



February 29, 2024

The Honorable Marvin Abney
Chair, House Finance Committee
Rhode Island State House, 82 Smith Street, Providence, Rhode Island 02903

RE: Support for HB 7225, Article 5, Question 3

Dear Chair Abney and Members of the Committee,

On behalf of ONE Neighborhood Builders, I write in support of Article 5, Question 3 in Governor McKee's proposed Fiscal Year 2025 budget. This question proposes a \$100 million bond for affordable and middle-income housing production and infrastructure, community revitalization, and homeownership opportunities. ONE Neighborhood Builders applauds Governor McKee and Secretary Pryor for the historic size of this bond proposal, however, given the magnitude of Rhode Island's housing crisis, I strongly urge this Committee to recommend increasing this proposed bond item to \$150 million to more effectively support the production and preservation of affordable housing for Rhode Islanders.

Access to quality housing that a household can afford is necessary for every Rhode Islander. State financial investment in affordable housing is a critical tool to address Rhode Island's shortage of housing, especially housing that is available and affordable to Rhode Islanders earning the lowest incomes. One of the only significant streams of funding that Rhode Island has to produce affordable housing is the state issuance of bonds every other year. Rhode Island has benefited from federal pandemic relief funds, but these are soon to be fully expended. For example, the state's Fiscal Recovery Funds for affordable housing production and preservation are all committed or pending award. Our housing crisis is a significant problem, but we know how to address it. Thus, Rhode Island must leverage every tool available to us to produce, preserve, and protect affordable housing at the scale we need. Especially as federal funds are spent, this bond is critical to advance the work we know needs to be done.

ONE Neighborhood Builders has several construction-ready housing developments that would create and preserve hundreds of apartments that would be affordable and available to households earning low- and moderate-incomes. We are not alone. In the State's most recent allocation of housing production and preservation funding (January 2024), affordable housing developers submitted 75 applications to build, preserve, and fill financing gaps for affordable homes. The requests totaled \$192 million - \$102 million more than the \$90 million available in the fund. This indicates that Rhode Island affordable housing developers are ready to build but, in addressing rising costs, continue to need more resources.

This bond should prioritize funding production and preservation of housing available and affordable to Rhode Islanders earning the lowest incomes, as a tool to address our state's housing

crisis. In 2022, Rhode Island [had](#) the lowest per capita rate of new housing construction of any U.S. state, and Rhode Island [has](#) a shortage of approximately 24,000 rental homes that are available and affordable to households earning extremely low incomes (for a household of four people, this is an annual income of \$31,000). Thirty-two percent (32%) of renters, or 51,596 renter households, earn incomes that are considered extremely low (HousingWorks RI, 2023). It is crucial that, if approved by the General Assembly, the housing bond funds are explicitly approved to produce and preserve affordable homes for households earning low and moderate incomes - up to 80% of the area median income (AMI) for rental housing, and up to 120% AMI for homeownership units (following the State's definition of Low- and Moderate-Income Housing).

Building Homes Rhode Island (BHRI) is an effective, existing program for distributing funds from approved housing bonds. 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. I would encourage that, if passed, funds from this bond be distributed through BHRI.

Our state legislature has a critical role to play in incentivizing the development of quality, safe, and affordable housing for Rhode Islanders. Speaker Shekarchi, Representative Speakman, and the entire House of Representatives have prioritized housing production and affordability as one of the most important policy issues our state must address. The House's leadership on this issue is moving our state forward in a meaningful way, but since these are large and complex problems, we need to continue to advance bold solutions, like this bond, that will allow all Rhode Islanders to have a home.

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 Rhode Islanders earning low and moderate incomes.

Thank you for your consideration.

Sincerely,



Jennifer Hawkins
President & CEO, ONE Neighborhood Builders