

# 2021 RIHousing Fair Housing Policy Report

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## Contents

Introduction .....	1
Fair Housing Objectives .....	1
2021 Housing Background .....	2
COVID-19 Support Programs .....	3
Homeownership Programs .....	3
Homebuyer Education and Homeowner Counseling .....	4
Home Repair Programs .....	5
Rental Housing Development .....	5
Rental Assistance and Homelessness Prevention Programs .....	6
RIHousing Diversity Initiatives .....	7

## Introduction

In accordance with section 42-55-22.2, this annual report submitted to the General Assembly details the measures that RIHousing has taken to affirmatively further the policies of Chapter 37 of title 34 (Rhode Island Fair Housing Practices Act).

Recognizing the importance of affirmatively furthering fair housing, RIHousing plays a leadership role in increasing the rate of minority homeownership and ensuring that minority households and other protected classes have fair access to all affordable homeownership and rental housing programs. RIHousing has an Affirmative Action Plan in which its goals for elevating minority participation in fair housing programs, as well as contracts for goods, services, and housing development, are detailed.

Described in the remainder of this report are agency efforts that further the policies of the Fair Housing Act, such as: developing strategies that affirmatively further fair housing; prioritizing the development of homes in areas of opportunity; ensuring equal access to housing for persons with disabilities; and increasing access to education and information about fair housing.

## Fair Housing Objectives

Although minority groups comprise only 31.3% of the state's population,<sup>1</sup> minority residents tend to be more highly concentrated in lower-income areas with predominantly renter-occupied housing options when compared to non-minority residents. As a result, rental subsidy programs traditionally see greater rates of minority participation in Rhode Island than do homeownership programs. RIHousing continuously strives to improve homeownership opportunities for low- and moderate-income households in a safe and supportive lending environment through its commitment of affirmatively furthering fair housing. In doing so, the agency affirms its goal to provide equal opportunities for accessible subsidized housing for all eligible Rhode Islanders, among other goals, which are further defined in the state's 2020 – 2024 Consolidated Plan, such as:

- Developing and preserving the existing stock of affordable housing through new construction and rehabilitation for homeowners and renters,
- Preventing and ending homelessness by increasing opportunities for access to affordable housing that meets residents' needs,
- Improving health, safety, and efficiency of all homes by providing safety improvements, energy efficiency improvements, access modifications, or treatment of lead or other home hazards for owner- and renter-occupied housing units,

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<sup>1</sup> Based on United States Census Bureau 2020 Decennial Census data.

- Enhancing publicly owned facilities and infrastructure, and increasing economic stability through improved access to jobs, training and education, health and wellness, and more.

Additionally, RIHousing continues to pursue programs that address the impediments described in the State’s 2020 Analysis of Impediments to Fair Housing (AI). Such impediments identified in the AI include:

- An inadequate supply of affordable housing that: is accessible to persons with disabilities, provides a healthy home environment, and is located in higher opportunity areas,
- An inadequate level of public transportation to efficiently connect people with employment and other important community assets,
- Public opposition to new affordable housing developments,
- An inadequate level of funding to address affordable housing throughout Rhode Island,
- Discriminatory behavior toward members of the protected classes in their search for housing and their attempts to maintain their housing.

These goals and areas identified for improvement consistently coincide with RIHousing’s ongoing efforts to affirmatively further fair housing, as described throughout this report.

## 2021 Housing Background

In 2021, RIHousing continued to implement programs aiming to alleviate the housing challenges prompted by the COVID-19 pandemic, primarily by offering resources to residents struggling to make mortgage and rent payments. An estimated 66% of minority households in the state reside in renter-occupied housing units, compared to about 32% of White, non-Hispanic households. With many of these residents facing the greatest risk of increasing housing-related expenses and reductions in income, achieving high rates of minority participation in COVID-19 relief programs like *RentRelief RI* has been a high priority for the state.

In April 2021, Governor McKee signed the Fair Housing Practices Act, which adds “lawful source of income” to the list of protected classes under Rhode Island’s fair housing laws. This new law prohibits landlords from engaging in actions such as denying housing, limiting access to housing, discouraging home seekers, making or publishing discriminatory statements, or creating different terms, conditions, rules, fees, or standards because of a renter’s reliance on a lawful source of income including rental assistance programs. This measure will help to reduce the barriers to accessing affordable housing for lower-income residents in the state.

