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MEMORANDUM

To: The Honorable Marvin L. Abney, Chairman, House Committee on Finance

From: Joseph Codega Jr., State Budget Officer *Joseph M. Codega Jr.*

Date: March 16, 2026

Subject: February 10 House Finance Follow-up

Thank you for the opportunity to appear before and offer testimony to the House Committee on Finance on Tuesday, February 10. This memo addresses the questions for which I said my team would provide information. As always, if you require more information or need clarification on what has been presented below, please feel free to reach out to my team and me.

General Background on SFRF Programs and Investments

SFRF Housing Production Programs: \$161.1M¹

Housing Production Programs are used to fund the production or preservation of affordable and mixed-income housing, and to a limited degree under CRP, commercial or community spaces. Forty-four developments received funding through the SFRF housing production programs. These projects received appropriations in Fiscal Years 2022, 2023, and 2024. As of January 31, 2026, \$115.8 million had been spent.

- Development of Affordable Housing (DAH): \$88.7M
- Community Revitalization Program (CRP): \$19.5M
- Middle Income Program (MI): \$19.5M
- Public Housing Pilot Capital Program: \$8.1M
- Priority Projects Funds (PPF): \$21.4M
- Transit Oriented Development (TOD): \$3.9M

SFRF Predevelopment Programs: \$35.8

Predevelopment Programs are designed to create a pipeline of future affordable housing by funding the earliest stages of development including acquiring properties and conducting initial property assessment and design among other activities. Seventy-three projects received funding through the SFRF predevelopment programs.

¹ Funding totals are for program dollars and do not include administrative costs.

- Site Acquisition Program (SAP): \$24.4M
- Affordable Housing Predevelopment: \$9.7M
- Public Housing Pilot Technical Assistance: \$1.7M

Question asked by Representative Tanzl regarding the cost-per-unit for projects financed by SFRF investments.

For this analysis, we are focusing only on projects that received funding through one of the SFRF housing development programs. Because predevelopment programs are designed to assist projects at their earliest stage of development, the details and financing of many of these projects are still evolving, and predicting future unit counts for these projects is not possible. However, of the 73 projects that received pre-development funds, 31 projects consisting of 1,428 units have started construction.

Development costs vary widely depending on many factors including the type of development and whether it is an affordable housing preservation project or new production. Below are median total development costs broken into some key development types:

- Preservation projects: \$178,956 per unit
- Mix of new production and preservation: \$339,490 per unit
- New production of affordable housing: \$444,559 per unit
- Mixed income more than 50% market rate: \$317,616 per unit

The resources required to build or preserve affordable and mixed-income housing come from a variety of resources including:

- Equity: Private investments usually leveraged through state and federal tax credit programs
- Debt: Typically, amortizing loans that must be paid back over time
- Subsidy: The public and private resources that are usually needed to fill financing gaps to make housing affordable for low and moderate-income residents
- Sponsor Contribution: Resources provided by the owner/developer

For these 44 developments, the median subsidy per deed-restricted unit is \$206,161. The remaining costs are generally covered by a combination of private equity leveraged through tax credit programs, debt and/or sponsor contributions. Subsidies include both federal and state resources as well as some private funds.

Question asked by Representative Tanzl regarding how much funding was dedicated to new units v. preservation, and the cost for each.

The 44 developments receiving SFRF housing production funds are financing the production or preservation of 2,312 units, of which 1,828 are deed restricted². Of those deed-restricted units, 1,493 (82%) are new affordable units, 290 (16%) are preserved affordable units, and 45 (2%) are new units replacing previous affordable units that were demolished and then

² Deed-restricted units include rental units affordable up to 80% AMI, homeownership units affordable up to 120% AMI, and middle-income units (rental and homeownership) affordable up to 120% AMI.

rebuilt. Please note that new affordable units include the redevelopment of existing structures for use as affordable housing if the previous use was not affordable housing (these are primarily mill conversions or other adaptive reuse projects).

In total, these 44 developments utilized \$180.8M in funding through SFRF housing production and predevelopment programs³. \$147,784,786 (82%) was used to finance new affordable units, \$8,056,400 (4%) was used to finance the preservation of existing affordable units, and \$24,944,000 (14%) was used to finance developments that included a mix of new and preserved units or replacement units for previously existing affordable developments.

Question asked by Representative Tanzi regarding the 2024 Housing Bond RFP and how many qualified applicants there are.

EOH is working in collaboration with RIHousing to evaluate responses. We are still in the process of making determinations as to which projects meet the threshold to be considered for funding this year. That said, EOH expects that applications determined not to meet the threshold (considerations including readiness to proceed and whether the project is fully funded and viable based on its funding request) often would be able to meet the threshold in the future based on improvements to the proposal.

Question asked by Representative Tanzi regarding EOH's sense of the demand in the pipeline for housing development projects.

