

Chapter VII: Action Plans

A. Summary

In the pages that follow, Rhode Island has developed Action Plans for its CDBG, HOME and ESG programs. These Action Plans describe anticipated activities, matching requirements, and priorities for the use of federal funds.

Rhode Island anticipates having \$15.7 million annually in federal funds available to address the priority needs and specific objectives identified in the Strategic Plan. This includes funding from HOME, CDBG, ESG and the Continuum of Care Supportive Housing and Shelter Plus Care programs.

Rhode Island will use federal and state funds to leverage additional resources to meet priority needs. This includes approximately \$1.48 million from the State Homelessness funding, \$650,000 in State lead abatement and outreach of education funds, annual funding of approximately \$2 million per year in Low Income Housing Tax Credits, \$688,826 in HOPWA funds administered by Rhode Island Housing, \$1.4 million in RHEHA funds and \$2.5 million from the State's NOP funds. For the first year of this plan, the state will also have an estimated \$13 million in Building Homes Rhode Island funds to use. The State will continue to apply or encourage others to apply for grant funds where appropriate.

Rhode Island's homeless and other special needs activities are discussed in the Strategic Plan and in the Action Plans. Rhode Island will continue to implement the activities identified in its Continuum of Care strategy, which includes the renewal of its transitional and permanent housing facilities, and will supplement these programs with the creation of more permanent family and supportive housing, both of which are supported by the priorities of the Action Plans.

As discussed in the Strategic Plan, over the next year, Rhode Island will continue to take the actions identified in the strategic plan to address barriers to affordable housing; implement its anti-poverty strategy; and continue its lead hazard reduction program.

Additionally, Rhode Island will continue to develop institutional structure and enhance coordination between public and private agencies. The Housing Resources Commission plays a critical role in bringing together representatives from government, public and private agencies to address the State's housing needs and priorities. The Commission will help ensure that Rhode Island has a coordinated effort to meeting its housing needs.

B. CDBG Action Plan for PY 2010
(Effective 3/1/2010)

PROGRAM OUTLINE

State Administrative Organization

The Community Development staff of the Department of Administration, Division of Planning, Office of Housing and Community Development administers the State's Community Development Block Grant Program.

To serve as a support element for the program, a Steering Committee has been formed with representation from the Governor's Office, the Economic Development Corporation, Rhode Island Housing, Department of Transportation, Division of Planning, Department of Administration (Housing Resources Commission/Office of Housing and Community Development) and two citizens appointed by the Governor with expertise or interest in housing, economic and community development issues. The committee is advisory to the Governor and Community Development staff and participates in the evaluation of applications. An additional representative from the State's Department of Environmental Management will be sought for this committee and/or consulted on relevant proposals.

Available Funding

The total funding available for the Rhode Island program is estimated at \$5,229,149. From this total, the amount of \$204,582 will be set aside as the maximum amount for state use in program administration; \$100,000 requiring no match plus an additional \$104,582 (2%) matched by the State on a 50/50 basis. In addition, \$52,291 (1%) will be set aside as State technical assistance and/or administrative monies. Funds will then be set aside, at the State's discretion, to defease repayments on defaulted Section 108 loan guarantees.

The remainder, approximately \$4,972,276 (excluding amounts for necessary for defaulted Section 108 loan guarantee), will be available to distribute to eligible subrecipients, as follows:

- (1) Small City/Mini Entitlements are eligible for a minimum allocation of \$400,000/each. This amount will be reserved from the above for eligible activities contained in the community's application.
- (2) The progress of communities in the second/third year of a previously funded multi-year neighborhood revitalization programs will be assessed and FY'2009 funds will be committed as determined appropriate.
- (3) In accordance with the Low/Moderate Income Housing Act, communities with State-approved affordable housing plans will receive priority funding for housing and community development funds.
- (4) Technical Assistance funds setaside will be distributed, on an ongoing basis, to eligible activities in accordance with HUD CPD Notice 99-09. Provided in this notice are examples of how funds can be utilized in meeting the technical assistance needs of CDBG recipients,

including ways the State can assist Public Housing Authorities (PHA's) in fulfilling their PHA plan obligations under the Quality Housing and Work Responsibility Act and ways the State can provide assistance to troubled PHAs. Such assistance may be accomplished through the provision of Technical Assistance resources to troubled PHA's to help them improve their operations. In this example, requests for assistance must be submitted to the State through the eligible non-entitlement municipality served by the PHA.

- (5) The State has set aside up to \$500,000 to fund activities designed to address the foreclosure crisis in non-entitlement municipalities. Those efforts comprehensively addressing the needs of an area highly impacted by foreclosures will be prioritized.

Remaining monies, after the deduction of (1), (2), (3), (4) and (5) above, will fund applications on a competitive basis. Any uncommitted funds recaptured, reallocated, or otherwise available from prior program years or uncommitted program income earned which becomes available prior to grant awards will be used to defease repayments on defaulted Section 108 loan guarantees or will be applied to projects proposed in the annual application cycle, at the State's discretion. Communities are reminded that the CDBG application process is highly competitive. The State intends to fund the best activities in the neediest communities, however all communities are not guaranteed an annual award.

Any additional funds recaptured, reallocated or otherwise available subsequent to grant awards or any program income received subsequent to that date shall be used to repay defaulted Section 108 loan guarantees or will be reserved, at the State's discretion.

If sufficient funds become available, the State may, at its discretion, open a special application cycle to distribute these funds for housing, economic development and community revitalization activities or use such monies to repay defaulted Section 108 loan guarantees.

Preliminary applications for available funds received after the application cycle will be reviewed by the staff for compliance with community development requirements, threshold criteria, and State procedures. Full applications will then be reviewed by the Steering Committee for feasibility and effectiveness. The Steering Committee will make a recommendation for funding to the Governor. Although there will be no funding limits imposed, acceptance of applications and funding decisions are subject to the availability of funds at the time the application is submitted.

If more than one application is under consideration and insufficient funds are available, priority will be given to proposals based on the criteria outlined in the State's rating and ranking process, as detailed in the Application Handbook.

PROGRAM OBJECTIVES AND PRIORITIES

National Objectives

The primary objective of this program is "the development of viable urban communities by providing decent housing, a suitable living environment and expanding economic opportunity;

principally for persons of low and moderate income". To be consistent with this primary objective, local community development programs must give maximum priority to activities which will:

1. benefit low and moderate income families and individuals; or
2. aid in the prevention or elimination of slums or blight.

Local community development programs may also include activities designed to address other documented community development needs where a serious and imminent threat to the public health and welfare can be demonstrated, where no other financial resources are available to meet such needs, and where the condition or threat has developed or become critical within 18 months of the application's certifications.

The statute defines low and moderate income as those limits (50% and 80% of median respectively) developed for the Section 8 Assisted Housing Programs. These limits will be provided when made available by HUD.

Low and Moderate Income Benefit

The aggregate use of State Program funds over a three-year allocation period (FY'2008, FY'2009 and FY'2010) shall principally benefit low and moderate income families and individuals in that not less than 70% of the funds are to be used for the benefit of low and moderate income persons over that period.

To achieve this 70% benefit over the three-year period, the State of Rhode Island will accordingly establish benefit to low and moderate income families and individuals as the program priority. It is estimated that eighty percent or greater of program funds will be expended to support activities primarily serving low/moderate income persons.

State Consolidated Plan

Within the framework of the national objectives, the State of Rhode Island has set forth a Consolidated Plan which generally identifies the State's housing and non-housing community development needs and objectives.

Recipient Review

The State will review its subrecipient communities for compliance with applicable State and federal regulations, including, but not limited to, national objective, eligibility, environmental, labor standards and procurement. Review will be conducted in-office through the examination of required documents such as progress/close-out reports and applications. In addition, on-site reviews will be conducted by program staff. The State will utilize a risk-based approach in identifying those communities which it will monitor. However, all programs are monitored prior to close-out.

Priority Activities

Within the context of the national objectives and the State Consolidated Plan and recognizing the commitment of 70% benefit to low and moderate income families and individuals, the State has established benefit to low and moderate income families and individuals as the primary state objective. Consequently, priority will be given to activities which will result in the following benefits to low and moderate income families and individuals.

1. Provision of activities, which may include any of the below, consistent with a community revitalization plan.
2. Provision of/or the improvement of housing opportunities.
3. Provision of employment opportunities.
4. Provision of community facility improvements.
(particularly those in areas with current or planned affordable housing projects)
5. Provision of services.

Housing Consortia

Among grant and loan programs intended to rehabilitate units primarily for low and moderate income persons, extra consideration is given in the evaluation and scoring system to those communities which agree to jointly fund a rehabilitation staff. For example, a community may contract with another community with an existing staff, contract with a non-profit agency to provide housing services, or several communities may jointly establish a consortium to hire staff and contract for services to each of the communities.

In order to meet Community Development requirements, the contract must specify that Community Development funds awarded to a city or town by the State be utilized for the benefit of that particular community. Each eligible community must submit a separate application for funds. However, communities may jointly contract with a rehabilitation staff to provide housing services within their towns. In establishing a consortium, one community may be designated as the lead community for administrative purposes. The state will provide technical assistance to communities to assist them in establishing appropriate administrative arrangements.

The objectives in encouraging the funding of housing consortia are two-fold. The State of Rhode Island is somewhat unique in that there are no county governmental or regional planning districts to provide administrative assistance to local governments. As a result, a number of small communities do not have the administrative capacity to undertake a rehabilitation program and rehabilitation funds are therefore not available to those local residents in need of assistance.

Secondly there are insufficient funds to maintain a rehabilitation staff in each and every community in Rhode Island. There is a potential danger of losing the current experienced staff in local communities to budget cuts while other communities continue to be unable to provide needed housing services. The State's goal is to provide incentives to encourage a more cost-effective delivery of housing services, and particularly rehabilitation services.

The State encourages rehabilitation offices to maintain all rehabilitation programs (ie. grants/loans) at one location, so that they can be coordinated and offered in a cafeteria format to applicants. This

method better serves the individuals seeking assistance and provides for more effective operation of programs.