## COVID-19 Support Programs

In 2021, RIHousing continued its efforts to support Rhode Islanders burdened with housing-related hardships resulting from the COVID-19 pandemic through new initiatives such as *RentRelief RI*. Launched in March 2021, *RentRelief RI* is a federally funded program administered by RIHousing that seeks to assist renter households in meeting housing expenses such as rental payments, utilities, and other associated costs. By the end of the year, RIHousing had approved \$84 million in rent and utility assistance to more than 12,500 low-income renters. 66.8% of funding awarded to applicants for which race and ethnicity information is known identified as belonging to a racial or ethnic minority group. Further, Hispanic applicants were awarded about 40% of the *RentRelief RI* funding allocated during the year. Most of the assisted households (69.8%) were considered extremely low-income, meaning their household incomes were less than 30% of the median household income in their areas. In 2021, RIHousing also concluded its *HousingHelpRI* COVID-19 relief program and continued its *HomeSafe* initiative, both of which began in 2020. \$2.5 million has been issued between the two initiatives since they began, assisting 900 struggling renters.

The *Hardest Hit Fund* (HHF) also continued throughout 2021 as part of RIHousing's ongoing efforts to provide relief to homeowners struggling to make mortgage payments during the COVID-19 pandemic. Throughout the year, RIHousing disbursed \$1.1 million in HHF loans to 124 total households in the state. 35.9% of funding for which recipients' racial or ethnic information was available was issued to racial or ethnic minority households. Almost a quarter (22.3%) of funds for such loans were issued to heads of households identifying as Hispanic.

## Homeownership Programs

Currently, Rhode Island ranks 48<sup>th</sup> in the United States in terms of minority homeownership with a rate of 33.8%, compared to an average minority homeownership rate of 47% across the country. Through the many first-time homebuyer assistance programs administered by RIHousing, the agency continues to provide the resources necessary to bridge the homeownership gap that disproportionately burdens lower-income residents and residents belonging to protected classes. With the average minority family in the United States possessing about 12.5% as much wealth as the average White, non-Hispanic family, barriers to homeownership are significantly more prevalent among households from protected classes.<sup>1</sup> Having access to stable, high-quality housing is essential for families to access better opportunities for employment, education, and positive health outcomes. However, minority applicants face significantly more barriers to meeting minimum eligibility criteria than do non-minority applications, including difficulty meeting minimum required credit scores and debt-to-income (DTI) ratios, or saving for a down payment. Research by the Urban Institute also suggests that Black households are significantly less likely to receive alternative forms of down payment assistance, including parental loans. This makes the prospects of becoming a homeowner, particularly at a younger age,

increasingly arduous, which risks broadening the wealth gap in the absence of intervention.<sup>ii</sup>

In 2021, RIHousing continued its efforts to reduce the disparate effects of these barriers for protected classes in part by elevating minority participation in its *First Homes*, *Extra Assistance*, and *10k DPA* programs. During the year, more than half of the *First Homes* (56.9%), and *10k DPA* (48.9%) were issued to racial or ethnic minorities, as were 48.9% of the *Extra Assistance* loans. Minority participation rates rose in all three programs during the year, with an average 7.9 percentage-point increase in the share of minority participants across the programs compared to 2020. RIHousing also concluded its *Spring 7500* down payment assistance program in 2021, through which about \$3.7 million in total (54.8% of funds issued to households which provided racial and ethnic demographic information) was issued to minority homebuyers since its inception in 2019.

The share of *Mortgage Credit Certificate* (MCC) recipients belonging to racial or ethnic minority groups was about 14.3% during 2021, which is largely consistent with minority participation rates observed in recent years. Historically, lower minority participation in the state's MCC program has been attributable to federal regulations that bar mortgage credit certificates from being combined with FHA loans, which provide affordable mortgage rates to low- and moderate-income borrowers. Mortgage credit certificates are also offered to first-time homebuyers across the state, regardless of lender, which means that various demographics are served based on eligibility alone and such outcomes are not directly influenced by RIHousing's AFFH efforts.

### Homebuyer Education and Homeowner Counseling

Evidence suggests that homeowner education counseling administered early in the homebuying process has the potential to yield numerous positive outcomes for prospective homeowners, including more secure mortgages, lower housing costs, improved credit scores, and decreased likelihood of delinquency or foreclosure.<sup>iii</sup> In order to prepare Rhode Islanders to successfully engage in the homebuying process, first-time homebuyers seeking to receive a RIHousing mortgage are required to participate in homebuyer education classes either online or in person prior to closing on their loans. Due to the COVID-19 pandemic, in-person classes were suspended in March 2020 and did not resume during 2021. Online courses in both English and Spanish remained available during the year through RIHousing's *eHomeAmerica* homebuyer education platform, as did the virtual homebuyer education classes that initially became available in October 2020. 1,892 total residents participated in online homebuyer education in 2021, 43.9% of which identified as non-White and 44.2% of which identified as Hispanic. 134 people (7.1% of all participants) enrolled in the Spanish-instructed option. Similarly, of the 1,906 virtual homebuyer education enrollees for which race and ethnicity information was available, 67.6% identified as racial or ethnic minorities and 33.4% identified as Hispanic (of any race).