EOH knows that based on readiness and available funds, many potentially viable projects that cannot be funded this round would be good candidates moving ahead. Overall, in this year's ongoing funding round, bond fund programs had requests totaling more than 2.5 times the funding available. In addition, as noted elsewhere in this response, only 31 of the 73 projects awarded SFRF Site Acquisition or Predevelopment funding have moved forward so far, and we are aware of many others that remain in the planning stages. While EOH has been meeting with developers regularly and are aware of some future projects in the pipeline, we do not have a comprehensive list. While EOH hopes to help grow the pipeline through initiatives like our bond-financed Site Acquisition program, we expect the current pipeline will be more than sufficient to keep substantial competition for funding if another \$120 million bond is approved. In addition, the State's investments with SFRF funds, zoning changes, and demand for new housing have helped draw new developers to the state over the last five years – and EOH believes that some of our new and innovative funding programs will further interest new developers to the state, and encourage those who have recently begun working in the state to pursue more projects.

³ This includes a \$10M direct SFRF appropriation for Summer Street Apartments.

Question asked by Representative Finkelman regarding the cost per square foot of the units being constructed.

As with the total development cost, the cost per square foot ranges significantly across developments. Below are median costs per square foot broken into some key development types:

Construction cost-per-square-foot of the units being constructed:

- Preservation projects: \$97 per sq ft
- Mix of new production and preservation: \$155 per sq ft
- New production of affordable housing: \$298 per sq ft
- Mixed income more than 50% market rate: \$207 per sq ft

For comparison, according to RSMeans data from Gordian⁴, nationally, the average cost per square foot to build an apartment complex ranges from \$220-\$575 for one-to-three-story apartment buildings and \$210-\$475 for four-to-seven-story apartment buildings.

Question asked by Representative Finkelman regarding the average size/number of bedrooms in each unit.

SFRF-funded developments included a range of unit sizes from studios up to four-bedroom units. The average number of bedrooms per unit across all developments is 1.4 (for this calculation, studios are considered as having 0 bedrooms). In total, financed projects included:

- 297 studio units
- 1,122 one-bedroom units
- 677 two-bedroom units
- 187 three-bedroom units
- 29 four-bedroom units

Question asked by Representative Edwards regarding the capability of Rhode Island's construction industry to support the Housing 2030 goal of permitting 15,000 units of housing by 2030 (an average of 3,000 units per year from 2026-2030).

Rhode Island currently permits around 1,700 new units of housing per year⁵ (1,714 in CY 2025)⁶, and data from the Office of Revenue Analysis projects around 1,300 housing starts in CY 2026. This indicates a lag in housing permitting v. production of around 76% (1,300 housing starts/1,700 housing permits).

⁴ [How Much Does It Cost to Build an Apartment Complex? 2025 Guide](#)

⁵ In last year's Integrated Housing Report, the Executive Office of Housing reported 2,655 total housing units permitted in 2024. This data was collected directly from municipalities, which is more accurate than US Census data. EOH is currently gathering municipal data for the 2025 Integrated Housing Report, due on April 15, in which we expect to see similar levels of housing units permitted.

⁶ [U.S. Census Bureau: Permits by State](#)

When applied to the 3,000-unit per-year permitting goal, this lag would result in an estimated 2,294 units under construction in the year following permit issuance. This would be a 994-unit increase over the CY 2026 baseline of 1,300 units.

To project the feasibility of this increase, we can assume each unit costs \$317,616. This number is the total development cost for mixed-income SFRF projects with more than 50% of units renting for market rate. This should be a representative baseline for the current Rhode Island housing market, one which considers the costs of affordable and market-rate units.

The Office of Revenue Analysis ran a REMI model which assumed change in exogenous demand of \$315,710,000 (994 units * \$317,616 cost per unit). The model indicated:

- Direct jobs needed: 1,639
 - This would bring the share of residential construction jobs to 49.7% of all construction employment in Rhode Island (assuming 42.6% of current jobs relate to residential construction). This is an increase of 7.1%.⁷
 - In other words, 16.9% of existing non-residential construction jobs would need to be shifted to residential construction under this hypothetical scenario.
- Gross domestic product needed: \$244,051,000
 - This amount represents 7.1% of Rhode Island's 2025 Q3 construction gross domestic product (\$3,413,700,000).⁸

Around 7.1% of existing construction employment and gross domestic product would be required to build an additional 994 units above the current 1,300-unit baseline.

The jobs and investment could come from existing sectors of the construction economy (i.e., commercial construction or residential remodeling) or by the creation of new jobs and capital flows.

cc: Members of the House Committee on Finance
Sharon Reynolds Ferland, House Fiscal Advisor
Christopher O'Brien, Committee Clerk

⁷ [RI DLT: Not Seasonally Adjusted Employment](#)

⁸ [BEA: Gross domestic product by state, Construction](#)