ACTIVITIES AND APPLICATIONS

Eligible Activities

Activities authorized for State CDBG grants under the Housing and Community Development Act of 1974, as amended, are eligible for funding under this program. Applicants, however, will be cautioned that each proposed activity must meet National Objectives as heretofore stated. This, combined with the commitment for 70% benefit to low and moderate income families and individuals, will result in certain activities competing more favorably for funding.

Cities and town may also apply for funds for the operation of a home repair program capitalized by the RI Housing and Mortgage Finance Corporation, provided that their program will primarily benefit low and moderate income families and individuals.

Applications

1. Funding Limits
 - a. The community development needs section for the rating system will be utilized in developing three categories of applicants. **Those who may apply for \$250,000, \$400,000 and \$500,000.** For a more comprehensive description see Attachment CD-A. This chart is updated in December of each year.
 - b. Applications for assistance to specific private for-profit businesses must be submitted as part of the town's application, but will not be counted as part of the application funding limit and may be awarded in excess of the funding limit. This provision is intended to fund specific proposals that are complete and ready for implementation.
 - c. Applications for housing development activities, which increase the number of housing units permanently available to low/moderate income persons, may not, at the municipalities' discretion, be counted as part of the application funding limit and may be awarded in excess of the funding limit. This provision is intended to fund specific and special development proposals that are complete and ready for implementation.
 - d. Proposals submitted under b. and c. above should be reasonable and must include documentation relative to other funds committed to the project. Proposals under b. and c. above will not be funded as special projects if they consist solely of planning and/or predevelopment costs.
 - e. The State may, at its discretion, commit future funds to multi-year projects. Subsequent year awards would be contingent upon the receipt and availability of future CDBG allocations. This provision is intended for specific

community/neighborhood revitalization efforts which include a variety of activities planned phased over a multi-year period. Multi-year commitments will be contingent upon adherence to the development plan and substantial expenditure of previous year(s) funding. The State reserves the right to review multi-year comprehensive plans, make changes as deemed necessary or appropriate and to make funds received by the community contingent upon the State's approval of the plan. Communities that seek renewal of 3-year programs will be required to submit detailed achievement and progress reports in a format prescribed by OHCD.

- f. Communities eligible to receive a Small City/Mini Entitlement award are entitled a minimum allocation of \$400,000 to be expended on eligible activities in the communities predominately low/moderate income areas, consistent with a comprehensive plan approved by OHCD. The State may impose conditions relative to the municipality's community organizing effort and plan. The State reserves the right to review this plan, make changes as deemed necessary or appropriate and to make small city entitlement funds received by the community contingent upon the State's approval of the plan and local adherence to the plan and to State imposed conditions. Small City Entitlement communities will be allowed to submit a single application up to a cap of \$700,000. The typical OHCD distribution process will be utilized to determine those specific activities to be funded, including those funded by the "entitlement"/minimum allocation. It should be noted that the \$400,000 is a minimum allocation; a community's individual award may exceed this amount. Small City Entitlement communities will not be permitted to submit "Over the Cap" requests.
- g. Operating support for communities which host regional housing and community development programs may not be counted as part of a community's application funding limit and may be awarded in excess of the funding limit.
- i. Special projects assisting tenants in the purchase and improvement of mobile home parks may not be counted as part of the community's application funding limit and may be awarded in excess of the funding limit.

To be considered under this provision, it is understood that activities supportive of such tenant-acquisitions of mobile home parks must be an integral part of the acquisition plan.

- j. Applications for assistance relative to the foreclosure setaside, must be submitted as part of the town's application, but will not be counted as part of the application funding limit and may be awarded in excess of the funding limit.

2. Duration

All grant awards will be made for a 12 month period. Extensions may be granted by the State when satisfactory progress toward completion of the projects is evident.

All communities are required to spend all monies awarded within four years of award date. Any funds remaining after four years may be deobligated and recaptured by the State.

3. Scope of Review

Communities are reminded that the CDBG application process is highly competitive. The State intends to fund the best activities in the neediest communities, however all communities are not guaranteed an annual award. In reviewing an application and awarding grants, the State may eliminate or modify a proposed activity or modify proposed funding where it is determined that such changes are necessary to comply with program requirements, national objective, and threshold requirements, or where certain activities are not competitive in relation to other applications under review. In reviewing requests for assistance to provide for-profit businesses, the State reserves the right to negotiate directly with the private participating parties to substantiate the economic feasibility of the proposed project and to determine the appropriate amount of public financing required.

Each application is reviewed twice. The application evaluation scoring system is a vertical competition between entire applications. The steering committee evaluation is a horizontal review between comparable activity groupings (ie. housing rehabilitation, economic development, public facility improvements). This system is designed to achieve a reasonable balance between community development needs and individual project competitiveness and to fulfill the state's intended purpose stated above.

INTERIM FINANCING/FLOAT-FUNDING

The State may utilize funds earmarked for distribution under the regular components of the Fiscal Year 2009 program for short-term interim loans to further assist business expansion and job development and for acquisition and construction related to the provision of housing or community facilities for low and moderate income persons. The state would grant short-term financing to communities to loan to companies or non-profits for interim financing (eg. construction financing). Eligible project applications from local communities will be carefully screened for suitability. The program will be used as a tool for locating, expanding or retaining a large number of jobs in Rhode Island as well as for temporary financing necessary for the provision of housing or community facilities for low and moderate income persons. The total amount of program income expected to be received would match the total amount of Interim Financing plus any interest charged. Each individual float-funded activity will be individually listed and described in the State's annual performance report, in the same manner as activities funded under the State's allocation.

The Interim Financing Program would be implemented as follows:

1. The local government will apply to the Office of Housing and Community Development for approval for a specific project and, in the case of economic development activities, for a specific company. Applications will be accepted on a continuous basis. Application forms and procedures will mirror those requirements of the annual competitive application.
2. Each project will initially be reviewed for eligibility and compliance with national objectives by OHCD staff.

3. Each applicant company or owner must have an irrevocable line of credit or other interim and permanent financing arranged and documented prior to state approval. The company or owner must secure such letter, payable to the state, through the locality.
4. Projects will be reviewed for financial feasibility to determine the amount necessary and appropriate for the state's participation. The state will participate at the minimum level in order to limit the state's exposure in the project. Upon approval, the state will draw funds as needed by the applicant from HUD. All expenses and vouchers must first be approved by the community prior to submission to the state. Although no grant limits will be applied to Interim Financing, the amount requested must be reasonable to assure that repayment is guaranteed. Monies may only be granted to a site specific project; it is not the intention of this program to fund general local financing programs.
5. The interim loan will be a demand note which, when called, conventional financing will replace for any remaining expenses.
6. For purposes of the Interim Financing Program, the State defines "same activity" as the same activity for the same purpose, company and location. Therefore, as appropriate, the loan principal will be returned to the state for its designated use under the regular CDBG Program.
7. All CDBG Program regulations that normally apply to the State CDBG program will apply to the Interim Financing Program including, but not limited to, adherence to national objective, low-moderate income benefit requirements, environmental review, citizens participation and Davis-Bacon labor standards.
8. Cognizant that the availability of funds for subsequent use in the regular program will depend on the return of funds from the initial user and thus potentially reduce the amount available for awards in the normal grant cycle, the program will be governed by an "iron clad" contract between local government, participating bank and company or non-profit agency which will ensure repayment and State recapture of funds.
9. As this is not a competitive process, projects may not be subjected to the rating system or presented to the Steering Committee. However, projects will be reviewed for compliance with threshold requirements.
10. Short-Term: The term of the Interim Financing loan may range from a 1-day to a maximum of 2.5-years. The specific term length will be mutually agreed upon by the community and the State and shall be made part of each contract agreement.
11. Default: Liens and other suitable encumbrances shall be placed on sponsoring agencies to cover obligations in the unlikely event of default. Within 30 days of a float-funded activity's failure to generate the projected amount of program income on schedule, the full amount of the default/shortfall will be reimbursed to the State's line of credit. As a last resort, if liens/encumbrances noted above are insufficient/unavailable, the State would use unobligated subsequent year CDBG allocations to cover the loan loss. The State may prohibit an applicant community in default on repayment of an Interim Financing Loan from applying under the regular CDBG annual application cycle.

12. Interest: Interest may be charged on Interim Financing loans from 0%-3% per annum. The specific rate will be mutually agreed upon by the community and the State and shall be made part of each contract agreement. The State may allow local governments to retain interest payments for eligible CDBG activities or may require the return of such to support the operation of the Interim Financing program.
13. The State is cognizant of the fact that in many cases, particularly those involving acquisition, loan funds are often necessary by a specific date (ie. the purchase closing date). Every reasonable effort will be made by the State to provide funds granted under Interim Financing in a timely fashion to recipients.

Threshold Requirements

In recognition of State development policy, threshold requirements are established for this program. The Division of Planning will review each application for consistency with the following:

1. Local Plan Compliance

All proposed activities must be in compliance with local development policy set forth in the local state-approved Comprehensive Community Plan and with local development ordinances and regulations. The Administrative Officer/Planner for the local Planning Board or Commission (or authorized official if no Administrative Officer/Planner for the local Planning Board/Commission exists) shall certify that all proposed activities are in compliance with the Comprehensive Plan. For communities without a State-approved Comprehensive Plan, the Administrative Officer for the local Planning Board and Commission shall indicate how the proposal is consistent with each element of the State Guide Plan relevant to the project.

Proposed projects must be consistent with the State Land Use Plan, Municipal Affordable Housing Plan, and the State Strategic Affordable Housing Plan, or meet the general standards and principles set forth in the aforementioned plans applicable to the activity.

Communities will be asked to map each project to demonstrate consistency with the State Land Use Plan. A narrative explanation of impact and consistency with the plan should be submitted for any activity proposed outside of locally-identified growth centers or State urban service boundaries.

2. Flood Plains

New development will not be approved within the 100 year flood plain as defined on mapping provided by the Federal Emergency Management Agency unless such development is designed to mitigate or to be compatible with the flood hazard. This shall not apply to the reuse or rehabilitation for use of existing structures or to the development of shore or waterfront facilities where appropriate flood-proofing and flood protection measures are implemented and where hazards to other property is not increased. In addition, where required/deemed appropriate, any such investment shall be protected by flood insurance.