RIHousing has also been offering confidential HUD-approved counseling to struggling homeowners since November 2007 through its HelpCenter services. The HelpCenter

specializes in helping Rhode Islanders avoid foreclosure by providing individualized guidance on finding an affordable mortgage or modifying an existing mortgage, budgeting, developing repayment plans, or connecting with RI Legal Services. In 2021, 94 households were supported through HelpCenter counseling, with 41.2% of the 85 who reported on their race and ethnicity (35 households) identifying as racial or ethnic minorities. The HelpCenter also served residents from diverse age groups, with almost three-quarters of those reporting their age being senior citizens (72.3%). 36.2% of those counseled during the year were reportedly above 60 years old and 36.2% were aged between 50 and 59. These efforts to prepare Rhode Islanders to engage in the homebuying process and to prevent foreclosure, particularly for members of protected classes, continued in 2021 to align with RIHousing's mission to affirmatively further fair housing.

### Home Repair Programs

During 2021, RIHousing continued to provide lead hazard remediation resources for homes constructed prior to 1978 that were finished with lead-based paint. The total number of households that were issued loans through RIHousing's *LeadSafe Homes* program in 2021 was 64, with 18.8% of homes (12 units) occupied by low-income households and 25% (16 units) occupied by very low-income households. In 2019, Rhode Island was awarded an \$8.4 million grant to support lead abatement efforts in census tracts with a high number of minority and low-income households and a high incidence of blood lead poisoning cases. RIHousing has since received HUD approval to target such communities in East Providence, Newport, Pawtucket, and Central Falls.

RIHousing's home repair programs not only serve to improve the quality of Rhode Island's older housing stock, but also make homebuying significantly more accessible for lower-income prospective homeowners since homes in need of rehabilitation tend to be more affordable than newer homes. While the majority of the resources offered by RIHousing to residents for home repair are made available through its *LeadSafe Homes* program, the agency also issued 3 FHA 203(k) loans in 2021, which help to defray the costs of any necessary repairs.

### Rental Housing Development

Of the 733 housing units developed during 2021, 28.5% were occupied by families (209 units), and 46.9% were inhabited by seniors (344 units). Additionally, housing units developed through the *HOME* and *LIHTC* programs, which aim to increase affordable housing opportunities for low- and very low-income residents, were predominantly occupied by minority residents during the year. Across the 2,139 *HOME* units for which race and ethnicity information was available, 79.6% of occupants identified as racial or ethnic minorities, with 37.8% of occupants identifying as Hispanic. Similarly, 96% of the 8,272 households residing in *LIHTC*-financed developments for which demographic data was available identified as racial or ethnic minorities and 24.7% identified as Hispanic.

Many of Rhode Island's cities and towns remain highly segregated by race and ethnicity despite increasing resident diversity in recent years. People of color, regardless of income,

are significantly more likely to live in areas of concentrated poverty or neighborhoods that otherwise offer few of the amenities that are typically associated with opportunity. RIHousing is committed to expanding housing opportunities in communities throughout the state, particularly in rural and suburban communities where affordable housing options are limited. 51% of the units developed or rehabilitated in 2021 were completed in municipalities located outside of the urban core, which tend to have higher opportunity scores in education, labor force engagement, environmental health, and lower concentrations of poverty than those within the urban core<sup>2</sup>. Increasing the stock of rental units in cities and towns with greater opportunities for economic mobility is essential for continuing to enable upward mobility for the state's disadvantaged populations. Additionally, more than a quarter of the 733 units completed during the year were developed in Exeter (40 units), Middletown (49 units), and Narragansett (104 units), which are three of the 27 municipalities in Rhode Island that have not yet met the state's requirement that at least 10% of the supply of housing be classified as affordable.

To further promote equal opportunities for disadvantaged groups, RIHousing requires that all contractors and suppliers of goods and services sign contracts containing an Equal Opportunity Clause, in accordance with Rhode Island General Law 28-5.1. Additionally, RIHousing makes every effort to solicit bids from Minority Business Enterprises and Women's Business Enterprises (MWBE). This mission includes the execution of housing construction contracts, where all multi-family contracts aspire to utilize MWBE firms for a minimum of 10% of the total number of contractors involved and 10% of the total work hours employed. 14.6% of all contracts active during Fiscal Year 2021 (July 1, 2020 – June 30, 2021) were dedicated to MWBE firms. 55.2% (414,985 hours) of the work hours used on all developments during the year, as well, were completed by minority contractors and about 2% (13,704 hours) were completed by female contractors.

