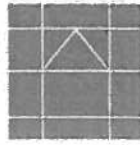


H O U S I N G



N E T W O R K

May 8, 2024

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

Re: In Opposition of Governor's Budget Amendment #13

Dear Chair Abney and Members of the House Finance Committee:

I am writing today to express concerns related to Governor McKee's proposed amendment to the FY25 budget specific to the administration of dedicated homelessness funding source and proposed changes to the Housing Production Fund.

As an organization that is committed to addressing the housing needs of low income Rhode Islanders, we wholly support allocating additional funding (SFRF and whole home hotel tax) to address our State's urgent housing and homelessness crisis. With that said, we have grave concerns about the proposed **source of funding (the existing Housing Production Fund), and the consolidation of authority over the funds that is proposed by the amendments.**

The Housing Network of Rhode Island is the State's membership association of 19 nonprofit community development agencies across Rhode Island who contribute to the sustainability of our local and regional economy. Collectively, our membership has developed over 7,000 long-term affordable homes in 27 communities across Rhode Island. HNRI also serves as the backbone organization for Homes RI, a coalition of 80+ organizations working together to increase and preserve the supply of safe, healthy, and affordable homes throughout Rhode Island.

For many years, we fought alongside other committed advocates for a dedicated funding stream for affordable housing production, which the General Assembly passed in 2021. The Housing Production Fund is funded by a real estate conveyance tax on the sale of residential properties sold in excess of \$800,000. **It is one of the only sources of state funding that makes it possible to produce permanent housing for individuals exiting homelessness and households whose income is 30% AMI or below (considered to be extremely low income).** This was intentional in the statute to enable this source of funding to be prioritized for the production and operation of housing that is critically needed. Expanding the HPF to include "housing stabilization and homelessness services" effectively cannibalizes this resource and pits short-term, urgent needs against the single-best long-term solution to end homelessness – permanently affordable housing. Rather than shortchange ourselves by forcing a choice between short and long term priorities, we would respectfully recommend that the General Assembly revisit the threshold for the high home conveyance tax (lowering the sales amount would generate more revenue, as would including commercial properties within the eligible transactions).

In addition to our concern about the expansion of the HPF for non-production uses, the proposed amendments consolidate and give broad authority to the Department of Housing to administer resources for housing and homelessness. This consolidation of authority and oversight of resources relates to an overarching concern that we have about weakening the Housing Resources Commission, which is a representative stakeholder body charged with establishing guidelines, priorities, and allocating resources. We are also concerned that shifting the administration of the Housing Production Fund from RIHousing to the Department of Housing, as proposed by the amendments, would create an additional bureaucratic layer to the priority setting, award, and allocation process that could ultimately impact development proposals and project timelines and outcomes.

In conclusion, we are supportive the allocation of additional financial resources (SFRF and whole home hotel tax) for critical housing and homelessness related activities. We oppose the additional flexibility that the amendment proposes for the expanded use of the Housing Production Fund, and the consolidation of authority under the Department of Housing. **We respectfully ask that the Committee reject the request to expand the use of the Housing Production Fund; lower the threshold for the high home conveyance tax to generate much needed resources; and preserve the administration of funds with the Housing Resources Commission and RIHousing.**

I am happy to answer any questions the Committee might have, please feel free to contact me at (401) 721-5680 ext. 104 or mlodge@housingnetworkri.org.

Respectfully submitted,

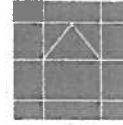
A handwritten signature in cursive script that reads "Melina Lodge".

Melina Lodge
Executive Director



Rhode Island Coalition to End Homelessness

H O U S I N G



N E T W O R K

May 7, 2024

The Honorable Governor Dan J. McKee
Rhode Island State House
82 Smith Street, Providence, Rhode Island 02903

Re: Proposed Budget Amendment to FY25 Appropriations Act

Dear Governor McKee,

As organizations committed to serving the needs of low, very low, and extremely low income Rhode Islanders, we appreciate your recent FY25 budget amendment, which allocates funding to support some of the urgent needs of Rhode Islanders experiencing homelessness. As we face an ongoing crisis of hundreds of people currently unsheltered and unhoused, ensuring adequate resources are available to minimize disruption to emergency shelter facilities, critical housing stabilization efforts and supportive services is essential.

