

Governor's FY 2023 Budget: ARPA Projects

Staff Presentation to the House Finance
Committee
March 9, 2022

American Rescue Plan Act

- State & Local Fiscal Recovery Funds
 - RI to get \$1.8 billion over 2 years
 - \$1,131.1 million to the state
 - \$112.3 million for capital project expenses
 - \$536.8 million to locals
- Use spans several state fiscal years
 - Must obligate by Dec. 31, 2024 - **FY 2025**
 - Funded projects must be completed by Dec. 31, 2026 - **FY 2027**
 - Governor programs all funding from FY 2022 through FY 2027

ARPA State Fiscal Recovery Funds Timeline

FY 2021: March 2021 ARPA becomes law

- 
- \$1,131M - fiscal recovery funds
 - May 2021 interim final rule
 - June 2021 compliance & reporting guidance
 - July 2021 (FY 2022) most recent FAQs updated
 - Dec. 31, 2024 funds must be obligated by (FY 2025)
 - \$112M capital projects fund
 - Sept. 2021 guidance
 - Sept. 24 application opens
 - December 27, 2021 deadline to request funding (FY 2022)
 - September 24, 2022 deadline to submit grant plan (FY 2023)

FY 2027: All funds must be spent by December 31, 2026

American Rescue Plan Act

- Governor programs all funding from FY 2022 through FY 2027 to over 50 projects
 - FY 2022 allocation appear in 2022-H 7122
 - Includes \$119 million approved on Jan 4
 - Remaining allocations in Art 1 2022-H 7123
 - Sec. 1 - FY 2023 allocations
 - Sec. 16 - FY 2024-27 & item descriptions by agency
 - Projects mostly one time
 - Some likely create expectation of future support
 - Some funding replaces current state support

ARPA Projects

State Fiscal Recovery Funds - Category	Amount
Housing	\$250.0
Economic and Workforce Development	211.8
Small Business & Impacted Industry	180.5
Public Health	152.3
Children, Families and Education	118.6
Behavioral Health	42.4
Public Infrastructure & Technology	26.5
Climate	132.0
Administration	17.0
Total	\$1,131.1

\$ in millions

State & Local Fiscal Recovery Funds

A. Respond to the public health emergency (PHE) and its economic impacts

B. Respond to workers performing essential work during COVID-19 PHE by providing premium pay to eligible workers

**ARPA specifies
four eligible
uses**

C. Provision of government services to the extent of the reduction in revenue due to the COVID-19 PHE

D. To make necessary investments in water, sewer or broadband infrastructure

State & Local Fiscal Recovery Funds

U.S. Treasury Eligibility Categories	Code	Share of Total	Project Count
Support public health	A-1	19.4%	9
Address negative economic impacts	A-2	19.0%	11
Services to disproportionately impacted communities	A-3	17.9%	9
Premium pay	B	1.1%	1
Revenue replacement	C	41.0%	21
Infrastructure – water, sewer, broadband	D	0.0%	1

Introduction

RI Housing	
Development of Affordable Housing	\$90.0
Site Acquisition	25.0
Down Payment Assistance	50.0
Workforce Housing	20.0
Affordable Housing Predevelopment	10.0
Home Repair and Revitalization	25.0
Predevelopment and Capacity Building	1.5

\$ in millions

EOC- OHCD	
Homelessness Assistance Program	\$21.5
Homeless Infrastructure	5.0
Statewide Housing Plan	2.0

DCYF	
Foster Home Lead Abatement & Fire Safety	\$1.9

Affordable Housing Statistics

- Affordable Housing
 - Less than 30% of a household's gross income spent on housing for households at or below 80% of area median income

Area Median Income	Equivalent Annual Income – (3 people)	Maximum Monthly Rent
30%	\$20,150	\$594
50%	33,584	\$990
60%	40,300	\$1,170
80%	53,734	\$1,584
100%	67,167	\$1,980

