

2014 Entry Form
(Complete one for each entry.)

Fill out the entry name *exactly* as you want it listed in the program.

Entry Name _____

HFA _____

Submission Contact _____

Phone _____ **Email** _____

Qualified Entries must be received by **Tuesday, July 1, 2014**.

For more information about Qualified Entries, [click here to access the 2014 Entry Rules](#).

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Rental Housing	Special Needs Housing
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs
Legislative Advocacy	Management Innovation	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> State Advocacy <input type="checkbox"/> Federal Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology	<input type="checkbox"/> Special Achievement	<input type="checkbox"/> YES <input type="checkbox"/> NO

Capital Improvement Loan Program Rental Housing: Preservation and Rehabilitation

The Need

The preservation of our scarce inventory of affordable apartments has always been a priority for Rhode Island Housing. This HFA has 13,700 affordable apartments in its portfolio. In addition, another 4,300 affordable homes have been financed under the state's HOME Investment Partnerships Program. Many of these developments were constructed and rehabilitated in the 1990s using the federal housing tax credit program and are beyond their initial 15-year compliance term. Numerous expiring tax credit developments financed in the 1990s were small, typically 20 to 30 apartments, and difficult to refinance because of their small scale. Several of the developments lack adequate reserves to conduct necessary improvements to insure that residents are housed in a safe and healthy environment. There is a need to upgrade these affordable apartments to meet health and safety standards, make necessary capital improvements and address physical deterioration due to wear and tear. In addition, many of the affordable apartments developed under the HOME Program were restricted for 30 years and are not eligible for additional investment of HOME Program funding.

Response to Need

In response to the need for financing of capital improvements to existing affordable housing in the state, Rhode Island Housing established its Capital Improvement Loan Program. The primary purpose of the program is to fund necessary capital improvement work in Rhode Island Housing financed developments including but not limited to: Housing Tax Credit (HTC) developments and HOME Program funded rental developments. The program provides deferred loans to conduct code related repairs and maintenance improvements to existing developments that have not yet identified a financially feasible refinancing plan. Many of these developments are owned by non-profit community development organizations and the rents are maintained at or below the 50% tax credit rent level ensuring affordability but minimizing cash flow.

The program responds to the great need for financing to ensure these aging homes remain safe and healthy for residents. The challenges in today's environment to attract investors to re-syndicate smaller tax credit deals necessitated our intervention in providing capital funds for critical rehabilitation needs.

Program Details

At its March 2014 meeting, our Board of Commissioners approved the program guidelines and proposed amended regulations for the Rental Housing Capital Improvement Program:

Under the Capital Improvement Loan Program Eligible Properties fall under two categories:

Category 1: Developments requiring critical repairs and improvements that will address immediate health and safety violations.

Category 2: Developments with deferred maintenance repairs such as painting and redecorating and for which a development lacks replacement reserves to address the maintenance repairs.

Eligible Properties: Properties must contain two or more units that are financed through Rhode Island Housing under the Rental Production Program, the state HOME Program or other similar subsidy program provided through Rhode Island Housing.

Application Process:

Eligible Applicants will be required to submit the following information.

- Capital Improvement Loan Program application.
- Description of proposed scope of work.
- Proposed budget and project schedule.
- Evidence of additional funding sources if applicable. Additional funding sources may include development reserves, CDBG funding, lead funding, etc.

Ranking Criteria:

- *Funding Priority* - Category 1 properties will receive funding priority.
- *Demonstrated Need* - It must be established that proposed work could not be funded by the Eligible Applicant through existing project reserves, other lenders and/or funding sources.
- *Readiness to Proceed* - Eligible Applicant shall provide evidence of the ability to commence proposed scope of work within 90 days of approval by Rhode Island Housing.
- *Leveraging/ Cost Effectiveness* - The ability of the Eligible Applicant to secure other resources (e.g. Lead funds, HOME funds, CDBG funding, pledged management fees, development reserves and/or excess cash flow).
- *Creditworthiness* - Good standing regarding compliance monitoring, condition and financial performance of other existing developments.

Program Response

A total of 13 applications requesting more than \$3 million in repairs for 447 affordable apartments were submitted. Eligible applications were submitted to a committee comprised of staff from several divisions who recommended commitment of program funding in the amount of approximately \$1.5 million for 10 proposals. In June the Board of Commissioners approved this funding, which will assist six nonprofit developers to undertake capital improvements to 249 apartments for families and special needs households.

The funding will go to a wide variety of uses, including addressing structural repairs, fire and alarm upgrades, boiler and heating system repairs and replacements, roof repairs, lead paint violations and unit upgrades.

Why it is meritorious:

Innovative: Cost effectively addresses the pressing needs of Year 15 tax credit developments and other rental housing that are not able to be refinanced or recapitalized.