We are pleased that you took action to respond to the communities' call for action to prevent a 76% budget reduction in homeless services in the proposed FY25 budget. However, we write to express serious concerns regarding the proposed source of funding and the consolidation of authority to the Department of Housing that is suggested within amendments #12 and 13. Furthermore, we remain deeply concerned about 1) the need to preserve emergency shelter bed capacity at current levels, without which our shelter bed capacity will see a loss of 735 beds (of 1,680 total beds) by September 30, 2024, and 2) the need to expand emergency shelter capacity for the more than 500 Rhode Islanders who remain unsheltered.

The amendments propose:

- 1) Allocating \$16.6 million in State Fiscal Recovery Funds to existing homeless service programs within the Dept. of Housing, with authority to the Secretary of Housing to reallocate up to \$2 million additional SFRF dollars to homelessness out of FY25 SFRF allocated to the Department.
- 2) Establishing a new revenue source to fund housing stability and homelessness efforts through the application of a 5% hotel tax to whole-home short-term rentals. The amendment further empowers the Department of Housing to administer these funds, in consultation with the HRC Coordinating Committee, through a restricted receipts account ("Housing Resources and Homelessness account").
- 3) Amending the current restricted receipt account that is administered by the Housing Resources Commission (HRC) to empower the Department of Housing to administer these funds, in consultation with the HRC Coordinating Committee, and merging it with the hotel tax in an account to be known as "Housing Resources and Homelessness account."
- 4) Expanding the eligible uses for the Housing Production Fund (HPF) to include housing stabilization, housing problem solving, and homelessness prevention. The amendment also authorizes the Dept. of Housing to administer funds, in consultation with the HRC Coordinating Committee, removing it from RIHousing.

The organizations signed on to this letter, including affordable housing advocates, homeless service providers, and community agencies serving low income households, fought many years for a dedicated funding stream for affordable housing production. A proposal to create the state's first "Housing Production Fund" was included in the FY22 Governor's budget and ultimately approved by the General Assembly. As you know, the Housing Production Fund is funded by a real estate conveyance tax on the sale of residential properties sold in excess of \$800,000. **It is one of the only sources of state funding that makes it possible to produce permanent housing for individuals exiting homelessness and households whose income is 30% AMI or below** (defined as extremely low income). This was intentional in the statute to enable this source of funding to be prioritized for the production and operation of housing that is critically needed.

Given limited funding and subsidy opportunities to produce housing for these most vulnerable households, we have grave concerns about expanding the use of this resource to allow for non-production uses. **Expanding the HPF to include "housing stabilization and homelessness services" effectively cannibalizes this resource and pits short-term, urgent needs against the single-best long-term solution to end homelessness – permanently affordable housing.**

In addition to our concern about the expansion of the HPF for non-production uses, we are also concerned about the proposed consolidation and broad authority given to the Department of Housing to administer all resources for housing and homelessness. Currently, RIHousing administers the HPF with guidelines adopted by the Housing Resources Commission (HRC) while the Housing Resources Commission oversees the Housing Resources Restricted Receipt Account. The HRC is a multi-stakeholder, representative body that was established to "develop plans, policies, standards, and programs and providing technical assistance for housing" and we believe a valuable asset.

This consolidation of authority and oversight of resources without any requirements for stakeholder input and collaboration raises deep concerns around transparency and accountability. There is also an overarching concern that stripping the HRC of the resources it has historically had oversight over is an attempt to weaken the Housing Resources Commission and render it ineffective. Lastly, we are concerned that shifting the administration of the Housing Production Fund from RIHousing to the Department of Housing, as proposed by the amendments, would create an additional bureaucratic layer to the priority setting, award, and allocation process that could ultimately impact development proposals and project timelines and outcomes.

We recognize the tension that decision-makers face in allocating financial resources to multiple, often competing needs. To mitigate the tension between serving short-term emergency needs and fulfilling long-term goals, it is important to ensure that adequate new resources are brought to the table. **To this end, we ask that the Administration revisit the threshold of the conveyance tax that funds the HPF – decreasing the sales price limit from \$800,000 to \$600,000, which would generate more revenue. This approach would allow the state to address the immediate needs of unhoused people while also continuing to fund housing production that provides long-term solutions for the same populations.** Even greater financial revenue could be realized if commercial transfers were also subject to this conveyance.