HUD data for all of RI

Affordable Housing Statistics

- HUD calculates AMI for various household sizes annually by municipality

AMI/ Persons	1	2	3	4	5	6
30%	\$18,500	\$21,100	\$23,750	\$26,400	\$28,500	\$30,600
50%	30,800	35,200	39,000	44,000	47,500	51,050
60%	36,960	42,240	46,800	52,800	57,000	61,260
80%	49,300	56,300	63,350	70,400	76,050	81,650
100%	61,600	70,400	79,200	88,000	95,040	102,080

HUD data for all of RI

Affordable Housing Statistics

- Low and Moderate Income Housing Act
 - Originally enacted in 1991
 - Goal that 10% of total housing units be affordable in every municipality
 - Only six meet the requirement
 - Burrillville, Newport, New Shoreham, Woonsocket Providence and Central Falls
 - Falls short by around 13,000 units statewide
 - Meeting the goal allows for exemption from comprehensive permitting process

Affordable Housing Background

- Recent focus of 2021 session activity
 - Funding
 - Governance and reporting
 - Special topic House commissions
 - 2021 Summer and Fall
 - 2022

Affordable Housing Background

- Deputy Secretary of Housing
 - 2021 Assembly established position as state's lead official to coordinate & facilitate housing development
 - Hired in January 2022
 - Required to produce annual report on housing units, affordability, healthy housing stock & housing formation trends, & recommendations by December 31
 - Preliminary report did not contain all required information or Division of Revenue Analysis review

Affordable Housing Background

- Housing Report should include
 - Total housing stock by municipality
 - Occupancy, income type, families per unit, ownership, fair market rates, prices, cost burdened population, cost growth, bedrooms, health risks by age of stock and bedrooms
 - Unmet need and status quo projection
 - Permit application approvals and denials
 - Funding sources for housing development
 - Comparison to similar and regional states
 - Review by Office of Revenue Analysis

Affordable Housing Background

- Preliminary Report Lacks
 - Review by Office of Revenue Analysis
 - By municipality data
 - Prices, cost burdened population, cost growth, bedrooms, health risks by age of stock and bedrooms
 - Status quo projection
 - Permit application approvals and denials
 - Funding sources for housing development
 - Comparison to similar and regional states

Housing Production Fund

- 2021 Assembly established Housing Production Fund
 - Administered by RI Housing subject to Coordinating Committee guidelines
 - Financial assistance for the planning, production, or preservation of housing
 - Technical & financial assistance for municipalities
 - Support housing production, regulatory reduction & housing incentives

Housing Production Fund

- FY 2022 enacted budget establishes a 2nd tax tier of the real estate conveyance tax, effective Jan. 1, 2022
 - Doubled tax to \$4.60 per \$500 (0.92%) for residential properties valued over \$0.8 million
 - Accrues entire \$2.30 increase to restricted Housing Production Fund

Housing Production Fund

- 2nd tax tier effective January 1, 2022

Recipient	Share	FY 2022
Housing Resources Commission	\$0.30	\$6.3
Distressed Community Relief (General Revenues)	0.30	6.3
State General Fund	0.60	12.5
Municipality	1.10	23.0
Housing Production Fund ¹	2.30	1.9
Total	\$4.60	\$49.9

FY 2022 Total \$ in millions; ¹tax effective Jan.1, 2022, half year only

Housing Production Fund

- Housing Production Fund
 - 2021 Assembly capitalized with \$25.0 million from general revenues
 - Budget assumes additional \$19.2 million over 5-year period - from new dedicated source

Source	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
General Revenues	\$25.0	\$ -	\$ -	\$ -	\$ -	\$25.0
Real Estate Conveyance Tax ¹	1.9	4.2	4.3	4.4	4.5	19.2
Total	\$26.9	\$4.2	\$4.3	\$4.4	\$4.5	\$44.2