### Rental Assistance and Homelessness Prevention Programs

RIHousing continued in 2021 to assist disadvantaged residents through the administration of various rental assistance programs, including the *Housing Choice Voucher Program* (HCVP), as well as sponsor-based programs such as *Road Home* and the *RI Continuum of Care* (RiCoC). These programs aid those who qualify in avoiding homelessness and accessing housing subsidies and supportive services.

The table below details the racial and ethnic compositions of households in the *Housing Choice Voucher Program* (HCVP), *Road Home*, and *Rhode Island Continuum of Care* (RiCoC) programs, which are targeted specifically towards lower-income renter households. Note that percentages in this table may not add up to 100% as respondents may select more

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<sup>2</sup> Cities considered part of the urban core in Rhode Island are: Central Falls, Newport, Providence, Pawtucket, and Woonsocket.

than one option for race/ethnicity. Calculations of participation rates are based on the respondents who provided information on their race and/or ethnicity; thus, excluded from this analysis are participants who declined to report their race/ethnicity.

	<i>HCVP</i>	<i>Road Home</i>	<i>Continuum of Care</i>
Total Number of Vouchers Issued	1,542	38	257
% White, Non-Hispanic	39.8%	55.3%	63.2%
Total % Racial or Ethnic Minority	60.2%	44.7%	26.8%
% Black	22.0%	39.5%	25.3%
% Hispanic (of any race)	36.6%	2.6%	7.5%
% Other Racial or Ethnic Minority <sup>3</sup>	10.0%	2.6%	7.5%

RIHousing also continued to administer the *Family Self-Sufficiency Program (FSS)* in 2021, which links HCVP participants with resources aimed to help them avoid future housing insecurity. Such resources may be provided by private and public agencies and include job training, education, and other services that improve access to stable employment and financial independence. In 2021, RIHousing newly enrolled 31 families in the FSS program and had a total of 154 families enrolled by the end of the year. 2020, by comparison, saw 45 new enrollees but had a total of 149 families enrolled by the end of the year. In total, \$107,718 in FSS escrow funds was disbursed in 2021.

<b>RIHousing Diversity Initiatives</b>
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In tandem with its mission to affirmatively further housing opportunities for Rhode Island residents, RIHousing is also dedicated to promoting a diverse staff by employing qualified members of both protected and non-protected groups. The agency also sets forth a yearly Affirmative Action Plan, through which it details its initiatives for outreach, recruitment, training, and other similar programs seeking to increase RIHousing employment opportunities for underrepresented groups. In 2021, RIHousing continued to achieve positive outcomes through its affirmative employment efforts. Black and Hispanic applicants made up 12% and 41% of all new hires, respectively, and 80% of RIHousing

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<sup>3</sup> Other Racial or Ethnic Minorities may include participants who reported their race as Asian or American Indian, or who reported their ethnicity as Hispanic, but declined to report their race.



employees who received promotions during the year identified as Hispanic, Black, or other non-Hispanic racial minority groups. To further promote diversity and inclusion within RIHousing, the agency continues to highlight its diversity statement in all job descriptions and postings, encourage participation in the Employee Referral Program, and celebrate diversity and inclusion on the RIHousing website through employee testimonials. Of the 231 employees that were active by the end of 2021, 30% (69 employees) identified as Hispanic and another 12% (28 employees) identified as non-Hispanic racial minorities.

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<sup>i</sup> Kunjukunju, Sam. "A Hand Up with a Down Payment." *American Bankers Association.ABA Banking Journal* 113, no. 3 (May, 2021): 40. <https://www.proquest.com/scholarly-journals/hand-up-with-down-payment/docview/2528887620/se-2?accountid=9758>.

<sup>ii</sup> Stegman, Michael, and Mike Loftin. "An Essential Role for Down Payment Assistance in Closing America's Racial Homeownership and Wealth Gaps." Housing Finance Policy Center. Urban Institute, April 2021. [https://www.urban.org/sites/default/files/publication/104134/an-essential-role-for-down-payment-assistance-in-closing-americas-racial-homeownership-and-wealth-gaps\\_0.pdf](https://www.urban.org/sites/default/files/publication/104134/an-essential-role-for-down-payment-assistance-in-closing-americas-racial-homeownership-and-wealth-gaps_0.pdf).

<sup>iii</sup> Sackett, Chase. "The Evidence on Homeownership Education and Counseling." Evidence Matters. HUD User, Office of Policy Development and Research, 2016. <https://www.huduser.gov/portal/periodicals/em/spring16/highlight2.html>.