Replicable: Yes. Many other Housing Finance Agencies are struggling with how to preserve older tax credit developments and have built language into their QAPs that does not permit investment of new 9% credits until at least twenty years after the placed in service date. This is a cost effective way to ensure that housing remains affordable, safe and healthy.

Responds to an important state housing need: Aging developments can be found throughout Rhode Island as in much of the country. Faced with needed repairs and costly updates, owners of existing affordable housing lack the capital they need to ensure these homes remain safe and healthy for residents.

Demonstrates measurable benefits to HFA targeted customers: Residents, property owners and communities in which these developments are located all benefit from this effort. Homes are repaired and upgraded, owners have the financial resources they need and communities benefit from preserving this housing to keep the owners and residents invested in the neighborhood.

Provides benefits that outweigh costs: The developments assisted under the Capital Improvement Program would be unable to finance critical improvements due to the small size of the properties, underlying restrictions and lack of adequate reserves to fund projects. The result of lack of resources would be code violations, affordable apartments not meeting housing quality standards and likely high vacancy rates, further contributing to the decline of the developments.

Demonstrates effective use of resources: The average investment for the recent commitment of Capital Improvements financing is \$5,724 per affordable apartment. This will allow for the homes to remain safe, healthy and affordable for many more years. This approach proves to be a cost effective investment as compared with the average cost to preserve an affordable apartment under the tax credit program.

Effectively employs partnerships: Rhode Island Housing has historically funded nonprofit and community based organizations because it's an effective way to revitalize neighborhoods. Ensuring that these developments remain viable helps to strengthen and maintain the partnerships we have had with these developers for decades. In addition, rehabilitating housing within neighborhoods where we have significant investment further strengthens the previous revitalization strategies developed by our partners that include cities and towns, nonprofit service providers and other stakeholders.

Achieves strategic objectives: Preservation of existing affordable housing is a priority for Rhode Island Housing. Given the size of the tax credit developments financed in the early 1990s, attracting investors has been challenging. However, many of these developments require critical capital improvements and lack adequate reserves to address the needs. Similarly, the federal HOME Program has been used to finance many small rental developments for families and special needs households. Restrictions related to the HOME Program do not allow for reinvestment of HOME Program funding during the term of affordability. To achieve our goal of preserving affordable homes in Rhode Island we created and funded the Capital Improvement Loan Program to ensure that this housing remains safe, healthy and affordable for an extended period of time.

Attachments:

Capital Improvement Loan Program: Program Guidelines
Rules and Regulations of the Rental Housing Capital Improvement Program
Capital Improvement Loan Program Funding Recipients

Capital Improvement Loan Program

Program Guidelines

Program Description: Rhode Island Housing will provide financing for necessary capital improvements to existing affordable housing.

Under the Capital Improvement Loan Program Eligible Properties fall under two categories:

Category 1: Developments requiring critical repairs and improvements that will address immediate health and safety violations.

Category 2: Developments with deferred maintenance repairs such as painting and redecorating and for which a development lacks replacement reserves to address the maintenance repairs.

Eligible Properties: Properties must contain two or more units that are financed through Rhode Island Housing under the Rental Production Program, the state HOME Program or other similar subsidy program provided through Rhode Island Housing.

Eligible Applicants: Owners of Eligible Properties.

Program Process: A Request for Proposals (RFP) will be issued by Rhode Island Housing. A staff committee will review applications, and funds will be awarded based on committee recommendations.

Application Process:

Eligible Applicants will be required to submit the following information.

- Capital Improvement Loan Program application.
- Description of proposed scope of work.
- Proposed budget and project schedule.
- Evidence of additional funding sources if applicable. Additional funding sources may include development reserves, CDBG funding, lead funding, etc.

Ranking Criteria:

- Category 1 Properties will receive funding priority.
- Demonstrated need for proposed scope of work. It must be established that proposed work could not be funded by the Eligible Applicant through existing project reserves, other lenders and/or funding sources.



- Readiness to Proceed - Eligible Applicant shall provide evidence of the ability to commence proposed scope of work within 90 days of approval by Rhode Island Housing.
- Leveraging/Cost Effectiveness - The ability of the Eligible Applicant to secure other resources (e.g. Lead funds, HOME funds, CDBG funding, pledged management fees, development reserves and/or excess cash flow).
- Creditworthiness - Good standing regarding compliance monitoring, condition and financial performance of other existing developments.

Owner/Developer Oversight Fee:

Approved applications for work conducted only under this RFP - Owner/Developer may apply for a maximum Owner/Developer project Oversight Fee of up to 3% of the total cost of the repairs and improvements. The Oversight Fee will provide the Owner/Developer with funding to cover expenses associated with managing the scope of work including but not limited to construction management.

