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. The NOP shall be consistent with the State Strategic Housing Plan and State Land Use Plan.

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 individuals and families 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 that includes rental units, for families earning up to 120% of median income.

1.1.4 Approval of proposals under the NOP is subject to appropriation.

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 experience in implementing financially sound housing programs as well as the ability to provide or coordinate necessary supportive services if applicable.

2.7 "**Commission**" means the State of Rhode Island Housing Resources Commission, a public corporation existing under this Act.

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.

2.10 "**FHF**" means Family Housing Fund

2.11 "**Homeownership activities**" may include, but are not limited to: acquisition; construction; rehabilitation: and down payment and closing cost assistance.

2.12 "**HUD**" means the 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 PSH**" means rent calculated at 30% of the federal gross monthly Supplemental Security Disability Income (SSDI).

2.16 "**Minimum rent for FHF**" means rent calculated at 30% of gross monthly household income for individuals and families working at minimum wage for 40 hours per week

2.17 "**Mixed-use development**" means developments that incorporate commercial/retail space with residential units.

2.18 "**Neighborhood revitalization area**" means a neighborhood designated in a revitalization plan including but not limited to: a State Enterprise Zone; a Growth Center; a Main Street area; a Neighborhood Revitalization area; and a Community Development area.

2.19 "**Operating cost**," means costs associated with the day-to-day operation of a Development. Some examples include: maintenance and repair, operations staff, taxes, utilities, equipment, supplies and insurance.

2.20 "**PHA**" means Public Housing Authority

2.21 "**Development**" means unit(s), site(s), or an entire building. Development 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 Development.

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 in 2.8.

2.24 "**PSH**" means Permanent Supportive Housing Fund

2.25 "**Public facility**" means any non-residential facility owned and operated by a public agency.

2.26 "**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.

2.27 "**Supportive services**" may include, but are not limited to: case management; education; employment and training; behavioral health counseling; life skills development; and supervision.

2.28 **"Term of affordability"** for the purpose of these programs means consistency with RIGL 45-53-3 (5) which require that the housing shall remain affordable for a period of not less than thirty (30) years.

2.29 "**Unit**" for Permanent Supportive Housing may include a bedroom with shared bath and kitchen facilities.

2.30 "**Very low income**" for the purpose of these programs means annual gross income at or less than 40% of State median family income.

Part II. Permanent Supportive Housing Fund & Family 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. PSH and FHF Developments must benefit very low-income individuals and 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 and/or State Land Use Plan.

3.3.3 Developments that include the rehabilitation of existing properties.

3.3.4 FHF Developments that target homeless individuals or families.

3.3.5 Applicants that have nonprofit 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 $50,000 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 development from other funding sources.

3.4.3 Rent plus utilities will be set at 30% of gross monthly household income. A minimum gross rent shall be charged as defined in 2.15 or 2.16, 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 of property; rehabilitation or construction; operating subsidy; and relocation

4.2 PSH eligible costs may include: acquisition of property; rehabilitation or construction; operating subsidy; case management services; and relocation

4.3 FHF and PSH will not be used for public facilities or loan pools.

SECTION 5 REHABILITATION STANDARDS

5.1 Each project must meet the Section 8 Existing Housing Quality Standards. At the discretion of the Commission more substantial rehabilitation may be required. Developers will be required to submit a work plan and a preliminary cost estimate for the development.

5.2 Recipients will be required to comply with the current HUD Lead Safe Housing Regulations and asbestos mitigation rules and applicable State lead laws.

Section 6 ELIGIBLE RESIDENTS

6.1 Eligible residents of FHF developments. Individuals and Families whose initial gross annual income does not exceed 40% of the State median family income.

6.2 Eligible residents for PSH developments. Individuals 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.

6.3 Tenants who are no longer eligible residents due to income may continue to reside in the Development and pay 30% of gross income for rent. The next available unit shall be rented to an eligible resident.

SECTION 7 RENTS

7.1 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 2.16

7.2. 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 2.15

7.3 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 due to substantial changes in

~~income.~~

SECTION 8 APPLICATION PROCESS

8.1 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 the PSH. The deadline for receipt of applications will be disclosed in the Request for Proposals.

8.2 Review of Applications. Applications shall be reviewed by Commission staff to determine eligibility, Capacity of applicant and for the financial feasibility of the proposal. Recommendations will be presented to the Commission for final approval.

8.3 Scoring of Applications. The Neighbor Opportunities Program Committee of the Commission will make recommendations for funding to the Commission based on application scores.

SECTION 9 SCORING

9.1 All applications will be reviewed by the Commission staff based on a maximum of 100 points in accordance with the following criteria:

9.1.1 The extent to which the application addresses any of the priorities set forth in these regulations.

- 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 and/or State Land Use Plan.
- FHF Developments that target homeless individuals and families
- Developments that are located near public transportation and services
- Applicants with nonprofit status
- Developments that are collaborative efforts
- Developments that do not cause permanent relocation

9.1.2 Development feasibility

9.1.3 Commitment of funds

- Private resources to be leveraged by the proposal
- Other public funding committed to the activity

9.1.4 Readiness to proceed

9.1.5 Capacity of the applicant to undertake the proposed activity

9.1.6 Cost of the proposal per family or individual benefiting

9.1.7 Acquisition and/or rehabilitation of at least three (3) housing units

9.1.8 The extent to which the development promotes a more equitable

~~distribution of affordable housing units throughout the State~~

SECTION 10 REQUIREMENTS

10.1 Term of commitment. All recipients must agree to operate FHF and PSH Developments for the Term of affordability. Upon the depletion of the operating subsidy, the Development sponsor may request a change of use to serve individuals and families with incomes not to exceed 50% of the State median family income.