The local Building Official or other appropriate local official shall certify that the proposed project is consistent with National Flood Insurance program requirements and with the above statement.

3. Planned Transportation Actions

No program will be approved which includes the construction development or rehabilitation of a facility or structure in a location which conflicts with a planned major transportation action or investment. Reference is made to transportation elements of the State Guide Plan and to the Environmental Action Plan of the Rhode Island Department of Transportation for the definition of a "major transportation action".

4. Stream Discharges

No activity which will result in discharges in Class A/SA or B/SB waters will be approved without the written consent of the Department of Environmental Management.

5. Historic Resources

The application must include documentation that the Rhode Island Historical Preservation Commission and the Narragansett Indian Tribal Historic Preservation Office have been notified of all proposed activities. No activity will be approved without documentation demonstrating compliance with all applicable procedures.

6. Ground Water Aquifers and Recharge Areas

No activity which will result in waste water discharge into an identified major ground water aquifer or principal recharge area will be approved unless such activity is served by public sewers or is designed to ensure protection of the ground water resource and is approved by an agency of jurisdiction. Reference is made to the State of Rhode Island "208" Areawide Water Quality Management Plan-Map of Water-Related Sensitive Areas.

7. Farmland

No construction or development will be approved in a location where more than 50% of the site consists of soil which are rated as prime farmlands or important farmlands of statewide significance in the 1981 Soil Survey of Rhode Island unless one or more of the following can be demonstrated:

- a. No other location is feasible.
- b. The land cannot be part of a viable farm unit and has not been in farming use for a period of five years.
- c. Urban development has taken place within a 1/2 mile of the location and urban utilities such as public water and sewerage are available within 1/4 mile of the locations.

Housing and Community Development Needs Identification

Each applicant must submit, as part of its application, a statement identifying "its housing and community development needs, including those of low and moderate income persons, and the activities to be undertaken to meet such needs". Provisions for this statement will be made in the Application Handbook. Failure to submit this statement will result in the elimination of the application from further consideration. This statement should, where applicable, outline the community's plans for concentrated investment in a community or neighborhood revitalization program, and for multi-year commitment of CDBG funds.

Permitting Procedures

No expenditure for construction or development, excluding the costs generally associated with site design and predevelopment, will be authorized until all reviews, permits, clearances, and/or statements of non-applicability have been received as required by any applicable Federal, State or local regulatory or permitting process such as the Fresh Water Wetlands Act, the Coastal Resources Management Act, the program of the U.S. Army Corps of Engineers or the U.S. Environmental Protection Agency. Applicants will be required to identify any such applicable systems in their submission.

Displacement and Relocation

It is the policy of this program to minimize displacement due to the implementation of any program activity. Relocation shall be governed by the Uniform Relocation Act. For any other involuntary or permanent displacement with respect to residential or non-residential property, not covered by this Act, grantees will be required to utilize the general standards of said Act by providing equivalent benefits. The State will require prior approval of any potential displacement and relocation resulting from any approved activity. Each grantee must certify that it will follow the State of Rhode Island residential anti-displacement and relocation assistance plan.

Program Income

Any income resulting from the implementation of any approved program activity shall be returned to the State program unless such income is applied by the grantee to continue the approved program activity from which such income was derived. Upon request, the State may grant permission for the use of such income funds for another eligible program activity. All requirements placed on the expenditures of regular CDBG funds shall be applied to the expenditure of such income. Relative to revolving loan funds, "same activity" is defined as continuation of the same type of revolving loan activities (such as housing or commercial rehabilitation).

The State has adopted a very conservative definition of "same activity" relative to non-revolving loan program income. In such instances, it is defined as the same activity, same location. All program income generated, even those amounts that fall below the federal threshold of \$25,000 annually, which do meet this definition for reuse will be returned to the State for redistribution.

Although amounts repaid a local subgrantee may not be considered program income in accordance with the federal definition, OHCD and local governments require that these amounts be distributed

in accordance with all rules and regulations applicable to the CDBG program. Any waiver of these regulations may be requested of the OHCD by the community and non-profit subgrantee.

Section 108 Loan Guarantees

The State does intend to aid nonentitlement units of general local government in applying for guaranteed loans under 24 CFR part 570, Subpart M (Section 108 Loans) in accordance with Attachment CD-B.

Prior Program Performance

A grant award will be contingent upon satisfactory completion of prior State Small Cities CDBG projects, or, if not completed at the time of application review, satisfactory progress toward completion by the scheduled completion date with no discernible problems and in compliance with financial management, civil rights, labor standards and other program requirements.

To be eligible to apply for FY'2009 funds each applicant must have drawdown at least 50% of its FY'2007 grant, at least 75% of its FY'06 & FY'05, 90% of its FY'04 and 100% of its FY'03 and prior year awards by March 31, 2009. Any community may submit written exemption from the Threshold requirement to the Office of Housing and Community Development. The specific reason(s) for delay in implementation should be detailed in the letter of request. OHCD will consider such a request and grant approval if it deems projects funded in the subject grant year are proceeding in a timely fashion.

State Enterprise Zones

Pursuant to 42.64.3-5.1 of the General Laws; the State, to the maximum extent possible, will provide special assistance to proposed activities to be located in State Enterprise Zones. Special consideration by the steering committee will be granted to the City of Central Falls, and those portions of Lincoln, Cumberland, Warren, Bristol and West Warwick located in approved State enterprise zones.

One-for-One Replacement

In accordance with the Section 104(d) of the Housing and Community Development Act of 1974, as amended, and implemented at 24 CFR Part 42.375, all Occupied and Vacant Occupiable Lower-income dwelling units that are demolished or converted to a use other than as Lower-Income dwelling units in connection with an assisted activity must be replaced with comparable lower-income dwelling units.

Replacement units must be sufficient in number and size to house no fewer than the number of occupants who could have been housed in the units that are demolished or converted.

Financially feasible for rehabilitation is defined as follows: Residential structures that can be rehabilitated to code within the maximum subsidy per unit limits for HUD's 221(d)(3) program. Any unit which does not meet the requirements of condemnation under the State Building Code for

reasons directly attributable to deteriorated major building systems is hereby determined to be Structurally Feasible for Rehabilitation.

Recipients must certify to the State that it has in effect and is following a residential antidisplacement and relocation assistance plan and that it will minimize displacement. The municipality will certify to the requirements stated herein by signing the Residential Antidisplacement and Relocation Assistance Plan as part of its grant agreement.

Prior to the obligation/expenditure of funds, communities which plan demolition activities must submit to OHCD a "One for One Replacement of Lower-income Dwelling Units" plan which details how units which are planned to be demolished will be replaced. Said plan should include a list of structures to be demolished, those identified as financially and structurally feasible for rehabilitation and how such units will be replaced if demolition is to occur.

The one-for-one replacement requirements may not apply, based upon objective data, if it is determined there is an adequate supply of vacant low/moderate income dwelling units in standard condition available on a nondiscriminatory basis within the jurisdiction of the grantee. A community may request such exception from the State in accordance with the regulation, who will evaluate the request and required supporting documentation submitted, and submit such to HUD along with its recommendation.

THE APPLICATION AND AWARDS PROCESS

Outline of Application Procedure

The general steps in the application and review process are as follows:

1. Notification to eligible communities of their funding limit and the availability of funds and transmittal of an Application Handbook with the final date for application submission. An application workshop will be scheduled.
2. Convening of a public hearing by prospective applicants to obtain the views of citizens on local housing and community development needs.
3. Publication by the applicant of the proposed application including a statement of community development objectives and the projected use of funds. A second public hearing shall be conducted before the proposed application.
4. Completion of the application incorporating comments and views obtained from citizens. The final application shall be made available for public inspection.
5. Submittal of activities to the applicant's planning board or commission for review to determine compliance of proposed activities with local planning and development policy as set forth in the local Comprehensive Community Plan. Certification of compliance is required prior to the award of funds.

6. Completion of the application and all necessary certifications with all supporting materials and submitted to the CD staff at the Office of Housing and Community Development by the required deadline.
7. General application review as follows
 - a. Review by CDBG staff for general compliance with program and application requirements (including Program Thresholds), national objectives and eligible activities.
 - b. Referral to the Division of Planning for review and evaluation of threshold criteria.
 - c. CD staff may, at its discretion, consult with other state agencies, including but not limited to the Department of Elderly Affairs, the Economic Development Corporation and the Department of Health, for advice relative to requests for assistance in their areas of expertise.
 - d. During the review period, the CDBG staff may request additional information or documentation from applicants and may request minor modifications to the proposal in order to meet program requirements, national objectives, and threshold criteria. The Economic Development Subcommittee may also request additional marketing and financial information directly from the private participating parties. Applicants will not be allowed to make substantial changes or modification to their applications which would necessitate public notice and comment. Applicants will be allowed no more than two weeks to submit requested material. Although the State may, at its discretion and/or the request of the evaluation committee, contact communities for additional application information, it is imperative that communities provide clear, accurate and complete information in their applications to assure its proposals are given proper consideration.
 - e. Application of the evaluation scoring system by the CD staff.
 - f. Applications ranked by evaluation scores, and comments from the Division of Planning or any other consulted agency/committee will be submitted to the Steering Committee for review.
 - g. Applications which are not in compliance with program requirements (including Program Thresholds), national objectives, or threshold requirements, will not be submitted to the Steering Committee for further review.
8. Qualitative review by the Committee as outlined below, assisted by CDBG staff. Development by the Committee of recommendations for funding, with any appropriate conditions, for transmittal to the Governor, who is responsible for the final decision on grant awards.

Application Evaluation and Entire Scoring System

To assist the Steering Committee in its review of applications, an evaluation and scoring system will be applied to each application. The specific scoring criteria will be detailed in the State's CDBG Application Handbook. The following general areas of each application will be covered in this system:

1. General Community Needs

Scoring is based on community population, family income, unemployment, public assistance, per capita criteria and housing condition indicators.

