

A black and white photograph of two women sitting on a wooden bench outdoors, laughing heartily. The woman on the left is wearing a striped button-down shirt, and the woman on the right is wearing glasses and a sleeveless top. The background is a blurred outdoor setting with trees.

# HOUSING STABILITY FOR RHODE ISLANDERS

## RECOMMENDED PRIORITIES FOR INVESTING AMERICAN RESCUE PLAN FUNDS

PRESENTATION TO RI SENATE FINANCE COMMITTEE

NOVEMBER 15, 2021

PRESENTED BY MELINA LODGE  
HOUSING NETWORK OF RHODE ISLAND





# ABOUT HOMES RI

- Coalition of organizations and community stakeholders dedicated to increasing the supply of safe, healthy and affordable homes and reducing housing cost burden for low-and moderate income households.
  - 65 signed on supporters, 80+ engaged collaborators, 300+ individuals connected
  - **Shared Vision:** All Rhode Islanders live in healthy, affordable, sustainable homes in thriving communities.
- Coordinated / staffed by Housing Network of RI



# ABOUT HOMES RI

- **Homes RI was formed to:**

- Raise awareness of underinvestment and need for sustainable funding for housing
- Build public and political will for affordable homes
- Increase collaborative capacity
- Create process for common plan and vision among stakeholders

- **Policy Agenda**

- Increase state funding for construction and preservation of safe, healthy and affordable homes
- Increase state funding for low and very low-income households
- Increase funding for necessary supportive services to people needing them
- Remove legal, administrative, regulatory and economic barriers to safe, high quality housing

# HOUSING OPPORTUNITY FRAMEWORK

- Released in December 2019 following 18-month stakeholder engagement process to identify strategies to increase the supply of safe, healthy, long-term affordable homes in RI.
  - Contributions from more 150 stakeholders statewide.
- Four major action areas:
  1. Increase community engagement and build political will for affordable homes.
  2. Increase investments to produce, preserve and protect long-term affordable homes in RI.
  3. Reduce regulatory and economic barriers to residential development.
  4. Promote policies and interventions to expand access to safe, healthy, affordable homes.

# HOW WE GOT HERE

- **Wages have stagnated, & income inequality has increased**
  - **In 2002, wage at 10<sup>th</sup> wage percentile was \$9.59/hour<sup>1</sup>**
    - In 2016, it was \$9.91/hour
  - **In 2002, median wage was \$18.71/hour**
    - In 2016, it was \$17.95/hour
  - **Between 1970s and 1990s, the wealthiest 1/5 of family incomes went up 64%**
    - Poorest 1/5 of family incomes went down by 17%
- **Production of residential homes affordable to middle-income families decreased**
  - Overall, building permits have decreased over the last 20 years
  - Fewer than 500 multi-family units per year since 1990
  - Low supply puts upward pressure on home prices and rents
- **Declining federal and local support for affordable housing over the past 40 years**

1. Wage data from Economic Progress Institute, *The State of Working Families* (2017)

# HOW WE GOT HERE

- **Redlining & Residential Segregation**
  - **Redlining is a coding system developed by banks, signaled to investors areas which areas were heavily settled by Black Americans and other minority groups**
    - Led to segregation and disinvestment in these areas
    - Loss of jobs, “white flight” & racial steering by real estate agents
  - **Black Americans not eligible for FHA loans, VA benefits post WWII, discrimination in employment**
    - Not eligible for mortgages & other supports, reflected in homeownership rates today (32% ownership rate for BIPOC, 68% for whites in RI)
  - **School funding based on property taxes and school segregation**
  - **Racial discrimination in housing not illegal until 1968 Fair Housing Act**
    - Housing vouchers (Section 8) used as proxy for racial discrimination today
    - Source of income protection laws (RI passed 2021) help address this

# HOW WE GOT HERE

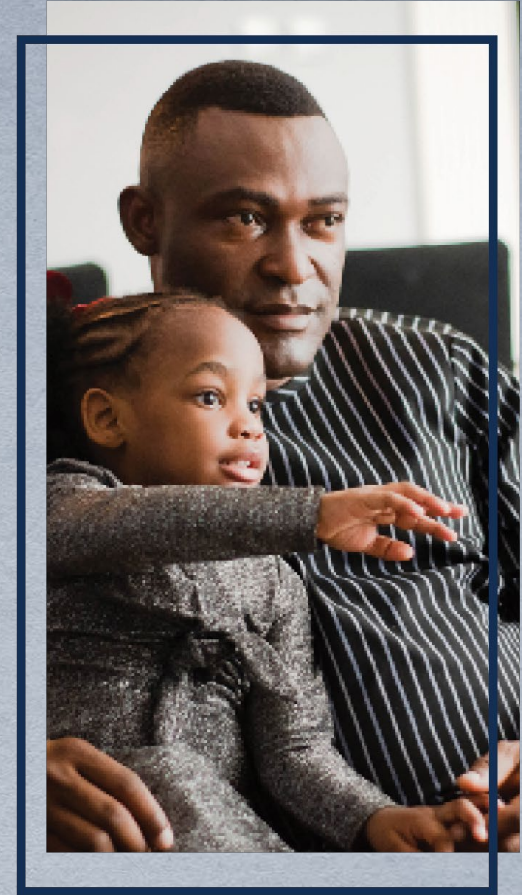
- **RI's investment in affordable housing is lower than neighbor states**
  - About \$22 per capita compared to MA (\$101) and CT (\$96)
  - Without recent bond investments, we were spending just \$5.21 per capita
- **New Housing Production Fund estimated to generate \$4 million annually**