\$ in millions; ¹Tax change effective Jan.1, 2022; FY 2022 is half year only

Housing Production Fund – Coordinating Committee

- Approved parameters on March 7
 - Capital Fund: \$10 million
 - $\leq 80\%$ AMI
 - Competitive gap financing grants, loans, or pledged operating subsidies to developers
 - At least 10% of units for those $\leq 30\%$ AMI
 - Extremely Low Income: \$10 million
 - $\leq 30\%$ AMI
 - Competitive operating subsidies for owners
 - Capital Reserve fund to ensure $\leq 30\%$ of residents gross income is spent on housing

Housing Production Fund – Coordinating Committee

- Approved parameters on March 7
 - Municipal Fund: \$5 million
 - Financial and technical assistance for municipalities
 - RI Rebounds (SFRF): \$27 million
 - *Approved in 21-H6496, Sub A*
 - Competitive grants for developers
 - Site acquisition, loan origination, other soft costs
 - Multi-family or homeownership units

Affordable Housing Background

- Special Commissions - 2021 Session
 - Special Legislative Commission to Study Low and Moderate Income Housing Act
 - Special Legislative Commission to Study The Entire Area of Land Use, Preservation, Development, Housing, Environment, & Regulation
 - Each have had three meetings so far in 2022: 1/18, 2/1, and 2/15

Development of Affordable Housing

- Development of Affordable Housing
 - \$90.0 million
 - \$15.0 million approved in 2021 - H 6496, Sub A
 - Governor scores this program as A-3: Services to disproportionately impacted communities

Governor – ARPA	
FY 2022	\$15.0
FY 2023	20.0
FY 2024	30.0
FY 2025	25.0
Total	\$90.0

\$ in millions

Development of Affordable Housing

- Supplement current RI Housing programs
 - Enhanced gap financing
 - Supplement G.O. bonds and new Housing Production Fund sources
 - Subsidy equal to the total project gap
 - Single application w/ Building Homes RI (BHRI)
 - Corresponds to ballot year approvals
 - BHRI: 2006, BHRI II: 2012; BHRI III: 2016; BHRI IV: 2021
 - Application also supports federal low income tax credits

Development of Affordable Housing

- Federal Low Income Housing Tax Credits (LIHTC)
 - 10-year tax credit competitive up to 9% and non competitive at 4% rate
 - Subsidize 30% to 70% of building value
 - Treasury guidance does not permit mingling with ARPA funds
 - Subject to advocacy efforts and may change
 - Trade off between using ARPA or LIHTC

21-H 6494 Sub A Development of Affordable Housing

- Anticipate 3 rounds of obligations in FY 2022 of \$27.3 million each from 3 sources
 - To be spent over three years
 - Excludes Low Income Housing Tax Credits

Funding Source	Total	Est. Split
G.O Bonds - 2021 Ballot	\$50.0	\$16.7
Housing Production Fund	17.0	5.6
ARPA Funds	15.0	5.0
Total	\$82.0	\$27.3

\$ in millions

Development of Affordable Housing: G.O. Bonds

- In 2006, 2012, & 2016, voters approved total G.O. bond issuances of \$115.0 million for Affordable Housing
 - Additional \$10 million for blight remediation
- Voters in March 2021 approved new \$65.0 million G.O. bond issuance
 - Assumes unspecified amount for RI Housing Acquisition & Revitalization Program (ARP)
 - or “Blight”
 - EOC reports \$15.0 million

Development of Affordable Housing: G.O. Bonds

- 2012 & 2016 bonds specifically for
 - New construction & redevelopment of existing structures
 - 2016 included \$10.0 million for RI Housing Acquisition & Revitalization Program
 - \$4.0 million for residential development – 152 residential units: 147 rental
- 2006 bonds matching funds allocation
 - 80% for deferred loans for rental units
 - 20% for development of home owner units

Development of Affordable Housing: G.O. Bonds

FY	BHRI	G.O. Bond	Blight	Afford. Housing	Total Units	Rental	To Own
2006	I	\$50.0	-	\$50.0	1,226	1,077	149
2012	II	25.0	-	25.0	748	726	22
2016	III	50.0	(10.0)	40.0	1,248	1,220	28
2021	IV	65.0	(15.0)	50.0	<i>Not All Awarded</i>		
Total		\$190.0	(25.0)	\$165.0	>3,222	>3,023	>199