2. Anticipated Project Benefits

Economic development activities are rated based on the cost per job to be created/retained, community priority ranking, community revitalization effort, and leveraged funding.

Housing activities are rated based on the cost per unit to be rehabilitated or developed, the community priority ranking, community revitalization effort and past housing rehabilitation program performance (this will include past amounts drawdown and whether the community participates in a housing consortium). Extra consideration will be granted to communities with approved Affordable Housing Plans, in particular those activities consistent with such plans.

Community facilities and services are rated based on the cost per low/moderate person to be served, community priority ranking and community revitalization effort.

Activities for the prevention or elimination of slums and blight are rated based on the cost per number of dilapidated structures or blighting influences to be eliminated, community priority ranking and community revitalization effort.

Urgent community development needs are evaluated on the extent to which the threat will be eliminated and the adequacy of documentation to demonstrate the project is unable to be financed from other sources.

(The community revitalization criteria noted above will take into account three areas: Whether the projects is located or serves an Enterprise Zone/Enterprise Community, the projects consistency with the State Consolidated Plan's housing/non-housing community development needs, and the extent of the project's involvement in a comprehensive community/neighborhood revitalization effort.)

(A multi-purpose application will be scored under each applicable subpart and the scores proportioned according to the percent of total funds allocated to each type of activity.)

Steering Committee

The Steering Committee will undertake a qualitative review assisted by State staff. The Steering Committee will base its deliberations on the rating system and select the strongest proposals from

comparable groupings of activities. The Steering Committee's recommendation to the Governor should reflect a reasonable balance between community development needs and effective competitiveness of individual project proposals.

The review will consist of a project by project analysis grouped by activity type (ie. Housing Rehabilitation, Housing Development, Economic Development, Public Services/Facilities and Planning). The Steering Committee will weigh its consideration on the following priorities - housing, economic development and community revitalization proposals. The analysis will consider: 1. cost effectiveness of the proposals, including leveraged funds; 2. extent to which the proposed activities address community development needs identified by the community in the Community Development Plan; 3. extent to which the activity represents a coordinated approach to community/neighborhood revitalization; and 4. adequacy of the proposed management plan as well as priority program performance, including resolution of monitoring or audit findings.

The Steering Committee will also consider the following in determining awards:

- 1) Are other non-CDBG funds potentially available to support the proposed activity and have such resources been pursued?
- 2) Is the information reported in the application accurate, realistic and meet program requirements?
- 3) Will the activity proceed in a timely fashion. If funds are unlikely to be drawdown within one year, justification for commitment at this time must be detailed?
- 4) Has the activity received proper reviews from other State agencies involved in the project?
- 5) Is all information contained in the application accurate?

All committee committee and processes shall be spelt out in the application handbook.

Final awards by the Governor shall be based on recommendations of the Steering Committee. Modification to the recommendations may be made based on the following criteria.

- 1.The recommendations are not consistent with this action plan.
- 2.Activities conflict with other State projects or priorities.
- 3.Activities duplicate other State projects.

Small City/Mini Entitlement Distribution System

In FY'2009, the State will continue it's Small City/Mini CDBG Entitlement program. Under this program, Mini-Entitlement communities will be eligible for a minimum allocation of \$400,000. Funds will be distributed for specific eligible CDBG activities, contained in the community's overall application, consistent with the State's Action Plan in the municipality's predominately low/moderate income areas, which meet minimum concentration requirement.

The State promotes comprehensive neighborhood revitalization strategies. Under this program, CDBG and other resources will be invested in a focused manner to achieve demonstrable improvements in designated distressed areas.

Various criteria have been utilized in designating Small City/Mini CDBG Entitlement communities. It will be determined which communities are eligible to receive a Small City/Mini entitlement by the

total number and percentage as well as concentration of low/moderate income persons in areas within the municipality. Specifically, a community must have: 1) a Census Tract/Block Group area (may be contiguous CT/BGs) with a concentration of low/moderate income persons exceeding 70% of the total population for the area, and such that the total number of low/moderate persons in this area exceeds 2000 and 2) the community must have, in total, at least 5000 low/moderate income persons in predominately (at least 50%) low/moderate income CT/BT areas.

To ensure targeting of CDBG resources to the most needy areas, entitlement communities will be encouraged to request assistance for activities, focusing on those area(s) that met the criteria established by the State as outlined above. It is this distressed area(s) which is empowering the municipality to become a Small City CDBG Entitlement and therefore should be the area(s) concentrated upon for distribution of funds.

Receipt of a Small City/Mini CDBG Entitlement award is contingent upon the completion of local plans, outlining the needs of the municipality's distressed area(s) and how proposed actions can be accomplished to address those needs. Requests for assistance by entitlement communities must be based on this plan for the designated area(s) and consistent with the State's CDBG Consolidated Plan/Action Plan priorities. If the community's application contains insufficient fundable activities, as determined by the CDBG Application Steering Committee, to meet the minimum allocation of \$400,000, funds may be deferred to subsequent rounds and/or committed to other fundable activities in other communities in the current funding round.

The following requirements, consistent with the HUD requirements placed on the State CDBG program, are being imposed on the distribution of local Entitlement funds. No more than 15% of activities funded (not including operating and administrative funds) may be retained for local administration/planning costs. No more than 20% of the overall application may be requested in support of public services. Clear documentation on national objective must be demonstrated for each project proposed. Unless otherwise approved through the Preagreement provision, CDBG funds may not be used to reimburse the local government for any obligations made prior to award date. State staff and the Application Steering Committee will determine compliance with Plan and program requirements based upon materials submitted in the application.

The State reserves the right to review the plan, as required above, to make changes as deemed necessary or appropriate and to make any entitlement funds received contingent upon the State's approval of such plan. Communities may request waiver of requirements placed upon Entitlement programs. OHCD will consider the impact of granting such waiver and permit/deny such as it deems appropriate.

The balance of State Small Cities CDBG funds will be distributed to communities for activities on a competitive basis.

Preagreement Costs

The State intends to utilize the provisions of 24 CFR Part 570.489(b) relating to Reimbursement of Pre-agreement Costs.

The State has adopted procedures which permits a unit of local government to incur costs for CDBG activities prior to the establishment of a formal grant relationship between the State and the

unit of general local government and to charge these pre-agreement costs to the grant, provided that the activities are in accordance with procedures adopted by the State, are eligible and are undertaken in accordance with the requirements of this subpart and 24 CFR Part 58. The UGLG must submit a written request for preagreement consideration along with backup documentation sufficient to assure consistent with State/federal requirements and priorities. The process for requesting such preagreement-cost approval will be detailed in the State's CDBG Application Handbook.

Recipient Review/Monitoring

The State of Rhode Island has developed and implemented a recipient review system. The purpose of this system is to determine whether recipients have carried out CDBG activities in a timely manner and in accordance with the primary objectives, applicable laws, regulations and executive orders.

In designing the review system, special attention was given to Rhode Island's rather unique situation. As a state in which no community is more than 45 minutes away and there are only 33 communities eligible for the Small Cities Community Development program, Rhode Island affords the State community development staff the opportunity to be familiar with each eligible recipient, as well as the impact of each project on the local area.

The State has developed a CDBG Management Handbook that instructs communities on the various regulations of the program and requires program recipients to submit written progress reports, the primary of which are the Semi-Annual Progress and Close-Out Reports.

The Progress report includes data relative to the extent to which persons or households have benefitted from CDBG activities as well as status narratives. The program Close-Out report requires recipients to provide all accomplishment information at the completion of funded activities.

Tracking and review of these reports constitutes a major portion of the off-site recipient review. This system permits state staff to remain current relative to recipient progress and to identify problem areas that require special attention.

The State Community Development staff makes every effort to visit each recipient several times during the grant period. The staff reviews all reports and requests for technical assistance, and gives weight to each of the following criteria (risk-based approach) when scheduling on-site monitoring in an effort to ensure that visits take place at the most optimum time.

CRITERIA:

1. Towns with serious problems
2. Close-Out requests reviewed
3. New Recipients
4. Stalled programs
5. Complexity of the projects
6. Projects with no prior review
7. Town with audit findings
8. Requests for assistance
9. Standing of grants, percentages of funds drawn
10. Community's past performance

On-site monitoring visits are documented in a monitoring report. This report is submitted with a cover letter summarizing any finding and indicating actions necessary to resolve them.

Timeliness

Although no timeliness standard is currently imposed on State CDBG Recipients (with the exception of the 15-month obligation criteria) by HUD, Rhode Island will impose the following drawdown requirements on its recipients to assure the timely distribution of funds.

- ∇ To be eligible to apply for FY'2009 funds each applicant must have drawdown at least 50% of its FY'2007 grant and at least 75% of its FY'06 & FY'05, 90% of its FY'04 and 100% of its FY'03 and prior year awards by March 31, 2009. Any community may submit written exemption from the Threshold requirement to the Office of Housing and Community Development. The specific reason(s) for delay in implementation should be detailed in the letter of request. OHCD will consider such a request and grant approval if it deems projects funded in the subject grant year are proceeding in a timely fashion.

- ∇ Communities are required to spend all monies awarded within four years of award date. Any funds remaining after four years may be deobligated and recaptured by the State.

ATTACHMENT CD-A

FY'2009 CDBG Application Rating System

COMMUNITY DEVELOPMENT NEEDS (50%)

POPULATION

Population

FAMILY INCOME

Percent of households with annual income below HUD's LMI levels.
Number of households with annual income below HUD's LMI levels.

HOUSING STOCK

Housing Conditions as defined by Consolidated Plan.
Housing Affordability
Local Affordable Housing Plan Need Criteria

ECONOMIC INDICATORS

Percent of Population Receiving Public Assistance.
Percent of Population Unemployed.

PER CAPITA/PROPERTY VALUE INDICATORS

Per Capita Income
Percent of Personal Income to Full Value of Property:
Per Capita Full Value of Property:

ANTICIPATED PROJECT BENEFITS (50%)

Economic development activities are rated based on the cost per job to be created/retained - businesses assisted (or LMI Percentage of area served), community priority ranking, community revitalization effort, and leveraged funding.