We believe that with additional consideration of the funding sources in question, there is a way to serve both urgent needs of people experiencing homelessness and preserve one of the only sources of state funding that helps to permanently house Rhode Islanders who most need it.

We, the undersigned, respectfully request the following changes to proposed Budget Amendments 12 and 13 be made:

1. **Preserve administration and oversight of the Housing Production Fund with RI Housing;**
2. **Preserve administration and oversight of the Housing Resources Restricted Receipt Account with the Housing Resources Commission;**
3. **Designate the Housing Resources Commission as the administrator of the whole home hotel tax;**
4. **Lower the threshold of the high home conveyance tax to \$600,000 and include commercial transactions to increase the availability of financial resources to provide for housing and homelessness activities;**
5. **Prioritize the need to sustain shelter bed capacity not less than its current level, and to the extent feasible, expand capacity to meet the demand for shelter.**

We appreciate the opportunity to express our concerns about the impact of the proposed amendments on the broader housing and homelessness services sector, and ultimately, the people of Rhode Island who need housing and services the most.

Thank you and we look forward to working with you to address the highlighted concerns.

Sincerely,

Kim Simmons
Executive Director
Rhode Island Coalition to End Homelessness

Melina Lodge
Executive Director
Housing Network of Rhode Island

Amos House
Blackstone Valley Advocacy Center
Community Care Alliance
CCAP
Foster Forward
Harvest Community Church
Help the Homeless RI
HousingWorks RI
Lucy's Hearth
McKinney Cooperative Shelter
Newport Mental Health
Pawtucket Housing Authority
RI Homeless Advocacy Project
Sojourner House
Turning Around Ministries
Women's Development Corporation

Better Lives RI
Church Community Housing Corporation
Community Housing Land Trust of RI
Family Service of RI
Habitat for Humanity of South County
Haus of Codec
House of Hope CDC
Local Initiatives Support Corp of RI (LISC-RI)
McAuley Ministries
NeighborWorks Blackstone River Valley
Open Doors RI
Pawtucket Housing, Inc.
SWAP Inc.
Thrive Behavioral Health
WARM

CC:

Lt. Governor Sabina Matos
Treasurer James Diossa
Senate President Dominick J. Ruggerio
House Speaker K. Joseph Shekarchi
House Finance Chair Marvin L. Abney
Senate Finance Chair Louis P. DiPalma
Secretary Stefan Pryor

THREE-YEAR FORECAST FOR AFFORDABLE HOME DEVELOPMENT

APRIL 2024

HOUSING



NETWORK

2,108 TOTAL HOMES

1,502 NEW

606 PRESERVED

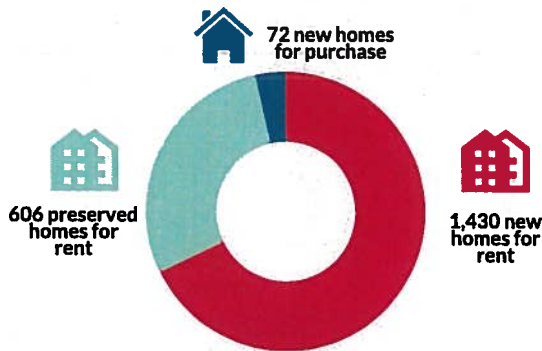


We support a \$150 million housing bond to produce and preserve homes for low and moderate income Rhode Islanders.

Housing Network members have the capacity to produce and preserve over 2,100 homes* within the next three years if the necessary resources are allocated.

*Based on a survey of our 17 nonprofit community development members

New & Preserved Homes by Type



Pine View Apartments, Exeter RI | Women's Development Corporation
40 new apartment homes for households ≤ 30-60% AMI
Completed December 2022



Preserved Home: a property that is renovated and the affordability period is extended to safeguard the existing long-term affordable home.

New Home: a newly constructed home, or the adaptive reuse of existing property into residential homes.

Total Development Cost: total of all costs to acquire, construct and/or rehabilitate, and finance the development project.

