limited to, case management, education, employment and training, behavioral health counseling, life skills and/or supervision.
- 2.28 “**Unit**” for Permanent Supportive Housing may include a bedroom with shared bath and kitchen facilities.
- 2.29 “**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 Supportive Housing Fund

SECTION 3 ALLOCATION OF FUNDS

- 3.1 Eligible Applicants. Generally eligible applicants include non-profit organizations with 501(C)3 status, Community Housing Development Organizations, private for-profit entities, limited partnerships, 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 developments must benefit very low-income individuals/families with gross annual incomes at or below 40% of the State median income.
- 3.3 Priorities.
 - 3.3.1 Developments located near public transportation and services.
 - 3.3.2 Developments located in neighborhood revitalization areas or consistent with an approved affordable housing plan.
 - 3.3.3 Developments that include the rehabilitation of existing properties.
 - 3.3.4 Family Housing Program developments that target homeless families.
 - 3.3.5 Applicants that have not-for-profit status.
 - 3.3.6 Developments 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 development feasible.
 - 3.4.1 Applicants may receive capital funding up to \$25,000 per unit and an operating subsidy sufficient to cover the gap between gross rents and the actual operating costs of each NOP unit for a minimum period of ten years.
 - 3.4.2 Developments must leverage at least 50% of the total cost of the development from other funding sources.
 - 3.4.3 Rent plus utilities will be set at 30% of gross monthly household income. A minimum rent shall be charged as defined in 2.16 or 2.17, as applicable. 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 quarterly to the development.

SECTION 4 ELIGIBLE PROGRAM COSTS

- 4.1 FHF eligible costs may include: acquisition, rehabilitation, construction, operating subsidies, replacement reserves and relocation
- 4.2 PSH eligible costs may include: acquisition, rehabilitation, construction, operating subsidies and replacement reserves, case management and/or live-in staff and relocation

SECTION 5 ELIGIBLE RESIDENTS

- 5.1 Eligible residents of FHF developments. Families with children whose initial gross annual income does not exceed 40% of the State median family income.
- 5.2 Eligible residents for PSH developments. 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 initially at or below 40% of the State median family income.
- 5.3 Tenants who are no longer eligible residents due to income may continue to reside in the unit and pay 30% of gross income for rent. The next available unit shall be rented to an eligible resident.

SECTION 6 RENTS

- 6.1 FHF Rents. Rents will be established at the greater of 30% of gross monthly income minus utility allowances, or the minimum rent as defined under Section 2.17
- 6.2 PSH Rent. Rents will be established at the greater of 30% of gross monthly income minus utility allowances, or the minimum rent as defined under Section 2.16
- 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 a Request for Proposals from qualified organizations for funding and will make available the required applications for the FHF and/or PSH. The deadline for receipt of applications will be disclosed in the Request for Proposals.
- 7.2 Review of Applications. Applications shall be reviewed by Corporation staff to determine eligibility, capacity, economic feasibility and past performance. Recommendations will be presented to the Commission for final approval.

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

SECTION 8 SCORING

- 8.1 All applications will be scored by 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 (maximum of 25 points)
- Developments that are located in neighborhood revitalization areas
 - Developments that include the rehabilitation of existing properties
 - Developments that are consistent with an Approved Affordable Housing Plan
 - FHF developments that target homeless families
 - Developments that are located near public transportation and services
 - Applicants with non profit status
 - Developments that are collaborative efforts
 - Developments that do not cause permanent relocation
- 8.1.2 Development feasibility (20points)
- 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 three(3) housing units (5 points)
- 8.1.8 The extent to which the development promotes a more equitable distribution of affordable housing units throughout the State (5 points)

SECTION 9 REQUIREMENTS

- 9.1 Term of commitment. All recipients must agree to operate the FHF 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 the operating subsidy, the development sponsor may request a change of use to a development for the direct benefit to individuals and families with incomes not to exceed 50% of the State median income.
- 9.2 Repayment of funds. If the development is not operated to provide direct benefit to low income persons for a minimum of 10 years following the date of initial occupancy or service provision, the capital funds must be repaid. For each year

after year 10, funds provided as a forgivable loan may be reduced by 10 percentage points per year beyond the initial 10 year period in which the development has been used for the FHF or PSH.