Housing activities are rated based on the cost per unit to be rehabilitated or developed (range 0-15000 per unit equal), the community priority ranking, community revitalization effort and past housing rehabilitation program performance (% of past grants drawn & housing consortium). Extra consideration will be provided to rehabilitation programs which are comprehensive in nature. Extra consideration will be granted to activities in communities with approved Affordable Housing Plans, in particular those activities consistent with such plan.

Community facilities and services are rated based on the cost per low/moderate person to be served, community priority ranking and community revitalization effort.

Activities for the prevention or elimination of slums and blight are rated based on the cost per number of dilapidated structures or blighting influences to be eliminated, community priority ranking, community revitalization effort and the extent to which the activity eliminates a documented condition of slums and blight.

Urgent community development needs are evaluated on the extent to which the threat will be eliminated and the adequacy of documentation to demonstrate the project is unable to be financed from other sources.

BONUS POINTS

Any bonus point available will be spelt out in the CDBG Application Handbook.

(The community revitalization criteria noted above will take into account three areas: Whether the projects is located or serves an Enterprise Zone/Enterprise Community, the projects consistency with the State Consolidated Plan's housing/non-housing community development needs, and the extent of the project's involvement in a comprehensive community/neighborhood revitalization effort.)

(A multi-purpose application will be scored under each applicable subpart and the scores proportioned according to the percent of total funds allocated to each type of activity)

ATTACHMENT CD-B

**Rhode Island Section 108
Loan Guarantee Program**

The Office of Housing and Community Development recognizes that non-entitlement communities find it difficult to access large scale funding for specific economic and housing development activities. The National Affordable Housing Act of 1990 amended Section 108 of the Housing and Community Development Act to enable non-entitlement communities to apply to the State and to HUD to finance revenue producing activities that meet the accepted CDBG national objectives and eligibility criteria.

The State of Rhode Island will pledge up to \$25 million of future CDBG allocation in support of eligible activities.

Eligible Activities

Guaranteed loan funds may be used for the following activities, provided that said activities are designed to produce revenue.

1. Acquisition of improved or unimproved real property in fee or by long-term lease, including acquisition for economic development activities.
2. Rehabilitation of real property owned or acquired by the entity applicant, city or town or its designated public agency.
3. Payment of interest on obligations guaranteed under the 108 program.
4. Relocation payments and other relocation assistance.
5. Clearance, demolition and removal, including movement of structures to other sites, or building and improvements on real property acquired or rehabilitated pursuant to numbers 1 and 2 above.
6. Site preparation, including construction, reconstruction or installation of public improvements, utilities or facilities (other than buildings) related to the redevelopment or use of the real property acquired or rehabilitated pursuant to paragraphs and above.
7. Payment of issuance, underwriting, servicing and other costs associated with private sector financing of notes or other obligation guaranteed under this subpart.
8. Economic development programs including acquisition, construction, reconstruction, rehabilitation or installation of commercial or industrial buildings, structures or other real property, equipment and improvements. Assistance may be provided to private-for-profit, and private or public nonprofit subrecipients where assistance is appropriate to carry-out the economic development activity.

9. Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities (except for buildings for the general conduct of government), site improvements, and utilities, for an economic development purpose.
10. A debt service reserve in accordance with requirements.

National Objectives

Activities must be designed to comply with one of the following national objectives:

Benefit to low and moderate income families and individuals or,
aid in the prevention or elimination of slums and blight.

Applicants are reminded that the state is committed by HUD requirements to fund activities that provide a 70% benefit to low and moderate income persons.

Application Period and Grant Limitations

The state will accept applications throughout the year. Total state exposure will not exceed \$25 million dollar at any one time. Local accrued awards shall be limited to \$10 million dollars at any one time.

There are no application minimum or maximums.

Evaluation Criteria

Successful applicants will receive project money from HUD, but the repayment of those funds is guaranteed by State CDBG. The state pledges that future CDBG grant monies will repay the federal government should a non-entitlement recipient of a Section 108 Loan guarantee default. Because of this provision the state will develop an application that provides for stringent review with the following criteria:

Clear definition of the project goals and activities.

Effective and capable local management.

Analysis of secondary economic and fiscal impacts.

Revenue projections and firm financial information on the proposed project.

Total housing units developed for permanent affordable housing.

Percent of low/moderate jobs created over the fifty-one percent National Objective minimum.

Percent of jobs to be documented as "taken by" low/moderate income persons.

Ratio of loan guarantee dollars to the number of low/moderate income persons.

Percent of permanent affordable housing units developed over the fifty-one percent national objective minimum.

Ratio of loan guarantee dollars to permanent affordable units developed.

Leverage of non-government funding

Extent of Consolidated Plan/CHAS/local Affordable Housing Plan consistency.

The state will grant special consideration and encourage applicants that:

Are located in or directly benefit the state and federal enterprise zones.

Are part of the comprehensive community or neighborhood revitalization program.

Provide for linkages between housing development and supportive services.

Risk Management and Controls

(Note: For terms longer than 10 years or where in any one year the 108 payment exceed the annual State CDBG entitlement HUD will also exert itself into project underwriting.)

The local jurisdiction will complete its own underwriting/analysis of each project with recommendation for approval to the state and be accompanied by the chief elected official's signed certification required by HUD

The State shall complete its underwriting of the project and shall require: quality collateral/security reasonably consistent with conventional lending practices for similar project with respect to loan to value (LTV) ratios. After project stabilization and a good payment history, collateral can be reduced by the applicants request and State and Local approval.

The City or Town and State must conclude that the project is likely to...a) produce both the National Objective and forecasted public benefits and b) evidence that the net operating income will be sufficient to meet debt service.

Under certain circumstances where overwhelming public benefit are forecasted the State and locality can mutually decide to accept...

- a. impaired collateral
- b. reduced interest rates
- c. poor cash flow and/or credit risks

provided, however, that the State and Locality can mutually agree to financial sanctions against the local jurisdiction relative to the future CDBG applicants/foregoing funding in event of default or missed payment(s) by the recipient.

Outcome Measures

In accordance with Federal Register Notice dated March 7, 2006, every activity funded will be designated a minimum of one projected outcome measure. Compliance with this measurement must be tracked by the local recipient.

Every activity will have a designated "general objective category". The choices are 1) Decent Housing, 2) Suitable Living Environment, and 3) Economic Opportunity. Every category will have a designed "general outcome category". The choices are 1) availability/accessibility, 2) affordability, and 3) sustainability.

The State will preliminarily designate the following measures for certain classes of activity (examples shown below). If a community feels an alternative measure is more appropriate, it must return justification for its assertion along with its annual contract agreement.

Housing Rehabilitation:

Decent Housing - Availability/Accessibility

Affordable housing projects/developments:

Decent Housing - Affordability

Neighborhood Revitalization/Facilities:

Suitable Living Environment - Availability/Sustainability

Services:

Dependent upon nature of services.

Job Creation Activities:

Economic Opportunity - Availability

B. HOME Action Plan for PY2010

(Effective 3/1/2010)

Program Administration

For Program Year 2010, the State of Rhode Island anticipates receipt of approximately **\$5,400,000** in Federal HOME funds that will be administered by Rhode Island Housing.

Administrative expenditures for the HOME program are capped at 10% of the total fiscal year HOME award. Rhode Island Housing incurs administrative costs at the minimum necessary to cover overall program administration as well as those of eligible sub-recipients. In addition, up to 5% of the fiscal year HOME award can be expended to pay reasonable operating expenses of eligible Community Housing Development Organizations (CHDO), subject to further regulatory limitations. During 2009, Rhode Island Housing allocated \$270,000 to eligible CHDOs for allowable operating expenses.

Funding that is not appropriated for administrative or CHDO operating costs is available for direct project funding. Funding will be distributed through a competitive application process open to all eligible entities, including cities and towns, nonprofit housing organizations, for-profit developers and Public Housing Authorities. Rhode Island Housing staff review project applications to ensure their compliance with all federal and state regulations and to assess overall project feasibility. Applications are scored based upon the criteria shown later in this section. Scored applications are submitted to the HOME Program Advisory Committee, which reviews each proposal and recommends funding of specific activities to the Board of Commissioners. Contracts are then awarded by Rhode Island Housing to HOME sponsors.

Since funds are awarded on the basis of competitive applications, it is not yet possible to identify which specific groups will be assisted during the upcoming program year. Two competitive HOME funds were held in 2009. \$5,054,053 (93% of the total) was awarded for the development of 133 rental units, 109 of which will serve households with incomes not exceeding 50% of area median. Seven percent (7%), or \$395,000, was awarded to CHDOs and non-profit organizations for the development of 24 homeownership units for sale to low-income buyers. All recipients of HOME funds in 2007 were non-profit organizations or municipalities.

The housing crisis clearly altered the distribution of HOME funds in 2009. Prior to 2009 the percentage of funds awarded for rental and homeownership activities was generally within a 60%/40% range. Assuming a somewhat similar distribution in Program Year 2010 HOME funds will likely be expended as shown below. These amounts are estimates only; the exact amount of the State's HOME award is not yet known, nor are the specific funding applications that will be received. Amounts shown also do not include "program income" generated by project-related activities that may be used by Rhode Island Housing or eligible sub-recipients for additional activities.

| | |
|--|---------------------|
| Total Anticipated 2010 Grant | \$5,400,000 |
| Administration (10%) | \$ 540,000 |
| CHDO Operating Expenses (maximum of 5%) | \$ 270,000 |
| Estimated Project Funds Available* | \$ 4,590,000 |
| Rental Housing (80%) | \$ 3,672,000 |
| Homeownership (20%) | \$ 918,000 |

Geographic Distribution of Funds

Funding is available to all communities in the State, with the general exception of Providence, Pawtucket and Woonsocket, which receive HOME allocations directly from HUD. However, applicants from these three communities may be eligible for State HOME funding if the entitlement entities do not have funds available for a specific activity and the City can document that it has obligated all the funds it had previously budgeted for that activity. The geographic areas of the State where 2008 funds will actually be expended have not yet been identified. However, the scoring system favors communities with the lowest percentage of affordable housing units to encourage a more equitable distribution of affordable housing throughout the State.

