



February 29, 2024

The Honorable Marvin Abney
Chair, House Committee on Finance
Rhode Island State House
Providence, RI 02903

Re: Support for H-7225, Article 5, Question 3

Dear Chairman Abney and Members of the House Committee on Finance:

I am writing today **in support of Article 5, Question 3** in the Governor's proposed budget. This question proposes \$100 million to increase affordable and middle-income housing production and infrastructure, support community revitalization, and promote homeownership. Local Initiatives Support Corporation (LISC) Rhode Island strongly urges the Committee to recommend increasing the proposed bond item to **\$150 million** to support affordable housing production and preservation for low- and moderate-income households.

LISC is a national non-profit Community Development Financial Intermediary and works to support affordable housing as well as other comprehensive strategies to improve socio-economic opportunities across the country. Here in Rhode Island, we work hand in hand with community leaders to invest in programs that support our neighbors. In the last 33 years here, we've invested more than a half a billion dollars in our state. Just in the past 18 months, LISC has invested more than \$125 Million in projects to add housing and community spaces and have only scratched the surface on what is actually needed. This is why we are asking our Legislature to consider **increasing the bond amount to \$150 Million**.

The housing crisis threatens the security of all Rhode Islanders. The lack of housing threatens the State's economic momentum, it increases the State's cost for health interventions, it is a downward pressure on educational attainment and test scores, and it is a disincentive for companies considering a move to the State. We have had decades of disinvestment and its past time to work on the solution.

Rhode Island is facing challenges with an aging population, falling labor force participation, stagnant population growth, and constrained housing supply. Increases in rent and sales prices have far outpaced income gains, placing a heavy burden on virtually every Rhode Islander who is currently renting, looking to purchase a home, or seeking a change to their living situation. The heaviest burden is felt by Rhode Islanders with the lowest incomes - older adults, single parents, veterans, people with disabilities, and workers in many industries that undergird our economy - nursing assistants, restaurant workers, delivery drivers, teachers - to name a few.

Housing is the single best investment that we can make as a State and in our communities to strengthen our collective wellbeing, and the opportunity we have now to invest state dollars into addressing this crisis comes at a critical moment, with all of the State's Fiscal Recovery Funds that have been invested into housing production and preservation committed or pending award. In the State's most recent allocation of housing production and preservation funding (January 2024), 75 applications were submitted to build, preserve, and fill financing gaps for affordable homes. The requests totaled \$192 million - \$102

million more than the available \$90 million in the fund. This indicates that Rhode Island affordable housing developers are ready to build - but continue to need more resources in the face of rising costs.

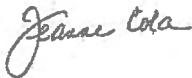
Rhode Island has a shortage of roughly 24,000 rental homes that are affordable and available to households who are extremely low income (for a household of three people, this equates to approximate yearly earnings of \$30,000 or less). Thirty-two percent (32%) of renters, or 51,596 renter households are considered extremely low income (HousingWorks RI, 2023). We must prioritize creating housing for low-income households, who face significant challenges in finding affordable homes. It is crucial that if approved by the General Assembly, the housing bond funds be explicitly approved to produce and preserve affordable homes for low and moderate income households - up to 80% AMI for rental, and up to 120% AMI for homeownership units (following the State's definition of LMI housing in 45-53).

The State already has an effective program for distributing funds from approved housing bonds, Building Homes Rhode Island. The State's Housing Resources Commission has oversight to ensure that funding through BHRI prioritizes and is distributed efficiently to address the housing needs of our communities.

These measures are essential steps towards addressing the housing crisis and providing every Rhode Island resident with a place they can call home. This bond represents a commitment to the well-being and prosperity of all Rhode Islanders, laying the groundwork for a more equitable and sustainable future. With strategic investments and concerted efforts, we can forge a path towards a Rhode Island where housing insecurity is a thing of the past, and every resident has a place to call home.

In conclusion, I strongly urge the Committee to support this budget article and question (Article 5, Question 3) and consider increasing the proposed amount to \$150 million to produce and preserve affordable homes for low and moderate income Rhode Islanders.

Respectfully,



Jeanne Cola
Senior Executive Director
LISC Rhode Island
(401) 331-0131