

**To:**

**From:(Joshua Franco) THE BLACK POLITICAL ACTION EDUCATION COMMITTEE**

**Date: 03/05/2023**

**RE: Lowing Income Housing**

**Executive Summary:**

- Rhode Island currently faces a housing crisis with rampant homelessness and a scarcity of housing that low-income families can afford.
- The government has tried various programs such as the Low Income Housing Tax Credit (LIHTC), Tenant-based vouchers and public-private partnerships but none have adequately addressed the problem.
- The core of the problem is a lack of housing so the government focuses its efforts on constructing social housing and working with local governments to reform their zoning laws.

***Introduction:***

Public housing was first attempted in the 1940s to provide homes to low-income citizens who could not find cheap housing. The government successfully built and managed thousands of public housing units for those in need. But in the 1970s, Public housing has decreased due to people's perspectives of the program changing negatively. Instead, the government has tried different methods to provide homes but the housing crisis has not stopped. Within Rhode Island alone, there is a shortage of rental homes unavailable to extremely low income families, whose incomes are at or below 30% of the area median income.

***Background (Previous Solutions Tried):***

In the 1970s, the government changed its preference from public housing to new programs that promoted tenant-based vouchers, and tax credits to private developers or NGOs. The first program gave tenants the opportunity to choose where they wanted to live. They were given vouchers that would cover a significant amount of their housing costs. A family with a voucher generally must contribute the higher of 30 percent of its income or a "minimum rent" of up to \$50 for rent and utilities. The program has been plagued by long waiting lists and allegations of discrimination. Housing Vouchers are primarily funded by the federal government, making the distribution of them reliant on a generous Congress. Many low-income families are in dire straits because they're stuck on a waiting list for a voucher. Some renters have alleged that their landlords have refused to rent to them because they were using a voucher.

Along with the voucher program, lawmakers have tried to incentivize low-income housing through the Low Income Housing Tax Credit. Developers qualify for LIHTCs by agreeing to rent units to people with low incomes and to charge rents that are no more than a specified amount. Most tax credit developers choose the option where tenants must have incomes below 60 percent of the AMI and the rents must be no greater than 18 percent (30 percent of 60 percent) of AMI. The initiative was well intentioned but its major flaw is that developers are only required to maintain affordable housing for years. After Year 15, properties take one of three paths: they remain affordable without recapitalization, remain affordable with a major new source of subsidy, or are repositioned as market-rate housing. In the worst-case scenario, more than a

million LIHTC units could leave the stock of low income housing, a potentially serious setback to efforts to provide housing for low-income households.

While both programs have successfully provided housing for millions, the housing crisis still continues. This is because at the core of the problem is a housing shortage that pushes up the price of homes. It's essential that the government construct social housing and reform the zoning laws that local governments have.

***Recommendations:***

One of the biggest obstacles that those who want to address the housing shortage face are the municipal governments against zoning reform. At the moment, many towns have very strict zoning laws that prevent the building of more homes. Developers often face strict building requirements that can dictate how they build homes. From the size of the home to the household it's meant for. It's necessary to reform zoning laws to allow more low-income housing and make land use more flexible in different communities.

Along with reforming zoning laws, the government should invest in a social housing program that builds units for renters who make below 30% of the AMI. The changes that zoning laws could make to the market will most likely affect the long term, so it's important that we help people in the short term as well. Low-income units will alleviate the burden that high housing costs have on renters. While some are skeptical of public housing because of its high price tag, there are options to address those concerns. The government can lower management costs by letting non-profits run the developments or public units can be geared towards multiple different income levels.

***Conclusion:***

Closing the housing affordability gap will require a comprehensive housing strategy, including developing new units, preserving existing public housing, and expanding rental assistance. The ultimate goal should be to increase the supply of housing and provide aid to struggling families. Reforming zoning laws and constructing public housing are two key components to that goal.

FY 2022 Income Limits Documentation System -- Summary for Rhode Island  
(huduser.gov)

<https://www.cbpp.org/research/public-housing>

<https://www.cbpp.org/research/housing/federal-rental-assistance>

[https://www.huduser.gov/portal/pdredge/pdr\\_edge\\_research\\_081712.html](https://www.huduser.gov/portal/pdredge/pdr_edge_research_081712.html)

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<https://www.rihousing.com/wp-content/uploads/OWNERS-GUIDE.pdf>

[https://www.nhlp.org/resource-center/section-8-vouchers/#:~:text=The%20Section%208%20Housing%20Choice,public%20housing%20agencies%20\(PHAs\).](https://www.nhlp.org/resource-center/section-8-vouchers/#:~:text=The%20Section%208%20Housing%20Choice,public%20housing%20agencies%20(PHAs).)

<https://www.cbpp.org/blog/programs-targeted-for-cuts-keep-millions-from-poverty-new-census-data-show>

<https://planning.ri.gov/sites/g/files/xkqbur826/files/documents/comp/Handbook-on-Developing-Inclusionary-Zoning.pdf>

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