HOME obligations and commitments during 2009 are listed by community in the following table.

2009 HOME OBLIGATIONS AND COMMITMENTS

| Community | Units | Amount | Activity |
|------------------|--------------|---------------|--|
| Little Compton | 6 | \$300,000 | New construction of 6 rental units. |
| Little Compton | 1 | \$50,000 | New construction of a single family home. |
| Tiverton | 2 | \$100,000 | New construction of a duplex property with two homeownership units. |
| Providence | 3 | \$268,280 | Rehabilitation of three rental units in abandoned property. |
| Providence | 2 | \$53,000 | New construction of two single family homes. |
| Providence | 11 | \$330,000 | Rehabilitation of vacant building to provide 11 rental units. |
| Providence | 4 | \$408,500 | Rehabilitation of two cottages to provide four rental units. |
| Providence | 11 | \$500,000 | Redevelopment of abandoned commercial building to provide 11 rental units for homeless veterans. |
| Providence | 2 | \$46,000 | New construction of a duplex property with two homeownership units. |

Chapter VII: Action Plans

| | | | |
|-----------------|----|-----------|--|
| Providence | 11 | \$340,000 | Acquisition of a former Bed & Breakfast to provide rental units for homeless and disabled individuals. |
| Providence | 2 | \$108,300 | Rehabilitation of a foreclosed property to provide two rental units. |
| Bristol | 5 | \$475,000 | New construction of 5 units within a larger condominium. |
| West Warwick | 2 | \$112,000 | Rehabilitation of foreclosed property to provide two rental units. |
| West Warwick | 2 | \$100,000 | Rehabilitation of foreclosed property to provide two rental units. |
| North Kingstown | 11 | \$500,000 | New construction of 11 rental units. |
| Central Falls | 4 | \$397,000 | New construction of four rental units. |
| Central Falls | 3 | \$70,000 | Rehabilitation of foreclosed property to provide three rental units. |
| Pawtucket | 3 | \$40,000 | Rehabilitation of three rental units. |
| Pawtucket | 1 | \$100,000 | Rehabilitation of one unit within 33-unit development. |
| Pawtucket | 2 | \$46,000 | New construction of two homeownership units. |
| Barrington | 11 | \$100,000 | New construction of 11 units for homeownership. |
| Woonsocket | 1 | \$65,000 | New construction of a single family home. |
| Woonsocket | 2 | \$305,221 | Rehabilitation of abandoned property to provide two rental units. |
| Newport | 4 | \$145,000 | Rehabilitation of four rental units. |
| Lincoln | 1 | \$30,000 | New construction of a single family home. |
| Warwick | 5 | \$50,000 | Development of five rental units for homeless and disabled families. |
| Warwick | 1 | \$75,000 | Rehabilitation of abandoned single family home for rent to a homeless family. |
| Warwick | 1 | \$55,000 | Rehabilitation of owner-occupied single family home. |

Performance Measures

In accordance with the Notice of Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs dated March 7, 2006, Rhode Island Housing evaluates HOME Program investment using the IDIS Outcome Performance Measurement System.

The HOME Program objective is Providing Decent Affordable Housing through acquisition, rehabilitation and new construction of rental units and homeownership opportunities. The HOME Program outcome is Affordability.

Non-profit developers in Rhode Island have been unable to access private financing this year. As a consequence, only four activities were completed between March 1, 2009 and October 19, 2009. Of the four activities one was a new construction project for homeownership; the other three activities were all rehabilitations of rental projects for low and very low-income households.

Objectives met included:

- 61% of completed HOME units are Energy Star compliant. The rehabilitated properties were not able to achieve full compliance.
- One handicapped accessible unit (5%)
- All HOME-assisted units, rental and homeownership, are subject to a minimum 30-year affordability period
- All housing units originally constructed pre-1978 and requiring more than \$5,000 rehabilitation must receive Lead-Safe Certificates.

For homeownership activities, HOME funds both homeownership development and, through ADDI, homebuyer assistance. Although ADDI funds are no longer allocated, during the 2009 Program year we committed 3 ADDI loans totaling \$26,000.

Threshold Application Requirements

- Eligible activities;
- Eligible entity;
- A minimum award of \$1,000 per unit or family assisted;
- A maximum award of \$500,000 per applicant per municipality per fiscal year;
- Proposals must meet all HUD regulations for the HOME program as published in the Federal Register at 24 CFR Part 92;
- The proposal is feasible as presented; and
- Cities and towns applying for funding must demonstrate that they are maintaining a level commitment to housing. A proposed Community Development Block Grant budget indicating a level of funding consistent with assistance provided to housing over the last three years is considered evidence of maintenance of effort.

Scoring Criteria

Scoring of applications is based on the following factors:

1. The extent to which the application addresses one of the priorities of the HOME program as established in the FY 2005-2010 Rhode Island Consolidated Plan.

- a. High Priorities (20 points)
 - Acquisition and/or substantial rehabilitation and/or new construction to provide rental units for very low-income families.
 - Acquisition and/or substantial rehabilitation and/or new construction to provide homeownership opportunities for low-income families.
 - Acquisition and/or rehabilitation and/or new construction of housing units for homeless and special needs populations in conjunction with supportive services.

- b. Medium Priorities (15 points)
 - Preservation of the existing affordable housing stock through rehabilitation, acquisition, or other eligible assistance. (Properties eligible for assistance under 24 CFR part 248, "Prepayment of Low Income Housing Mortgages" are ineligible for HOME Program assistance.)
 - Acquisition and/or rehabilitation and/or new construction to provide units for low and very-low income one and two-person households.
 - Acquisition, and/or rehabilitation and/or new construction to provide rental units for low and very low-income elderly residents.

- c. Low Priorities (10 points)
 - Moderate rehabilitation of rental units for low and very low-income families (as defined by HUD) throughout the State including the elimination of lead based paint hazards, correction of code violations, the provision of handicapped access for persons with disabilities and for the elderly, and to increase the energy efficiency of units occupied by lower income families.
 - Rehabilitation of owner-occupied units for lower income households and units intended to be owner-occupied. Assistance will be provided particularly for large families and minorities and to expand housing opportunities for these groups to alleviate overcrowding and to provide a wider range of housing choices as an alternative to concentrations of minorities.
 - Proposals for rental assistance for:
 - a) periods up to two years for homeless families graduating from transitional housing programs where a program of services will be available for the term of the rental assistance provided that the proposal includes a plan for the provision of permanent housing after the 24 month period.
 - b) emergency situations and to minimize involuntary displacement.

- HOME Program Funds may also be used to create additional affordable housing units to assure no net loss of units as a result of demolition, conversions to homeownership, prepayment or voluntary termination of State or Federally assisted mortgages. Direct homeownership assistance, downpayment and closing costs assistance, which do not include housing development, are not among the priorities of the HOME Program.
- d. **Additional (Bonus) Priorities.** Points are awarded for proposals that:
- Make use of property owned, held, or controlled by State or federal agencies or authorities.
 - Develop units with four or more bedrooms.
1.
 - Utilize Neighborhood Opportunities Program Family Housing or Permanent Supportive Housing Funds
 - Site development within a Revitalization Area, Growth Center, Community Affordable Housing Plan, Enterprise Zone or create in-fill housing in urban neighborhoods.
 - Guarantee an Affordability Period that exceeds the required thirty (30)-year minimum.
 2. The extent to which the proposal promotes a more equitable distribution of affordable housing throughout the State. Scoring will be based on the percentage of low and moderate income housing in the community in which the funds will be spent.
 3. Benefit to low income families and individuals. Scoring will be based on the number of very low-income households to be served and the number of low and very low-income units per HOME dollar invested.
 4. Commitment of funds. Private resources to be leveraged by the proposal. Other public funding committed to the activity. The availability of matching funds. (Required in 1993 and subsequent years.)
 5. Capacity of the applicant to undertake the proposed activity. Capacity includes the track record of the applicant in implementing housing proposals, identification of current housing activities and the experience and success of the staff or development team in implementing similar proposals. The “cycle time” of previously funded HOME activities, and the number of very low and low-income units produced over the past five year using HOME Program funds.
 6. Timing and readiness to proceed. Applications will be ranked in accordance with the degree to which they are ready to proceed. Factors to be considered are site control, financial commitments, identification of financial resources, identification of the population to be served, appropriate zoning, environmental factors, appropriate location in accordance with HUD site and neighborhood standards at 24 CFR 92.202.

7. Term of Affordability. All proposals are required to be affordable for a minimum of 30 years. Points are awarded only for proposals that exceed the 30-year affordability minimum.
8. Forms of investment. Priority will be given to applications that propose financing in the form of a loan as opposed to a grant.

Funds will be committed to proposals ready for construction or implementation within 6 months. Funds may be reserved for up to 12 months for proposals from sub-recipients or State recipients to fund on-going programs in which sites or beneficiaries cannot immediately be identified. Any funds not committed at that time will be available for additional proposals that are ready to proceed.

Competitive funding rounds are generally held twice a year; more often if all program funds are not committed following the second competitive round. Applications are reviewed for compliance with program regulations, feasibility, and readiness to proceed. Applications are scored by staff and reviewed by the HOME Program Advisory Committee. The Committee recommends a commitment of funds to the Rhode Island Housing Board of Commissioners commensurate with the availability of funding.

Community Housing Development Organizations (CHDOs):

Definition: A Community Housing Development Organization is a nonprofit housing organization that meets the definition at 24 CFR 92.2. In summary, it must meet the following requirements:

- A tax exempt ruling from the IRS under 501(c).
- Does not include a public body.
- Is not sponsored by a for-profit entity whose primary purpose is the development or management of housing.
- Meets standards of financial accountability.
- Includes as one of its objectives the goal of providing affordable housing.
- Accountability to the lower income community with one-third of its board members representing low-income neighborhood organizations, or who are residents of low-income neighborhoods.
- Demonstrated capacity to develop housing.
- History of serving the community for at least one year.