**NEARLY
\$600 MILLION
TOTAL DEVELOPMENT
COSTS ESTIMATED
(\$599,600,000)**



Housing Network Members

- Church Community Housing Corporation
- Crossroads Rhode Island*
- Foster Forward
- Habitat for Humanity of Greater Providence and East Bay
- House of Hope Community Development Corporation
- Jonnycake Center for Hope
- NeighborWorks Blackstone River Valley
- Omni Development Corporation
- ONE Neighborhood Builders
- PCF Development
- Pawtucket Housing Authority
- Providence Revolving Fund
- Sojourner House
- South County Habitat for Humanity
- SWAP, Inc.
- Valley Affordable Housing Corporation
- WARM Center*
- West Elmwood Housing Development Corporation
- Women's Development Corporation

*Supporting member

King Street Commons, Providence RI | ONE Neighborhood Builders
30 new and 32 preserved apartment homes for households ≤ 30-80% AMI
Completed July 2021



www.housingnetworkri.org | @HousngNtwrk



THREE-YEAR FORECAST FOR AFFORDABLE HOME DEVELOPMENT

HOUSEHOLDS SERVED BY INCOME LEVEL
GEOGRAPHY OF FORECAST DEVELOPMENT

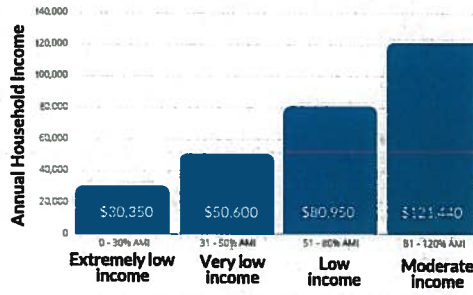


New homeowner Maribel (center) celebrates breaking ground on her new home on Bucklin Street in Providence, constructed by Habitat for Humanity of Greater Providence and East Bay, March 2023

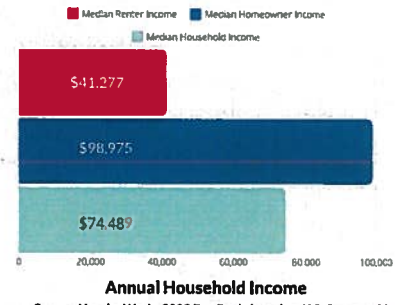
AMI = Area Median Income

Area Median Income is a regionally-based measure of household income used by the U.S. Department of Housing and Urban Development to determine eligibility for different housing programs. It is the midpoint of the income distribution in the designated region.

RI FY24 Providence-Fall River HUD Area Income Limits for Households of 3



Renter & Homeowner Median Incomes in RI, 2023

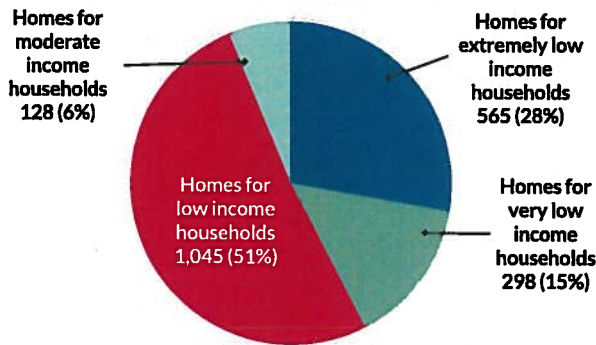


Source: HousingWorks 2023 FactBook, based on U.S. Census ACS 5-Year Estimates



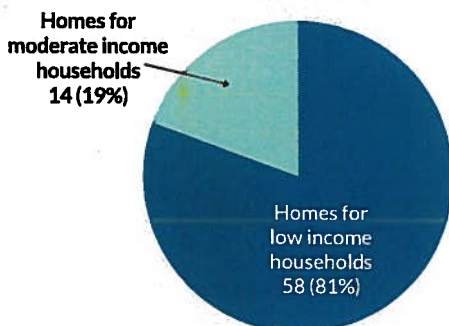
New & Preserved Homes for Rent = 2,036

Distribution of Forecast Rental Development by Income Level



Homes for Purchase = 72

Distribution of Forecast Homeownership Development by Income Level



New & Preserved Homes in 18 Cities & Towns