Attachment B

RHODE ISLAND HOUSING AND MORTGAGE FINANCE CORPORATION RULES AND REGULATIONS OF THE CORPORATION APPLICABLE TO THE RENTAL HOUSING CAPITAL IMPROVEMENT PROGRAM

SECTION 1: PROGRAM PURPOSES

1.1 Program Purposes and Objectives. Rhode Island Housing and Mortgage Finance Corporation (“Rhode Island Housing”), hereby promulgates Rules and Regulations (the “Regulations”) applicable to the Rental Housing Capital Improvement Program (“RHCIP”). The primary purpose of the RHCIP is to fund necessary capital improvement work in Rhode Island Housing financed developments including but not limited to: Housing Tax Credit (HTC) developments and HOME Program funded rental developments.

SECTION 2: CONSTRUCTION OF RULES AND REGULATIONS

2.1 Definitions. As used in these Regulations:

2.2.1 “Act” means the Rhode Island Housing and Mortgage Finance Corporation Act more particularly set forth in Chapter 55 of Title 42 of the Rhode Island General Laws of 1956 as amended.

2.2.2 “Board of Commissioners” or “Board” means the Board of Commissioners of Rhode Island Housing.

2.2.3 “Rhode Island Housing” means Rhode Island Housing and Mortgage Finance Corporation, a public corporation organized and existing under the Act.

2.2.4 “Development” means a site or an entire building, or two or more buildings, together with the site or sites on which the building or buildings are located, that are under common ownership, management, and were financed through Rhode Island Housing.

SECTION 3: ALLOCATION OF FUNDS

3.1 Eligible Properties. Eligibility for RHCIP funds is limited to properties financed and/or funded through Rhode Island Housing Funds will be made available both for critical maintenance items as well as aesthetic improvements that can improve

the quality of life for residents. Owners must be in good standing with Rhode Island Housing in order to apply for funds.

3.2 Application Requirements: Applications will be accepted on a rolling basis. Management agents/owners will be eligible to apply to RHCIP only when a plan has been formulated and approved by Rhode Island Housing. The application must include: general information about the property and the owner, a description of the proposed scope of work, identification and evidence of other funding where applicable, and terms of the assistance required.

3.3 Application Awards: Rhode Island Housing will make the determination of how much funding, if any, the development shall receive. Funds will be allocated based on the needs of the development, soundness of the rehabilitation plan, the availability of other sources to fund the necessary work and the severity of the disrepair, among other factors.

SECTION 4. PROGRAM ADMINISTRATION

4.1 Scope of Work. Rhode Island Housing staff will work with the owner to determine that the scope of work outlined in the application phase is comprehensive and addresses all necessary work. Staff may require a Capital Needs Assessment to be conducted.

4.2 Contracting. The owner may be required to bid out the scope of work to a minimum of three qualified bidders.

4.3 Funding Terms. Funds will be available in the form of a loan, either amortizing or deferred. Exceptions may be made depending on the ability of the development to support additional debt.

4.3 Release of Funds. Funds will be distributed to contractors as work is completed and approved by Rhode Island Housing staff or a third party.

SECTION 5. MISCELLANEOUS

5.1 Monitoring. To ensure compliance with these Rules and Regulations, Rhode Island Housing will conduct site visits and inspections and may require reports and information to document compliance with these Rules and Regulations.

5.2 Modification of Proposals. In awarding funds to eligible applicants, Rhode Island Housing reserves the right to modify, amend, or reduce funding or the scope of activities as proposed in the application.

5.3 Additional Requirements. Rhode Island Housing reserves the right to supplement any of the foregoing guidelines and requirements from time to time by Program Bulletin.



Capital Improvement Loan Program Funding Recipients

Agency	Development	Funding Amount	Description
Aids Care Ocean State	106-114 Eighth St. Providence	\$21,350	Address water infiltration in basement.
REACH	Scattered sites Central Falls	\$500,000	Structural repairs, fire alarm upgrades, exterior paint, unit upgrades
SWAP	Providence Tanner Providence	\$182,000	Roof, siding and trim replacement, unit upgrades.
House of Hope CDC	Scattered sites Warwick	\$103,650	Roof and siding repairs, sewer line repair, egress improvements.
EBCDC	266 Wood Street Bristol	\$59,068	Sill and trim replacement.
PCDC	Scattered sites Pawtucket	\$94,000	Boiler replacement, exterior painting, roof repairs, egress repairs.
SWAP	Upper Pine Providence	\$115,000	Sill and trim replacement, structural repairs, roof repairs.
Omni Development Corporation	Harvard Dartmouth Comstock Providence	\$275,000	Replace trim and some siding.
EBCDC	217 Wood St. 24 Mt. Hope Ave. Bristol	\$75,258	Replace heating systems
	TOTAL	\$1,425,326	