- 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 development results in the continued used of the development for the FHP or PSH.
- 9.4 Terms of the Agreement. The terms of this Agreement 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 Commission.
- 10.2 Administration. The Commission shall designate the Corporation to administer and monitor these programs.
- 10.3 Monitoring. To ensure compliance with the requirements set forth in these Regulations, the Corporation may from time 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. Eligible applicants include non-profit organizations with 501(C)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 and for-profit entities working in partnership with any other eligible applicant.
- 11.2 Priorities.
 - 11.2.1 Developments that include the acquisition and/or rehabilitation of existing buildings and vacant lots.
 - 11.2.2 Developments located in neighborhood revitalization areas or consistent with an approved affordable housing plan.
 - 11.2.3 Developments that provide homeownership opportunities.
 - 11.2.4 Developments that do not involve resident relocation.
 - 11.2.5 Collaborative efforts between experienced development entities and service providers or municipalities.
 - 11.2.6 Developments located in a neighborhood in which affordable housing is being developed.

- 11.2.7 Developments that serve to revitalize low and moderate-income neighborhoods.
- 11.2.8 Developments that could include mobile home park conversion including acquisition, infrastructure, production and/or replacement housing.
- 11.2.9 Funding
 - 11.2.9.1 Funding shall be the minimum amount necessary for the feasibility of the proposed development.
 - 11.2.9.2 Developments must leverage at least 50% of total development cost from other public (federal, state, and local) and private funding sources.
 - 11.2.9.3 Funds will be granted to the applicant provided that the development is in compliance with the terms of the agreement with the exception that funding for property owned by private for-profit entities shall be in the form of a loan with terms appropriate to the development.

SECTION 12 ELIGIBLE PROGRAM ACTIVITIES

- 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 Funding must directly or indirectly enhance housing activities.
- 12.3 BBC funds will not be used for public facilities, loan pools and shelters.

SECTION 13 REHABILITATION STANDARDS

- 13.1 Each project, at a minimum must meet the Section 8 Existing Housing Quality Standards. At the discretion of the HRC, however, more substantial rehabilitation may be required. Developers will be required to submit a work plan and preliminary cost estimates for the development.
- 13.2 Recipients will be required to comply with the current Department of Housing and Urban Development (HUD) Lead Safe Housing Regulations and asbestos mitigation rules.

SECTION 14 AFFORDABILITY REQUIREMENTS

- 14.1 Eligible residents of homeownership developments. Families whose gross annual income does not exceed 120% of State median family income.
- 14.2 Eligible residents of rental property. Families whose gross annual income does not exceed the State median income and whose rent does not exceed the Fair Market Rent or an exception rent approved by HUD.

- 14.3 Terms of affordability. Terms of affordability of developments must remain in effect for a minimum of thirty years.

SECTION 15 APPLICATION PROCESS

- 15.1 Applications for Funding. The Commission will announce a Request for Proposals (RFP) from qualified organizations for funding and will make available the required application for the BBC.
- 15.2 Review of Applications. Corporation staff shall review applications to determine eligibility, capacity, economic feasibility and past performance.
- 15.3 Scoring of Applications. The Office of Community Development & Technical Assistance of the Commission will score applications and make recommendations for funding to the Commission based on application scores.

SECTION 16 EVALUATION PROCESS

- 16.1 All applications will be evaluated by Commission staff in accordance with the following criteria:
- 16.1.1 The extent to which the application addresses any of the priorities set forth in Section 11.2 of these regulations.
- 16.1.2 Developments that promote the equitable distribution of funds.
- 16.1.3 Extent to which the development promotes the revitalization of low and moderate income neighborhoods.
- 16.1.4 All projects must fully encompass the intent of the program.
- 16.1.5 Development feasibility including a long-term plan to maintain the property, readiness to proceed, and commitment of other funds.
- 16.1.6 Capacity of the applicant to undertake the proposed activity.

SECTION 17 PROGRAM ADMINISTRATION

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