10.2 Repayment of funds. If the Development is not operated to provide direct benefit to very low income persons for a minimum of 10 years following the date of initial occupancy or service provision, the capital funds advanced must be repaid.

10.3 Exception. A sponsor will not be required to comply with the provisions set forth in Section 10.2 if the sale or disposition of the Development results in the continued use of the Development for the PSH or FHF.

10.4 Terms of the Agreement. The terms of the Agreement may be negotiated where conflicts exist with other funding sources.

SECTION 11 PROGRAM ADMINISTRATION

11. 1 Contracting. All contracts shall be awarded through a competitive process and shall be approved by the Commission.

11.2 Administration. The Commission shall designate Rhode Island Housing to administer and monitor these programs.

11.3 Monitoring. To ensure compliance with the requirements set forth in these Regulations, Rhode Island Housing may require information and reports on Developments financed hereunder and may conduct site visits and inspections.

Part III. Building Better Communities Fund

SECTION 12 ALLOCATION OF FUNDS

12.1 Eligible Applicants. Eligible applicants include nonprofit organizations with 501(c)3 status who are located, conduct business and/or provide services in Rhode Island, 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.

12.2. Priorities.

12.2.1 Developments that include the acquisition and rehabilitation of existing buildings and/or vacant lots.

12.2.2 Developments located in neighborhood revitalization areas or consistent with an Approved affordable housing plan and/or State Land Use Plan.

~~12.2.3 Developments that provide homeownership opportunities.~~

~~12.2.4 Developments that do not involve resident relocation.~~

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

12.2.6 Developments located in a neighborhood in which affordable housing is being developed.

12.2.7 Developments that serve to revitalize low and moderate-income neighborhoods.

12.2.8 Developments may include mobile home park conversion including acquisition, infrastructure improvements and the financing of replacement housing.

12.2.9 Preservation of existing affordable housing units is a low priority for the BBC.

12.2.10 Funding

12.2.10.1 Funding shall be the minimum amount necessary for the feasibility of the proposed development.

12.2.10.2 Developments must leverage at least 50% of total development cost from other public (federal, state, and local) and private funding sources.

12.2.10.3 Funds will be granted to the applicant provided that the Development remains in compliance with the terms of the program with the exception that funding for property owned by private for-profit entities. Funding of projects owned by private for-profit entities shall be in the form of a loan with terms appropriate to the Development.

SECTION 13 ELIGIBLE PROGRAM ACTIVITIES

13.1 Eligible costs may include: acquisition, rehabilitation, new construction, demolition and site remediation.

13.2 Funding must directly or indirectly enhance housing activities.

13. 3 Funds will not be used for public facilities and loan pools.

SECTION 14 REHABILITATION STANDARDS

14.1 Each project, at a minimum must meet the HUD Section 8 Existing Housing Quality Standards. At the discretion of the Commission a more substantial rehabilitation may be required. Developers will be required to submit a work plan and preliminary cost estimates for the development.

14.2 Recipients will be required to comply with the current HUD Lead Safe Housing

~~Regulations and asbestos mitigation rules and applicable State lead laws.~~

~~SECTION 15 AFFORDABILITY REQUIREMENTS~~

15.1 Eligible residents of homeownership developments. Families whose gross annual income does not exceed 120% of State median family income.

15.2 Eligible residents of rental property. Families whose gross annual income does not exceed the State median family income and whose rent does not exceed the Fair Market Rent or an exception rent approved by HUD.

15.3 Terms of affordability. Units assisted hereunder must remain affordable for a minimum of thirty (30) years.

SECTION 16 APPLICATION PROCESS

16.1 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 BBC. The deadline for receipt of applications will be disclosed in the Request for Proposals.

16.2 Review of Applications. Rhode Island Housing staff shall review applications to determine eligibility, capacity of applicant and financial feasibility.

16.3 Scoring of Applications. The Neighborhood Opportunities Program Committee of the Commission will score applications and make recommendations for funding to the Commission based on application scores.

SECTION 17 EVALUATION PROCESS

17.1 All applications will be evaluated by Commission staff in accordance with the following criteria:

17.1.1 The extent to which the application addresses any of the priorities set forth in Section 12.2 of these Regulations.

17.1.2 Developments that promote a statewide equitable distribution of funds.

17.1.3 Extent to which the Development promotes the revitalization of low and moderate income neighborhoods.

17.1.4 All projects must fully encompass the intent of the program.

17.1.5 Development feasibility including a long-term plan to maintain the property, readiness to proceed, and commitment of other funds.

17.1.6 Capacity of the applicant to undertake the proposed activity.

SECTION 18 PROGRAM ADMINISTRATION

~~18.1 Contracting. All contracts shall be awarded through a competitive process and shall be approved by the Commission.~~

~~18.2 Administration. The Commission shall designate Rhode Island Housing to administer and monitor these programs~~

18.3 ~~Monitoring. To ensure compliance with the requirements set forth in these Regulations, Rhode Island Housing may require information and reports on Developments financed hereunder and may conduct site visits and inspections.~~