



PROGRAM BULLETIN

Date: August 21, 2019
To: Developer Community
From: Eric Shorter, Director of Development
Subject: Developer Fees for Multifamily Transactions
Bulletin #: 2019-06

RIHousing is updating the Developer Fee policy to incorporate preservation transactions that do not include a re-syndication. The maximum Developer Fee (including overhead) is calculated either (i) per unit or (ii) as a percentage of total development cost minus the value of any capitalized reserves and the Developer Fee (the “Fee Based Development Cost”). Development consultant fees must be paid out of the approved Developer Fee. Developers should note that the percentages below represent the maximum fee that may be earned. Lower fees or deferred fees may be required depending on the amount and/or source of subordinate financing used by a Developer in a transaction.

- I. New Production with tax-exempt financing and 4% LIHTC only**
 - Up to 15% of the Fee Based Development Costs

- II. New Production with Additional Subsidy (9% LIHTC and/or state or federal subsidies (other than 4% LIHTC))**
 - Scattered Sites: 0 to 2-bedroom units – \$21,500 per unit
3 bedroom or greater – \$23,000 per unit
 - Single Site: 0 to 2-bedroom units – \$18,900 per unit
3 bedroom or greater – \$21,000 per unit

Incentive Developer Fee: Developers of New Production projects using 9% LIHTC are eligible for an Incentive Fee of up to 50% of any cost savings realized for projects that (i) are completed under budget, or (ii) are eligible for upward adjusters. The balance of the cost savings will be recaptured by RIHousing.



III. Preservation with tax-exempt financing and 4% LIHTC only.

- 5% of acquisition and 10% of construction and soft costs not including new reserves and Developer's Fee (the "Base Fee"). Developers may increase the developer fee to 15% of the Fee Based Development Cost (as defined above) as long as any amount above the Base Fee is deferred.

IV. Preservation without LIHTC and Rollover RIHousing Debt for applications received as of August 1, 2019.

- For non-LIHTC transactions with existing RIHousing debt that will be "rolled over" rather than be repaid, the maximum developer fee will be equal to 5% of the construction cost.
- A minimum fee of \$500 per unit will be provided to a sponsor of a preservation transaction if substantial rehabilitation of units is involved.

Developer Fees for development of commercial space as part of a RIHousing financed residential project will be negotiated on a case-by-case basis.