Funding: By regulation, up to 15% of the total HOME grant may be allocated to applicants designated as CHDOs. This amount is commonly referred to as the “CHDO set-aside.” Although 15% of the grant will be reserved for activities proposed by CHDOs, it is likely that a substantially greater portion of the funding will be committed for CHDO projects. In 2009, CHDOs received \$3,322,301 or sixty-one percent (61%) of available project funding. Rhode Island Housing currently has certified 21 nonprofit organizations as CHDOs. Up to 10% of the CHDO set-aside may be loaned for technical assistance and site control or project-specific seed loans for activities with site control and financial commitments.

Coordination:

Rhode Island Housing will notify all nonprofit housing organizations of the availability of funds under the HOME program. Technical assistance and predevelopment funding will be available to organizations that meet the CHDO definition. Rhode Island Housing will encourage their participation and will work with CHDOs to help them understand the regulations and submit competitive applications. CHDOs apply for funds in the general competition and may apply for any eligible activity. Although 15% of the funding has been reserved for activities proposed by CHDOs, it is possible that they could receive a substantially greater portion of the funding depending on the competition. In FY2009, CHDOs received 61% of the total funding. Currently, 21 nonprofit organizations have been certified as CHDOs by Rhode Island Housing.

Rental Production

The development of affordable rental housing for very low-income households and special needs populations including the homeless is a constant and urgent need for the State. In FY 2009 83 units or 49% of all units will serve very-low income households whose incomes do not exceed 50% of area median. A minimum of 90% of all rental units developed with State HOME funds are rented to households with incomes at or below 60% of area median.

To increase production of rental units, HOME funds are frequently coupled with Low Income Housing Tax Credits and/or the State Neighborhood Opportunities Program (NOP). NOP (explained elsewhere) provides an operating subsidy to assist agencies that serve households not exceeding 40% of area median income. Rental housing for special needs populations and the homeless are generally funded with both HOME, Supportive Housing Program funds and Rhode Island Housing's Special Needs Rental Production Program.

All projects funded with State of Rhode Island HOME funds must now meet a 30-year affordability minimum.

Homeownership Opportunities

Increasingly, Rhode Island Housing funds agencies/developers that acquire and rehabilitate or construct homes for sale to low-income households. The cost of housing in Rhode Island, rising at three times the national average, makes the development of affordable units exceedingly difficult. Homeownership offers nonprofits a financially feasible way to develop affordable housing. These properties are sold to homebuyers whose incomes do not exceed 80% of area median.

A popular homeownership model involves the sale of a two unit property to a low-income buyer. The rental units, restricted to households at or below 60% of area median income, must comply with all HOME rental regulations and are annually monitored for compliance by Rhode Island Housing HOME staff.

In general the long-term affordability of these homes is maintained by a Deed Restriction that requires subsequent purchasers to meet the 80% income limitation and to use the property as their primary residence. All State of Rhode Island HOME projects must meet a 30-year affordability requirement. Many non-profits provide for longer-term affordability through the use of land trusts or ground leases that ensure affordability virtually in perpetuity.

Direct funding of homeowners through downpayment assistance or other direct assistance in the acquisition of housing is not a priority of the HOME Program since there are other resources available for that purpose. (See American Dream Downpayment Initiative below.)

American Dream Down Payment Initiative (ADDI)

Rhode Island Housing has established a low-income, first-time homebuyers program that utilizes ADDI funds as well as Corporation funds. ADDI and Corporation funds are used to provide downpayment and closing cost assistance and, beginning with FY 2004 ADDI funds, home repair costs for qualifying homebuyers. ADDI funds assist homebuyers whose incomes do not exceed 80% of area median, Corporation funds assist those homebuyers whose incomes exceed 80% of area median but do not exceed 115%. ADDI and Corporation funds assist only those homebuyers purchasing homes from nonprofit affordable housing developers. In 2007, 22 ADDI loans totaling \$220,000 were committed to first-time, low-income homebuyers, all of whom are purchasing properties from non-profit organizations.

Forms of Investment

HOME funds may be awarded in the form of equity investments, interest bearing loans or advances, non-interest bearing loans or advances, interest subsidies, deferred payment loans and grants. Funds awarded to CHDOs for technical assistance or seed money will be in the form of a zero interest loan repayable upon receipt of construction or permanent financing. Applications for loans will receive extra credit in the rating system as indicated above.

Affirmative Marketing

The HOME Program will be administered by Rhode Island Housing in accordance with the requirements of regulations at 24 CFR Part 92.351 and 92.350 with regard to the affirmative marketing requirements and the use of Minority Business Enterprises and Women's Business Enterprises. Cities and Towns awarded funds as sub-recipients will be obligated to comply with these procedures and will be responsible for enforcing compliance with regard to participants in their programs. Rhode Island Housing will monitor local programs to ensure the implementation of program requirements.

All other agencies funded under the HOME program, except Public Housing Authorities, must agree to comply with the procedures required by the regulations. Owners of properties with 5 or more housing units must take actions to attract eligible persons from all racial, ethnic and gender groups and must comply with the following affirmative marketing procedures. Rhode Island Housing will provide all sub-recipients and grantees with a copy of its written affirmative marketing policy and information with regard to fair housing law.

- All owners must make every effort to reach “those least likely to apply” for housing vacancies. A list of minority media outlets is provided to owners who also advertise in schools, churches, community centers, and directly to other nonprofit agencies, particularly shelters and transitional housing groups.
- All outreach efforts will be language-appropriate and every effort will be made by agencies to be physically accessible to all groups. All notices, advertisements, and communications shall contain equal housing and handicapped accessibility logos. To solicit applications from those least likely to

apply, owners will be required to send a letter to organizations on an outreach list prepared by Rhode Island Housing. The letter shall state the owner's fair housing policy and encourage minority households to apply. If there is an inadequate response, vacancies may be made available through radio announcements or by speaking to community groups. To notify handicapped persons of the availability of units, a letter must be mailed to organizations which serve the handicapped.

Record Keeping:

Assessment to determine the success of the policy and corrective actions required:

Upon project completion, all recipients of HOME funds must submit documentation of contracts awarded, third-party verification of homebuyer and tenant income, lead-safe certification, and Certificate of Occupancy or final Housing Quality Standard inspection. During the affordability period Rhode Island Housing annually monitors both the physical condition of HOME-assisted rental units and compliance with HOME rental regulations and restrictions. Poorly performing recipients are provided with one-on-one training and follow-up. Recently developed Performance Measures will allow staff to evaluate the effectiveness of monitoring and compliance procedures and to assess recipient compliance and performance over the extended affordability period.

Minority Business Enterprise/Women's Business Enterprise:

Rhode Island Housing will continue its present efforts to utilize minority and women's business enterprises (WBEs and MBEs). All contracts for the procurement of property and services awarded by Rhode Island Housing under the HOME program and all such contracts awarded by subrecipients and grantees shall, to the maximum extent possible, be awarded to businesses owned by minorities and women.

The State of Rhode Island maintains a listing, published annually, of minority and women's business enterprises including identification of services and products. The HOME Program is providing this list to all agencies that received PY 2009 HOME project funds. In order to implement an outreach program, all solicitations by Rhode Island Housing for the procurement of services shall be published on the State website. Rhode Island Housing maintains a listing of all minority media outlets. Minority media are notified of HOME competitive funding rounds and can provide appropriate contacts to HOME recipients.

HOME recipients with projects under construction are required to report annually on all awarded contracts. Information that includes the dollar value of the contract, contractor name, gender, ethnicity and race, is being compiled into a Corporation-wide database and will be used to encourage increased utilization of minority and women-owned enterprises. The database became completely functional in December of 2006.

D. Emergency Shelter Grant (ESG) Action Plan for PY2010

(Effective 3/1/2010)

The State of Rhode Island will be allocated (an estimated) \$351,914 through the Emergency Shelter Grants Program administered by the U.S. Department of Housing and Urban Development. In accordance with program regulations at 24 CAR Part 576, published on Tuesday, November 7, 1989, and revised through streamlining regulations published on October 2, 1996, the State will distribute these funds to Rhode Island cities and towns, private nonprofit organizations and Indian Tribes to help improve the quality of existing emergency shelters for the homeless, to help make available additional emergency shelters, to help meet the costs of operating emergency shelters and of providing certain essential social services to homeless individuals, and to help restrict the increase of homelessness through the funding of preventive programs and activities.

Eligible Activities

Grants may be used for one or more of the following activities related to emergency shelters for the homeless:

1. Renovation, major rehabilitation or conversion of buildings for use as emergency shelters.
2. Up to 30 percent of the State's allocation may be used for the provision of essential services including but not limited to those concerned with employment, health, substance abuse, education, food or assistance in obtaining housing. Provision of essential services as limited by the rule at 24 CAR 576.21(b)(2).
3. Payment of maintenance and operations (including rent, repair, security, fuels, equipment, insurance, utilities and furnishing). Staff costs may also be provided up to ten percent of the State's allocation.
4. Homeless prevention assistance may be provided up to a maximum of 30 percent of the state's allocation.

Grant Requirements

1. Every city and town in Rhode Island is eligible to apply for a grant as well as private nonprofit organizations and Indian Tribes who are eligible to apply directly to the Office of Housing and Community Development provided that the unit of local government certifies approval of the project.
2. Local governments may distribute all or part of their grant amount to non-profit recipients to be used for emergency shelters.
3. In accordance with the ESGP streamlining regulations published on October 2, 1996, the State is required to award its funds to subrecipients within 65 days of its award from HUD, or in this instance May 5, 2009. State recipients are required to obligate funds made available to them within 180 days of the date on which the State made the grant amounts available to the recipient. Recipients with homeless prevention activities must obligate grant amounts within 30 days of the date on which the State made the grant amounts available to them.

Each State recipient must spend all of its grant amounts within 12 months of the date on which the State made the grant amounts available to the State recipient. In the case of homeless prevention activities, State recipient must spend such sums within 6 months of the date on which the State made the grant amounts available to the recipient.