\$ in millions

- 2016 & earlier bonds committed; \$19.9 million awaiting disbursement to awardees from RI Housing

Development of Affordable Housing: G.O. Bonds

FY	2006	2012	2016
Pre-2013	\$50.0	\$ -	\$ -
2014	-	3.1	-
2015	-	6.3	-
2016	-	9.4	-
2017	-	3.1	-
2018	-	3.1	-
2019	-	-	6.5
2020	-	-	13.4
2021	-	-	1.1
2022	-	-	5.0
Total	\$50.0	\$25.0	\$26.0

- G.O. bond funds disbursed to RI Housing incrementally
 - ~\$14.0 million awaiting disbursement to RI Housing from state from 2016 issuance

\$ in millions

Site Acquisition

- Site Acquisition
 - \$25.0 million
 - Category A-3: Services to disproportionately impacted communities
 - *\$12.0 million approved in 21-H6496, Sub A*
 - Administered by RI Housing
 - Create est. 1,000 units

Governor – ARPA	
FY 2022	\$12.0
FY 2023	3.0
FY 2024	5.0
FY 2025	5.0
Total	\$25.0

\$ in millions

Site Acquisition

- \$25.0 million for RI Housing to continue its site acquisition program
 - For subsidies limited to property purchases
 - To secure site control for future development
 - Respond to current competitive real estate environment
 - Allows developers additional time to assemble resources for redevelopment
 - Targeted for households up to 80% AMI
 - To provide project pipeline to be future candidates for affordable housing funding

Site Acquisition

- Governor Raimondo provided \$1.6 million from federal CRF for 2 properties during 2020
- RI Housing authorized \$2.1 million for 3 sites
 - One property lost site control
 - Cost of another increased nearly 19%
 - For use as emergency shelters - COVID-19
 - Required commitment to subsequently use property as supportive housing

Down Payment Assistance

- Down Payment Assistance
 - \$50.0 million
 - Category C: Revenue replacement
 - Administered by RI Housing

Governor – ARPA	
FY 2023	\$15.0
FY 2024	20.0
FY 2025	15.0
Total	\$50.0

\$ in millions

Down Payment Assistance

- Does specify
 - Award amount of \$17,500
 - Equates to 2,857 awards; RI Housing projects around 2,500 over three years
 - First time homebuyers only
- Does not specify
 - Other eligibility criteria
 - Form of assistance
 - Terms of assistance

Down Payment Assistance – Possible Format

- Grant with eligibility criteria
 - 1-4 family home or condominium
 - Minimum credit score of 620
 - Homebuyers education course
 - RI Housing funded mortgage lender
 - Primary residence
 - Maximum home price of \$492,201
 - Meet certain income limits
- Administration costs of \$5 million

Down Payment Assistance – Recent Similar Programs

- RI Housing
 - First Generation Down-Payment Assistance Program – February 2022
 - Up to \$25,000 forgivable loan
 - First generation homebuyer
 - Must currently live in qualified communities
 - Income limits and credit score minimum of 660
 - 10k DPA and Spring 7500 Programs
 - \$10,000/\$7,500 forgivable loan
 - First time homebuyer
 - Income limits and credit score minimum of 660

Workforce Housing

- Workforce Housing
 - \$20.0 million
 - Defined as households earning up to 120% area median income (AMI)
 - Category C: Revenue Replacement

Governor – ARPA	
FY 2023	\$12.0
FY 2024	8.0
Total	\$20.0

\$ in millions

Workforce Housing

- Does specify
 - “support a program to increase the housing supply for families earning up to 120 percent of area median income”
- Does not specify
 - Types of recipients
 - Other eligibility criteria
 - Form of assistance
 - Terms of assistance

