

## HOUSING

# Despite unprecedented federal dollars, housing advocates say R.I. still isn't designating enough funds to build, preserve units

Advocates asked the state to invest \$500m in ARPA funds, including \$350m just for the development of new and preservation of existing homes. Instead, only \$90m has been dedicated to development so far.

By [Alexa Gagosz](#) Globe Staff, Updated March 17, 2022, 5:40 p.m.



A former homeless encampment on Fuller Street in Providence was bulldozed in the fall of 2021. JOHN TLUMACKI/GLOBE STAFF

PROVIDENCE — Rhode Island needs more than 20,000 homes that low-income renters could afford, despite an unprecedented amount of cash available to help the state develop new units. The state has more than \$1.1 billion in American Rescue Plan Act funds from Congress and a huge state surplus, yet housing advocates say that not enough of that money is being dedicated toward housing.

Governor Dan McKee proposed a [\\$250 million investment in housing](#) and homelessness assistance using the recovery funds in his FY2023 budget this year. It's the biggest chunk allocated from the ARPA funds, but only \$90 million of that money will go toward "creating and preserving" about 1,500 units for households earning up to 80 percent of the area median income (which is about \$69,200 for a four-person household).

When the administration's investment announcement came, it was after months of increased pressure to tap into federal dollars to address Rhode Island's housing crisis. In September 2021, housing advocates and providers called on the state to allocate [at least \\$500 million](#), which is about half of the state's ARPA funds, to put toward the crisis.

But the actual investment was still only about half of what advocates asked the McKee administration to allocate toward the problem.

"We have a lot of need," [Melina Lodge](#), the executive director of the Housing Network of Rhode Island, said on a call Wednesday night. "And the challenge when getting a once-in-a-lifetime investment is wondering: When will Rhode Island ever get this type of money from the federal government ever again? I don't envy the government that has to make the decisions.

"But we can't make investments in one-off programs. We need to invest in programs that will have long-term returns. That's housing," she said.

 A Flourish chart

According to a new survey by Housing Network of Rhode Island, or HNRI, nine organizations would be able to produce and preserve 1,933 long-term affordable homes, with total development costs of \$484.4 million.

“These data demonstrate the evident need for increased funding for development costs in order to appropriately tackle Rhode Island’s shortage of available, affordable homes,” read the survey.

In the survey, HNRI members forecasted that they could build and preserve 1,836 homes for rent and create 97 new homes for purchase for low- and moderate-income households. About 97 percent of developments would serve low-income renters and 3 percent would serve moderate-income renters, with more than half of the forecast rental homes targeted to “extremely” and “very low”-income renters.

 A Flourish chart

Beyond the federal dollars, McKee's office recently announced that \$60 million in funding was available to support affordable housing, [but it came from a variety of sources.](#)

"Housing is a top priority for the McKee-Matos Administration which is why the Governor dedicated the largest amount of ARPA/SFRF funding to address this issue head on," Andrea Palagi, a spokeswoman for the governor, said in a statement to the Globe Thursday. "Beyond that historic investment... as a result of a partnership between the Governor and the General Assembly last session, this is the first fiscal year where Rhode Island will have a dedicated funding stream for affordable housing."

Another nearly \$16 million from federal sources or Rhode Island Housing has been directed toward various housing and homelessness funds, said Palagi.

But some advocates say the price of materials and labor continues to rise, and are nervous that if the state does not dedicate more resources to provide affordable housing, the state could get further behind on building new projects.



“We can’t cure overall inflation without bringing down housing costs, and we can’t meaningfully bring down housing costs without building more supply,” said Colin

Penney, executive director of [South County Habitat for Humanity](#) and HNRI Board vice president.

Lodge said there’s been a “housing crisis” in Rhode Island since she started in the industry nearly 15 years ago, but that the pandemic has made it more visible, and it’s not “just affecting the lowest-income.”

“Those earning around \$70,000 won’t be able to afford to buy a home, but they are also having a really hard time finding a rental unit they can afford because there’s just no stock,” she said. “This is becoming a middle-income issue too.”

In 1985, the state issued approximately 7,800 building permits. But in 2020, Lodge said, only about 1,300 permits were issued.

“We need to be ‘double plus’ what we are producing now, and with a heavy emphasis on affordable housing. We can say that we need \$500 million each year, but that’s not realistic,” said Lodge. “This is a catalyzing moment. We need dedicated funding from the state each year, but these ARPA dollars could serve as a down payment. People need homes to have a stable and thriving economy on all levels.”

Many state lawmakers and the business community agree that Rhode Island needs to build more housing.

The Rhode Island Foundation recently issued a report that also [called for \\$405 million](#) of ARPA funds to combat the state’s “decades-long acute shortage of housing.” Kristen Adamo, the CEO of the Providence-Warwick Convention Center and Visitor’s Bureau, was sitting on a panel at the newly opened Aloft Hotel in downtown, and said she was excited to see federal funds dedicated to various issues in Providence, including affordable and workforce housing. “The people that work here,” she said, circling the room with her finger, “Need and deserve a place to live, too.”

Speaker K. Joseph Shekarchi and Representative June S. Speakman recently unveiled a package of 11 bills to address the state's housing crisis. The bills aim to streamline development, provide more complete and timely information about housing, and help cities and towns meet affordable housing goals.

On the ARPA funds, Shekarchi said, "The funds are there. We need them to be utilized, and we need to hold people accountable to make sure we see results."

But while the state still needs to figure out what to do with the remaining \$1 billion in funds, organizations, businesses, unions, and key stakeholders have proposed programs that would cost the state [a whopping \\$7 billion](#).

"Everyone wants money for their program. And I'm sure a lot of these are good programs. But we want to fund things that are going to be sustainable," said Senate Majority Leader Michael J. McCaffrey, another Warwick Democrat, recently. He suggested that putting the money toward housing "will pay off in the future."

State lawmakers have until June 30 to make budgetary decisions and Lodge said she and other housing advocates are pleading with them to consider fully funding the request of \$500 million in housing investments.

"We will closely watch that revenue source as we deploy these funds to support housing production, including developing more affordable units in Rhode Island," said Palagi, the governor's spokeswoman. She said the governor will work with the Speaker and Senate president to "continue Rhode Island's momentum in addressing the housing crisis."

"Housing is really a hard-simple problem. To solve homelessness is simple: You provide housing. But housing provisions are complicated," said Lodge. "But it's collectively our problem. It's not just an urban core issue. Or a rural issue. It's an issue across Rhode Island."

“These are solvable problems,” she said. “But we need money and leadership.”

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