Governor’s FY 2018 Budget: Articles

Staff Presentation to the House Finance Committee
March 2, 2017
Introduction

- Article 1, Section 12 – Neighborhood Opportunities Program
- Article 22 – Lead Prevention
Neighborhood Opportunities Program was created by 2001 Assembly

- Provide gap financing
- Construction of affordable housing
- Established operating reserve
  - Cover gap between rent and actual operating cost of each unit
Article 1, Sec. 12, Neighborhood Opportunities Program

- NOP consisted of three components
  - *Family Housing* - for very low income
  - *Permanent Supportive Housing* - for disabled, homeless, or in danger of homelessness
  - *Building Better Communities* - construction and homeownership opportunities
    - Revitalized communities
Article 1, Sec. 12, Neighborhood Opportunities Program

- State support of $45.5 million from FY 2002 through FY 2011
  - $10.0 million from general revenues
  - $9.0 million from RICAP
  - $26.5 million in debt issued through RIHMFC
    - State paid the debt service
    - Debt has been defeased

- Number of housing units created
  - Approximately 1,250
Section 12 of Article 1 requires:

- RI Housing to provide amount “as appropriate” from its resources support NOP
- Agency must also provide report to
  - Chairpersons of both House and Senate Finance Committees
  - Director of Department of Administration
  - Detailing amount of funding provided and number of units created
Article 1, Sec.12, Neighborhood Opportunities Program

- Article 1 requirement for NOP support first appeared in FY 2012 budget
  - Amount specified in FY 2012 at $1.5 million
  - FY 2013 – FY 2017 and FY 2018 proposal calls for amount “as appropriate”
- Through FY 2016, RI Housing:
  - Committed $6.0 million
    - Each year’s commitments are paid out over several years
  - Support of 328 existing units
## Article 1, Section 12 Neighborhood Opportunities Program

<table>
<thead>
<tr>
<th>FY</th>
<th>Committed</th>
<th>Units Supporting</th>
<th>#of Years</th>
<th>Spent</th>
<th>% Spent</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$1,500,000</td>
<td>27</td>
<td>10</td>
<td>$918,336</td>
<td>61.2%</td>
</tr>
<tr>
<td>2013</td>
<td>$1,300,000</td>
<td>25</td>
<td>10</td>
<td>$361,964</td>
<td>27.8%</td>
</tr>
<tr>
<td>2014</td>
<td>$1,189,701</td>
<td>166</td>
<td>4-5</td>
<td>$596,523</td>
<td>50.1%</td>
</tr>
<tr>
<td>2015</td>
<td>$1,300,000</td>
<td>86</td>
<td>1-4</td>
<td>$397,231</td>
<td>30.6%</td>
</tr>
<tr>
<td>2016</td>
<td>$680,435</td>
<td>24</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2017</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>Awards not yet made – likely April</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,970,136</strong></td>
<td><strong>328</strong></td>
<td><strong>-</strong></td>
<td><strong>$2,274,083</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>
Article 22 – Introduction

- Centralizes RI’s lead prevention programs within the Department of Health
  - Identifies funding for DOH through existing resources currently dedicated to both housing and lead programs
  - Proposes changes to:
    - Which pre-1978 properties are subject to lead mitigation laws
    - Requirements of affected property owners
Article 22 – Background

- Lead Prevention Programs:
  - Housing Resources Commission
  - Department of Health
  - Interagency Coordinating Council
    - DOH
    - DEM
    - DHS
    - Housing Resources Commission
    - Attorney General
    - League of Cities and Towns appointee
Article 22 – Background

Lead Hazard Mitigation Act

- Housing Resources Commission
  - Designated as lead state agency for
    - Lead hazard mitigation planning
    - Education
    - Technical assistance and coordination of state projects
    - State financial assistance to property owners for lead hazard mitigation
Article 22 – Background

