

**Request for Action**  
**by**  
**Board of Commissioners**  
**Approval of RIHousing Extremely Low-Income**  
**Operating Reserve (RIH-ELI) Awards**

**1. Summary of Request**

In June 2021, the State of Rhode Island General Assembly established The Housing Production Fund (“HPF”) by amendment to Rhode Island General Laws Section 42-128, known as the Housing Resources Act of 1998, to provide funding for the planning, production, and preservation of affordable housing. Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) was authorized by the General Assembly to administer HPF program funds for a range of housing production initiatives.

Thereafter, in conjunction with the Rhode Island Housing Resources Commission Coordinating Committee, RIHousing established the Housing Production Fund - Extremely Low-Income Operating Reserve (“HPF-ELI”) Program to support units serving households earning 30% AMI or below; and the General Assembly appropriated \$10,000,000 for this purpose. Under the HPF-ELI Program, funds have been awarded to capitalize a project operating reserve to ensure that developers can create and preserve affordable rental housing for families and individuals with extremely low income, including those who are homeless or at risk of being homeless. These funds bridge the gap between residents’ ability to pay 30% of their gross household income toward rent and the established 50% Low-Income Housing Tax Credit (“LIHTC”) rents for the applicable unit size.

Three funding rounds for HPF-ELI have been oversubscribed, and all HPF-ELI funds are now exhausted. The need for operating support for extremely low-income units far exceeds the resources that exist to support them. In light of this reality, RIHousing requests approval for a parallel agency-sponsored initiative to be known as the RIHousing-Extremely Low Income (“RIH-ELI”) program. The fund is anticipated to be capitalized with an initial \$4 million from the RIHousing program budget with future funding subject to availability.

Operating support for studios and one-bedroom units will bridge the gap between a resident’s ability to pay 30% of their gross household income towards rent and the established 50% LIHTC rent. In order to incentivize the development of larger units for families, operating support for units with two bedrooms or more will bridge the gap between 30% of the resident’s gross income and the established 60% LIHTC rent. An estimated 55 units for households earning 30% of the AMI are anticipated to be supported through the first capitalization of this program. Operating reserves are anticipated to be capitalized for an average period of 10 years, though the length of assistance may vary depending on the development status.

2. **Recommendation**

The attached resolution authorizing the creation of the RIHousing-Extremely Low-Income program is recommended for adoption.

3. **Attachments**

A. Resolution

## Attachment A

### Resolution of the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation

WHEREAS, Rhode Island Housing and Mortgage Finance Corporation's ("RIHousing's") enabling act provides it with all the power and authority to make and execute contracts necessary to exercise the powers and functions provided to it under the act, (R.I. Gen. Laws §42-55-5(6)); and

WHEREAS, RIHousing is proposing creation of the RIHousing-Extremely Low Income ("RIH-ELI") Program to bridge the gap between residents' ability to pay 30% of their gross household income toward rent and the established 50% or 60% Low-Income Housing Tax Credit rents for the applicable unit size;

WHEREAS, Funding will be used to capitalize a project operating reserve to ensure that developers can create and preserve affordable rental housing for families and individuals with extremely low income, including those who are homeless or at risk of being homeless;

NOW, THEREFORE, IT IS HEREBY:

RESOLVED, that RIHousing is authorized to establish a RIH-ELI Program with an initial allocation of \$4,000,000 from the FY2024 operating budget; and

RESOLVED, that RIHousing will create program guidelines consistent with this resolution that will govern RIH-ELI application rounds and funding criteria; and

RESOLVED, that the Executive Director, Deputy Executive Director, Director of Leased Housing and Rental Services, and Director of Real Estate Development, each acting singly, are hereby authorized and empowered to take any and all actions necessary or desirable to carry out the foregoing resolutions.