Workforce Housing – Possible Format

- Support development of apartments
 - For those earning up to 100% AMI
- Gap financing for developers
 - Site acquisition, remediation, construction, legal and design fees
 - Request for proposal process
- Based on existing Workforce Development Program at RI Housing
 - Minimum project size limits
 - Loan program based on point system

Affordable Housing Predevelopment

- Affordable Housing Predevelopment
 - \$10.0 million
 - Category A-3: Services to disproportionately impacted communities
 - Non-construction development costs

Governor – ARPA	
FY 2023	\$2.5
FY 2024	2.5
FY 2025	2.5
FT 2026	2.5
Total	\$10.0

\$ in millions

Affordable Housing Predevelopment

- Does specify
 - Support predevelopment work
 - For proposed developments and developer capacity
- Does not specify
 - Eligibility
 - Form of assistance
 - Terms of assistance

Predevelopment – Possible Format

- Eligibility
 - Recipients
 - For profit and nonprofit developers
 - Public housing authorities and municipalities
 - Expenses e.g.
 - Environmental testing
 - Architectural design and legal fees
- Maximum award of \$500,000
 - Awarded on rolling basis
 - 25-50 developments

Home Repair & Community Revitalization

- Home Repair & Community Revitalization
 - \$25.0 million
 - Category A-3: Services to disproportionately impacted communities
 - Language requires expanding existing RI Housing program

Governor – ARPA	
FY 2023	\$15.0
FY 2024	10.0
Total	\$25.0

\$ in millions

Home Repair & Community Revitalization

- Urban Revitalization and Blight Remediation
 - \$10.0 million from 2016 G.O. Bonds
 - Only \$40,000 left for FY 2023
 - Administered by RI Housing
 - Razing and redeveloping residential, commercial, and community spaces
 - In predominantly low income areas
 - Developers, housing authorities, and municipalities are eligible

Home Repair & Community Revitalization

- Governor anticipates redevelopment of
 - 380 residential units
 - 55 commercial or community spaces
- Differences from existing program
 - Does not include 75% urban set aside
 - Also supports “critical home repair”
 - Eligibility, form of support, or value of those awards are not specified
 - Uncertain portion of total

Predevelopment and Capacity Building

- Predevelopment and Capacity Building
 - \$1.5 million
 - Category C: Revenue Replacement
 - *\$0.5 million approved in 21-H6496, Sub A*
 - Office of Housing and Community Development
 - Contractors

Governor – ARPA	
FY 2022	\$0.5
FY 2023	0.5
FY 2024	0.5
Total	\$1.5

\$ in millions

Predevelopment and Capacity Building

- Proposes \$0.5 million annually to hire contracted staff until FY 2024
 - OHCD's capacity to receive & process new/increased federal & other funding reportedly strained
 - 2021 Assembly provided \$125,000 & 1.0 new FTE
 - Additional financial reporting & administrative processing support for new pandemic-related federal grant activities – Posted June 2021; filled September 2021

Predevelopment and Capacity Building

- To provide timely administrative capacity for operations, research, and stakeholder engagement
 - Direct homelessness programs
 - Direct development programs
 - Assist municipalities that identify & expedite housing development opportunities
 - 2-3 service & performance managers
 - For federal compliance & program achievement
 - 2 positions posted, none hired

OHCD Personnel Expansion

- Governor's budget includes separate proposal for \$0.6 million from general revenues for 5.0 new FTEs for the Office
 - 2.0 community and homelessness program managers
 - 1.0 data analyst
 - 1.0 project manager
 - 1.0 public relations specialist

Homelessness Assistance Programs

- Homelessness Assistance Program
 - \$21.5 million
 - Category A-3: Services to disproportionately impacted communities
 - *\$1.5 million approved in 21-H6496, Sub A*
 - Awards and services
 - OHCD administered

Governor – ARPA	
FY 2022	\$1.5
FY 2023	7.0
FY 2024	7.0
FY 2025	6.0
Total	\$21.5

\$ in millions

Homelessness Assistance Programs

- Same as 21-H 6496, Sub A
 - Grants for housing navigation, stabilization, and mental health
- New subsidies and transition services
 - Potential ongoing commitment
 - Includes transitioning inmates
- Removes
 - Monthly reporting requirement
 - Limit for training expenses (approx. 17%)