Department of Health

- Environmental Lead Program
  - Children under 6 yrs. of age
  - Physicians report diagnosis of lead poisoning to DOH within 10 days
  - Inquiries about lead poisoning
  - Arranges inspections when elevated blood levels are found
Article 22 – Background

Department of Health

- Makes referrals for case management
- Provides follow up
- Licenses lead professionals
  - Conduct environmental inspections and remove lead hazards from properties
- Conduct field investigations on sites where lead material is being performed
Article 22 – Background

- Interagency Coordinating Council
  - AG, League of Cities & Towns appointee, and directors from DOH, DEM, DHS, & HRC
  - Coordinate activities with respect to:
    - Environmental lead policy;
    - Development of educational materials;
    - Drafting regulations which have as their purpose reducing or preventing lead poisoning;
    - Enforcement of laws, regulations, & ordinances pertaining to lead poisoning & lead poisoning prevention
Lead Hazard Mitigation Act of 2002

Requirements of landlords:
- Assess and fix any hazards to property
- Perform lead-safe maintenance practices
- Obtain certificate from proper inspector
- Provide tenants with information about lead hazard and copy of inspection reports
- Respond to tenant concerns about any lead hazards
Article 22 – Lead Prevention

- Article 22:
  - Centralizes lead poisoning prevention under Department of Health
  - Department to oversee interagency coordination activities
  - Adopt rules and regulations
    - Certify lead safe compliance for all residential units
    - Permitting lead inspectors
### Article 22 – Lead Prevention

<table>
<thead>
<tr>
<th>Pre-1978 Properties Exempted</th>
<th>Current Law</th>
<th>Article 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common areas in condos</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Temporary housing</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Elderly Housing</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Housing for persons with disabilities</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Zero bedroom units</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>2-3 units, one unit is occupied by owner</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
# Article 22 – Lead Prevention

<table>
<thead>
<tr>
<th>Duties of Property Owners</th>
<th>Current Law</th>
<th>Article 22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead hazard awareness seminar</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Evaluate unit for lead hazards</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Provide tenants with information, copy inspection compliance certificate</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Correct lead hazards within 30 days of notice from tenants</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>New Owners – up to days after purchase to correct lead hazard</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Notes:
- Yes: Requirement is met.
- No: Requirement is not met.
### Article 22 – Lead Prevention

- **2014 Assembly increased Real Estate Conveyance Tax by $0.30 to $2.30**
  - To HRC to fund lead & housing initiatives instead of general revenues
- **Article 22 – as originally submitted**
  - Splits existing $0.30
  - $0.05 to Department of Health
    - Fund program costs, including 3.0 new positions; 2.0 lead inspectors and one data manager
  - $0.25 remains with HRC
Governor requested amendment

- Requires annual transfer of "not less than" $590k from HRC to DOH
  - In lieu of split of $0.30 dedicated tax
  - Transfer amount would be more stable
  - Proposed language does not appear to create mechanism for a transfer of more than $590k

Other technical changes

- Corrections to citations other clarifications
- Still technical revisions needed to match intent
# Article 22 – Lead Prevention

<table>
<thead>
<tr>
<th></th>
<th>HRC – Current Law $0.30</th>
<th>Article 22 - $0.05</th>
<th>Article 22 – New Version</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2018*</td>
<td>$4,166,667</td>
<td>$694,445</td>
<td>$590,000</td>
<td>$(104,445)</td>
</tr>
<tr>
<td>FY 2017*</td>
<td>$3,866,667</td>
<td>$644,445</td>
<td>$590,000</td>
<td>$(54,445)</td>
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<tr>
<td>FY 2016</td>
<td>$3,476,888</td>
<td>$579,481</td>
<td>$590,000</td>
<td>$ 10,519</td>
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<tr>
<td>FY 2015</td>
<td>$3,164,488</td>
<td>$527,415</td>
<td>$590,000</td>
<td>$ 62,585</td>
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</tbody>
</table>

*November REC subject to change in May
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