4. Any building for which emergency shelter grants are used for rehabilitation must be maintained as a shelter for the homeless for not less than a three year period, or for not less than a 10 year period if the grant amounts are used for major rehabilitation or conversion of buildings. If funds are used for the provision of services, maintenance or operating costs, the building must continue to be used as shelter for the duration of the grant agreement.
5. Any building for which emergency shelter grants are used for renovation, conversion or major rehabilitation must meet the local government standards of being safe and sanitary.
6. Homeless individuals should be given assistance in obtaining supportive services including permanent housing, medical and mental health treatment, counseling, supervision and other services essential for achieving independent living and other federal, state, local or private assistance available for the homeless.
7. Grant recipients must certify compliance with the certifications and assurances in the regulations at 24 CAR Subpart 585 - Subpart C.
8. Grants must be administered in compliance with the regulations at 24 CAR Part 576.

Method of Distribution

Funds will be made available to the State of Rhode Island by the U.S. Department of Housing and Urban Development for the Emergency Shelter Grants Program of which 5% may be set aside for program administration. This program will be administered by the Department of Administration, Division of Planning, Office of Housing and Community Development, One Capitol Hill - 3rd Floor, Providence, R.I. 02908-5873. At the discretion of the Office of Housing and Community Development, administration funds may, in whole or in part, be made available to fund emergency situations serving the homeless.

Administration funds may be shared with local governments to the extent that they participate in administering the program. Each of the state's 39 cities and towns as well as private non-profit organizations and Indian tribes are eligible to apply for funding. In order to insure timely distribution of these funds, the Office of Housing and Community Development will mail requests for proposals to each of the cities and towns as well as to each of the shelters, Community Action agencies and Indian Tribes in the State. Each city, town or agency may submit one application. There is no restriction on the maximum amount an applicant may request.

Priority will be given to application from non-formula cities and towns. However, consideration will be given to applications from formula cities which demonstrate that they have insufficient funding to meet their needs. Funds will be granted to nonprofit organization and Indian Tribes only when the local government certifies that it approves the proposed project.

Among municipalities subject to the provisions of subsection 45-53-3(ii) of State Rhode Island General Laws, priority will be provided to applicants with an approved affordable housing plan.

Homeless Prevention

In order to assist in preventing homelessness, the State may distribute up to 30% of its grant to assist in preventing families from becoming homeless. A total amount up to 30% of the State's allocation may be made available to implement homeless prevention activities.

If funds are used for homeless prevention efforts to assist families that have received eviction notices or notices of termination of utility services, the following conditions must be met.

1. The inability of the family to make the required payments must be the result of a sudden reduction in income or sudden increases in non-recurring expenses.
2. The assistance must be necessary to avoid eviction of the family or termination of services to the families.
3. There must be a reasonable prospect that the family will be able to resume payments within a reasonable period of time.
4. The assistance must not supplant funding for pre-existing homeless prevention activities from any other sources.

Review Process

The State will appoint a Review Committee which will consist of minimally representation from the Rhode Island Department of Human Services, the Governor's Policy staff, Rhode Island Housing and Mortgage Finance Corporation, Housing Resource Commission, Office of Homelessness and Affordable Housing and the Office of Housing and Community Development or his/her designee. At the State's discretion, a public member with expertise in housing/homelessness issues may also be member of the application review committee. Applications will be rated by OHCD based on the following criteria:

1. Number of clients served/Dollars requested.
2. Population served (preference given to shelters/service providers which serve homeless families and to those agencies serving the chronically homeless)
3. Services provided within shelter and to those agencies effectively utilizing mainstream services/resources (preference given to shelters which most comprehensively meet the supportive service needs of the homeless).
4. Location of shelter (preference given to applications from non-formula cities/towns and to those cities which have an elevated need)
5. Extra consideration will be given to applications which facilitate a quantifiable increase in the services/bed capacity of the agency.
6. Extra consideration will be given to applications which fill gaps identified in the Statewide continuum of care system and the Consolidated Plan/10-year plan to end homelessness.
7. Extra consideration will be given to applicants who document employment of homeless individuals.

8. Extra consideration will be given to those agencies which have been effective in their discharge of clients/consumers.
9. Vacancy rates for agencies will be considered in the evaluation process.

Following rating and review by the Office of Housing and Community Development staff for compliance with state and federal program requirements, all proposals will be evaluated by the Review Committee. The Committee will recommend funding to the Governor, who will then make the grantee awards.

Priorities

- Projects which include the provision of services or the coordination of services for the homeless towards establishment of a continuum of care system.
- Projects that address shelter and related needs for homeless families and individuals.
- Proposals to fund activities which are not eligible for funding from other sources.

- Projects which will provide additional beds/services to areas currently inadequately served.
- Emergency situations which require immediate funding.
- Funding necessary to meet documented code deficiencies.
- Prevention of homelessness.

Ineligible Activities

1. Acquisition or construction of an emergency shelter for the homeless.
2. Rehabilitation services performed by the staff of the grantee or recipient, such as preparation of work specifications, loan processing, or inspections.

Matching Funds

Each recipient under this subtitle that is a state shall be required to supplement the assistance provided under this subtitle with an amount of funds from sources other than this subtitle equal to the difference between the amount received under this subtitle and \$100,000. If the amount received by the State is \$100,000 or less, the State may not be required to supplement the assistance provided under this subtitle. A grantee may comply with this requirement by providing the supplemental funds itself, or through supplemental funds or voluntary efforts provided by any state recipient or nonprofit recipient. Therefore, recipients may be required to match their grant. In calculating the amount of supplemental funds, there may be included the value of any donated building or material, the value of a lease on a building, any salary paid to staff of the grantee or to any state recipient in carrying out the emergency shelter program, determined at the rate of \$5 per hour. The match requirement will be waived for those agencies least capable of providing additional funds.

Definitions

"Emergency Shelter" means any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for specific populations of the homeless.

"Homeless" means:

1. An individuals or family which lacks a fixed, regular, and adequate nighttime residence; or
2. An individual or family which has a primary nighttime residence that is:
 - (a) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters and transitional housing for persons with mental illness);
 - (b) An institution that provides a temporary residence for individuals intended to be institutionalized; or
 - (c) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. The term does not include any individual imprisoned or otherwise detained pursuant to an Act of the Congress or a State Law.

Employment of Homeless Individuals

Grantees shall, to the maximum extent practicable, involve homeless individuals and families in constructing, renovating, maintaining and operating facilities and in providing services for occupants of facilities assisted under this program.

Recipient Review/Monitoring

The State utilizes a risk-based approach to monitoring its subrecipients under the McKinney Emergency Shelter Grants Program. Recipient programs are tracked in-house through the completion of annual progress reports and review of information funded agencies have provided to other State/quasi-governmental agencies, as appropriate. Regular interaction is maintained with those recipients who receive sizable awards. On-site monitoring of recipients is completed as deemed necessary by State CD staff and is often coordinated with the efforts of the State's McKinney Continuum of Care performance reviews.

Coordination with Other Resources, Consolidated Homeless Fund

The State will take actions to coordinate its program and distribution system with other State/local homeless programs. Funds will be distributed utilizing a common application and cycle.

CHAPTER VIII: Monitoring

Rhode Island Housing in cooperation with the Rhode Island Housing Resources Commission will monitor the progress in meeting the goals and priorities of the Consolidated Plan and assures that federal funds are expended in a timely manner. The State also assures compliance with regulatory requirements by reviewing the performance of subrecipients and agencies administering programs.

Monitoring procedures are in place for the Community Development Block Grant Program, which is administered by the Office of Housing and Community Development (OHCD) under the state's Department of Administration. All cities and towns receiving CDBG funds are monitored annually for compliance with program requirements including environmental review, labor standards, procurement and financial management, national objectives, equal opportunity and administrative/recordkeeping requirements. The program review also includes an assessment of the recipient's timeliness in administering CDBG funds. OHCD also administers and monitors the Emergency Shelter Grant Program.

Rhode Island Housing is responsible for the Consolidated Plan and for administering the HOME program on behalf of the State. For the Consolidated Plan, monitoring requirements include reviewing and certifying the consistency of applications for HUD funding in communities covered by the State Consolidated Plan. This process enables Rhode Island Housing to track federal funds and to review the household characteristics of proposed beneficiaries. Throughout the year, Rhode Island Housing tracks projects to evaluate the State's progress in meeting its one-year goals, and prepares an annual performance report and a new one-year plan annually that details progress made in attaining the quantitative goals set forth in the Consolidated Plan. Rhode Island Housing will also work closely with the Housing Resources Commission to review progress in implementing the plan's strategies and achieving its goals.

Compliance with the statutory and regulatory requirements of the HOME Program is the responsibility of Rhode Island Housing. The Corporation will monitor the performance of subrecipients of HOME funds through an annual site visit and a review of their administrative records. HOME projects that are funded directly by Rhode Island Housing include a more intensive monitoring process. Various site visits are conducted during the implementation of the project. A review of the project is also done at the completion of project work to ensure compliance with the program requirements and follow up is conducted to ensure continuing affordability. Rhode Island Housing is also responsible for the online Integrated Disbursement and Information System. Data on the information system is reviewed on a near-daily basis to commit and draw down HOME funds and to provide activity completion data on costs and beneficiaries of HOME-assisted housing. Various reports are monitored monthly and quarterly, and progress in meeting the State's goals are examined frequently throughout the year and formally through the annual Consolidated Annual Performance Evaluation Report (CAPER) to HUD.

Rhode Island Housing is responsible for the allocation of Low-income Housing Tax Credits (LIHTC) in the State and monitoring all LIHTC developments during the compliance and extended-use period. The Loan Servicing Division is responsible for compliance monitoring and ensuring that developments meet the requirements outlined in the *Housing Credit Program Compliance Monitoring Manual*. Developments are monitored on an annual basis to insure that income, and program affordability requirements are being met and that units meet Uniform Physical Condition Standards.

Chapter VIII: Monitoring

In 1994 Rhode Island Housing, acting on behalf of the State, received a Shelter Plus Care Grant, which has been renewed through the Continuum of Care process. Rhode Island Housing also administers two Housing for People with AIDS (HOPWA) grants and carries out its related grantee responsibilities for these two programs. Rhode Island Housing also has responsibility for oversight and management of 47 supportive housing grants.