21-H 6494, Sub A, Homelessness Assistance

- \$1.5 million to assist 500 people experiencing homelessness
 - Housing navigation, stabilization & mental health services grants to providers
 - Estimate based on 1:15 case manager caseload
 - 500 above baseline; ~33 case managers
 - Existing network reportedly strained
 - Implementation through end of FY 2022
 - Provider training standards & policy support from BHDDH & RI Continuum of Care (RI CoC)

21-H 6494, Sub A, Homelessness Assistance

- OHCD & RI CoC to issue RFP
 - Under existing Consolidated Homeless Fund to existing/new providers
 - Anticipate working w/ BHDDH, EOHHS & “others” to supplement funding
 - \$1.2 million for 500 grants of \$2,400/person

Housing Stability	Amount
Provider grants	\$1.2
Training expenses	0.3
Total	\$1.5

\$ in millions

Homelessness Assistance: Pay for Success

- 2021 Assembly authorized pilot program
 - EOHHS contracts nonprofit investors & service providers for 5 years to aid 125 individuals
 - Supportive housing and wraparound services
 - Capitalized w/ \$6 million to repay investors if savings are achieved compared to baseline
 - Baseline ~\$1.5 million annually or \$12,000/person
- Program still in planning phase
 - Service provider has been selected
 - Hope to begin before January 2023

Homelessness Infrastructure

- Homelessness Infrastructure
 - \$5.0 million for FY 2023
 - Category A-3: Services to disproportionately impacted communities
 - Shelter and housing acquisition and wraparound services
 - OHCD administered

Homelessness Infrastructure

- Does specify
 - Funds for temporary or permanent housing or shelters
 - Acquisition and construction
 - Wraparound services and administration
- Does not specify
 - Other eligible uses
 - Recipients
 - Form of assistance
 - Terms of assistance

Statewide Housing Plan

- Statewide Housing Plan
 - \$2.0 million for FY 2023
 - Category A-3: Services to disproportionately impacted communities
 - Creation of comprehensive housing plan
 - OHCD administered

Statewide Housing Plan

- Funds will aid municipal planning
 - Assess future housing needs
 - Homeownership barriers and affordability
 - Services needed to benefit disproportionality impacted individuals and communities
- As noted, Governor includes separate \$1.1 million in FY 2023 for new OHCD contractors and 5.0 FTEs
 - Deputy Secretary position added in FY 2022

Lead Inspections of Foster Homes

- Currently have visual inspection for foster homes with children under age 6
 - Foster homes that pass can be licensed as lead safe and certified
 - Foster homes that fail cannot be licensed as lead safe but still certified as a foster home
 - Children will still be placed in the home
 - State cannot get federal funding because not “licensed” by state standard

Foster Home Lead Abatement/Fire Safety

- Foster Home Lead Abatement/Fire Safety
 - Category A-3: Services to disproportionately impacted communities
 - 250 total homes served
 - 125 homes for lead abatement
 - \$10,000 per home
 - 125 homes for fire safety
 - \$5,000 per home
 - Goal is to increase number of available licensed foster care placements

Governor – ARPA	
FY 2023	\$1.5
FY 2024	0.4
Total	\$1.9

\$ in millions

Foster Home Lead Abatement/Fire Safety

- Funding available for individuals
 - Making at or below the RI median income or
 - Any foster family who cites fire and lead issues as a barrier to passing inspections

Foster Home Lead Abatement and Fire Safety		
	Lead Abatement	Fire Safety
Cost Per Home	\$10,000	\$5,000
# of Homes	125	125
Total	\$1,250,000	\$625,000

2022-H 7556

- Allocates \$300,000 from ARPA SFRF to Portsmouth Housing Authority
- To conduct repairs at two adjacent affordable housing facilities
 - Quaker Manor
 - Quaker Estates

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