

July 14, 2022

State Housing Investment Summary

Bonding

Voters have approved four housing bonds totaling **\$190 million since 2006**, with the most recent \$50 million housing bond approved in 2021. The 2021 housing bond included \$50 million for the Building Homes Rhode Island (BHRI) program and \$15 million for the Acquisition and Revitalization Program (ARP).

Permanent Funding Stream

In addition to these voter-approved capital bonds, the General Assembly continues to play an active role in creating additional tools to help address the housing shortage. The fiscal year 2022 budget created a Restricted Receipt Account for the Housing Production Fund through an additional Real Estate Conveyance Tax on sales over \$800,000 and provided an initial **\$25 million capital appropriation**. These funds can be used to build or preserve rental and homeownership units and may also be used as operating support for extremely low-income housing. Additionally, these funds may be used to provide technical and financial assistance for cities and towns to increase local housing production. RIHousing made the first award from the Housing Production Fund in June 2022, totaling \$10 million.

State Fiscal Recovery Funds (SFRF)

The COVID-19 pandemic highlighted the importance of safe, affordable housing, and the appropriated usage of State Fiscal Recovery Funds (SFRF) from the American Rescue Plan Act reflects the need for a strong state response in creating housing that meets the needs of all Rhode Islanders. The General Assembly approved **\$250 million in programming** dedicated to addressing affordable housing or homelessness in the fiscal year 2023 budget, representing nearly 25 percent of the state's SFRF funds. All SFRF funds must be expended by December 31, 2026.

Affordable Housing Production: The largest portion of these funds will go towards the **development of affordable housing**, with a **\$100 million** commitment spread over four fiscal years. These funds will provide additional investments in the development of affordable housing units in conjunction with general obligation bond funds and other sources of available financing according to guidelines approved by the Coordinating Committee of the HRC. Funding may be used for rental or homeownership opportunities for households earning up to 80% AMI. Of this amount, \$10 million will establish a pilot program to support low-income public housing through project-based rental assistance vouchers and financing for pre-development, improvement, and housing production costs.

Predevelopment: **\$10 million** in SFRF funding will support a **predevelopment program** for proposed affordable housing developments to build a pipeline of new projects and build the capacity of developers in the state to expand affordable housing production. Eligible expenses include environmental testing, architectural design, legal work, and other typical predevelopment expenses.

Community Revitalization: **\$25 million** of these funds will expand the acquisition and revitalization program administered by RIHousing to finance the acquisition and redevelopment of blighted properties to increase the number of commercial and community spaces in disproportionately impacted communities and/or to increase the development of affordable housing. Eligible uses include the acquisition and redevelopment of existing residential or commercial property, demolition of existing blighted properties, and new construction or redevelopment of residential, commercial, or community uses of vacant, abandoned, or blighted lots. Residential development must serve households earning no more than 80% AMI, and commercial and community spaces must benefit all residents in an area where at least 51% of residents are low and moderate-income.

Site Acquisition: RIHousing will also administer a **site acquisition** program using **\$25 million** in SFRF funds, and funds are allocated to RIHousing for acquiring properties for redevelopment as affordable and supportive housing.

Requirements include deed restrictions of no less than 30 years and a non-recourse structure. These funds are available to non-profit and for-profit developers, PHAs, and municipalities.

Middle Income Housing: RIHousing also received **\$20 million** to support a **middle-income housing** program to increase the housing supply for families earning up to 120% AMI. These funds may only be used to develop rental units.

Down Payment Assistance: On the homeownership side, RIHousing will offer \$17,500 in **down payment assistance** to eligible first-time homebuyers to promote homeownership, with a total of **\$30 million** available.

OHCD SFRF Funds

Along with RIHousing's \$210 million in SFRF funding, the Office of Housing and Community Development (OHCD) will administer \$40 million in SFRF funds to address addressing affordable housing or homelessness through four programs.

\$1.5 million will support a **predevelopment and capacity building** program to increase contract staffing capacity to administer proposed affordable housing projects. These funds will support research and data analysis, stakeholder engagement, and the expansion of services for people experiencing homelessness.

\$2 million has been allocated to develop a **statewide comprehensive housing plan** to assess current and future housing needs, consider barriers to home ownership and affordability and identify services needed for increased investments toward disproportionately impacted individuals and communities. These funds will also support municipal planning efforts to identify and cultivate viable sites and housing projects.

OHCD will also administer a **homelessness assistance program** using **\$21.5 million**, which will support a program to expand housing navigation, behavioral health, and stabilization services to address pandemic-related homelessness. The program will support operating subsidies for extremely low-income housing units and services for people transitioning from homelessness to housing, including individuals transitioning out of the adult correctional institutions.

Finally, **\$15 million** will go towards a **homelessness infrastructure program** and will support a program to respond to pandemic-related homelessness, including but not limited to the acquisition or construction of temporary or permanent shelter-based and/or housing-based solutions, wrap-around services, and administrative costs of implementation. \$10 million will support Crossroads Rhode Island-sponsored housing development-based and/or housing-based solutions, wrap-around services, and administrative costs of implementation.

HOME-ARP: The American Rescue Plan Act appropriated **\$13.5 million** in federal funds for the **HOME-ARP** program. \$9.2 million of these funds are for affordable housing development, \$3 million for supportive services, and \$300k for capacity building. These funds are intended to serve households who are homeless or at-risk of homelessness, fleeing or attempting to flee domestic violence, and individuals for whom provision of supportive services or assistance would prevent homelessness or who are at the greatest risk of housing instability.

HRC Funds. The Housing Resource Commission (HRC) has allocated **\$700,000** for a new **predevelopment program** and **\$500,000** in **capacity building** to promote training and education for affordable housing development industry professionals.

In total, Rhode Island has **invested nearly \$340 million in affordable housing and homelessness** over the past two years. This unprecedented level of funding comes at a time of great need, with rising home prices and increasing rents putting a strain on Rhode Islanders at all income levels. Through the implementation of this programming, we hope to increase housing opportunities while removing obstacles to development to create a more equitable housing environment that allows all Rhode Islanders to have a safe, affordable place to call home.

Program	Amount
Housing production fund	\$ 25,000,000.00
Development of affordable housing	\$ 90,000,000.00
Low-income public housing pilot	\$ 10,000,000.00
Affordable housing predevelopment	\$ 10,000,000.00
Community revitalization	\$ 25,000,000.00
Site acquisition	\$ 25,000,000.00
Middle-income housing	\$ 20,000,000.00
Down payment assistance	\$ 30,000,000.00
HOME-ARP	\$ 13,500,000.00
Predevelopment and capacity building	\$ 1,500,000.00
Statewide housing plan	\$ 2,000,000.00
Homelessness assistance program	\$ 21,500,000.00
Homelessness infrastructure	\$ 15,000,000.00
HRC predevelopment	\$ 700,000.00
HRC capacity building	\$ 500,000.00
BHRI 2021 Bond	\$ 50,000,000.00
ARP 2021 Bond	\$ 15,000,000.00
Total	\$ 339,700,000.00