## **Rhode Island's Low and Moderate Income Housing Act**

- Law requiring each city/town to have 10% affordable housing of their total stock – cities and towns with at least 15% of year round stock as rental are exempt from the law
- Only six cities and towns meet this goal
- Currently there is lack of incentives or support for cities and towns and no enforcement mechanism
- Special Legislative Commission on LMIH Act to make recommendations
  - Land Use Commission findings are also important

# HOMES RI ARPA PROPOSAL

## \$500 MILLION FOR HOUSING





# HOUSING: \$500 MILLION

- The *American Rescue Plan Act* provides an extraordinary opportunity for federal investment to respond to the coronavirus public health emergency and help redress its devastating economic effects.
- Recommendations respond to urgent housing needs.
- Recommendations intended to augment and leverage existing funds and programs
  - Not intended to replace any existing federal, state, or local housing finance programs.
- Collaborative input process – meetings, survey, one-ones.
  - Final version of recommendations drafted by Housing Network of RI, ONE Neighborhood Builders, HousingWorks RI, Crossroads RI

# 1. Produce, Protect, and Preserve Affordable Homes Statewide - \$350 Million

**ASK: \$350 Million**

RESULTS by 2030:

- Produce at least 1,800 new deed-restricted homes for low-income households
- Protect at least 200 units of naturally occurring affordable housing through conversion of market-rate to deed-restricted affordable homes.
- Preserve at least 500 existing deed-restricted homes, whose restrictions are set to expire.
- Decrease homeownership rate disparity between BIPOC and white communities.

*\*\*\*These goals are for ARPA-financed development and are above and beyond goals that use other sources of housing development capital.*

# 1. Produce, Protect, and Preserve Affordable Homes Statewide - \$350 Million

## **MECHANISMS:**

- \$275 million for production and preservation. New program rules would allow ARPA funding to be “first and only” financing in a development project.
- \$70 million invested into a housing accelerator fund to be used to acquire property quickly for development as affordable housing.
- \$5 million for down-payment assistance.

## **POLICY:**

- Introduce legislation that requires all multi-family developments (5+ units) to be registered with their respective municipalities.
- Introduce legislation that requires nonprofit housing developers to have the right of first refusal to purchase multi-family dwellings (5+ units) and all state-owned property.



## 2. Housing Access & Stability Statewide - \$60 Million

### **ASK: \$60 Million**

#### RESULTS by 2030:

- Achieve “functional zero” for homelessness in Rhode Island, whereby homelessness is rare, brief, and non-recurring.
- Decrease housing cost burden for the bottom two renter household quintiles (households with income between \$0 and \$28,486 per year).

## 2. Housing Access & Stability Statewide - \$60 Million

### MECHANISMS:

#### **\$45 million for rental assistance. Programs may include:**

- Expand Landlord Partnership Programs to encourage landlords to participate in the Housing Choice Voucher program.
- Increase rental subsidy value of Housing Choice Vouchers to help voucher holders secure apartments in areas where rents are more expensive.
- Replenish the Neighborhood Opportunities Program (NOP) fund. NOP is an operating-loss escrow for landlords that lease to households with an income of less than 40% AMI
- \$5 million for services delivered via permanent supportive housing. Funding will be used to bridge Continuum of Care social service contracts and supplement Medicaid Housing Stabilization funding.
- \$9 million for a permanent court-based eviction-diversion program that would assist tenants facing potential eviction for reasons beyond missed rent payments. This will remain a need beyond the current RentReliefRI program and will offer help for a broader list of reasons.
- \$1 million for the rapid diversion from homelessness for those who are low-acuity and whose diversion intervention averages \$1,500 per household.

### 3. Support to Municipalities and State to Create and Preserve Safe and Healthy Homes - \$90 Million

**ASK: \$90 Million**

RESULTS by 2030:

- Update individual zoning and planning regulations in communities that would shorten the process to develop more housing.
- Develop and implement more robust local housing plans with specific goals for how much more housing would be created and/or preserved to meet the needs within individual communities.



### 3. Support to Municipalities and State to Create and Preserve Safe and Healthy Homes - \$90 Million

#### **MECHANISMS:**

- \$25 million for expanded staff capacity at state and municipal agencies.
- \$25 million to capitalize a forgivable loan fund to remedy code violations and repair properties so they meet Housing Quality Standards and/or Universal Design standards to allow for aging in place. This fund would require owners to meet compliance requirements in order for the loan to be forgiven (i.e., maximum rent that may be charged, a minimum of a 6-month lease, etc.).
- \$40 million to support municipalities in their efforts to enact and enforce local ordinances related to building code violations and vacant dwellings.

### 3. Support to Municipalities and State to Create and Preserve Safe and Healthy Homes - \$90 Million

#### **POLICY RECOMMENDATIONS:**

- Introduce legislation that requires a Certificate of Habitability for rental housing to be issued at regular intervals.
- Update the Rhode Island Low and Moderate Income Housing Act to require municipalities to engage in a robust planning process to reach affordable housing goals, even when those communities are exempt from certain percentages.



An aerial photograph of a residential complex, likely a housing network, featuring numerous houses with gabled roofs and dark roofs, interspersed with green trees and a central open area. The image is overlaid with a semi-transparent blue filter.

# THANK YOU

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