



Senate Committee on Finance

July 7, 2020

DRAFT

RHODE
ISLAND
COMMERCE

OUTLINE

- Update on the Economy
- Reopening RI
- COVID-19 Support Programs
 - Small business
 - Housing
- Governor's Housing Proposal
- Tools to Support Economic Recovery
- Rebuild RI Updates



An update on Rhode Island's Economy

- Prior to the COVID-19 pandemic, R.I.'s economy had a strong year in 2019.
- The Global, U.S., and R.I. economies are in a recession
 - *Global Projection:* -4.9% Real GDP Growth in 2020 (IMF)
 - *U.S. Projection:* -5.8% Real GDP Growth in 2020 (CBO)
 - *Official Start of U.S. Recession:* February 2020 (NBER)
- R.I. is in the early stages of an economic recovery
 - Between April 2020 and May 2020, R.I.'s unemployment rate fell from 18.1% to 16.3%
 - In May 2020, R.I. added 13,300 nonfarm jobs
 - In May 2020, R.I. had the highest percent growth in restaurant employment in the U.S. (National Restaurant Association's Chief Economist)
- The public health landscape and level of federal support are key determinants of the recovery's durability and speed

REOPENING RI

THE PLAN

Our strategy to reopen the economy is a phased approach to maintain flexibility.



COVID-19 Supports

- **Small Business Bridge Program** – Bridge loan program for businesses that applied to the Economic Injury Disaster Loan. Amount awarded was up to \$5,000 per business; \$1.6M has been awarded to businesses to date.
- **PPP Supports** – Secured \$20M in Rhode Island-specific funding through a partnership with Goldman Sachs; worked with Hispanic Chamber, RI Black Business Association, and the United Way to help unbanked community access PPP loans.
- **Tech Help for Small Businesses** – Free consulting services for small businesses that are struggling to transform their technology to continue operating during the COVID-era. More than 320 businesses have been serviced through 600+ sessions.
- **Microsoft Tools for Rhode Islanders** – Through a partnership with Microsoft, offered RI businesses, schools, and individuals six months of free Office 365 tools.
- **Laptops for Small Businesses** – Secured 500 laptops to distribute to 500 small businesses (25 or fewer employees) to assist with improving business operations, increasing revenue, and/or providing additional opportunities for employees to work at home.
- **PPE Distribution** – Rhode Island Commerce worked with Chambers of Commerce and Business Associations to distribute PPE to nearly 3,000 of Rhode Island’s small businesses including: 250,000 facemasks, disinfectant solution, hand sanitizer, and now KN95 masks.
- **Microenterprise Stabilization Grant Program** – \$5,000 grants for microenterprises that were left out of the federal stimulus programs.

COVID-19 Housing & Homelessness Initiatives

- CARES Act Emergency Solutions Grants support immediate COVID-19 response activities
 - \$130k for shelter cleaning services
 - Approximately \$50K/month for portable toilets and hand-washing stations
- Evictions and Rental Assistance: \$6 million for the Housing Help RI rental assistance program
 - \$1.5M ESG, \$4.5 CRF
 - Administered via Crossroads
- \$500k in Coronavirus Relief Funds (CRF) to support the Landlord Challenge
 - Incentivize private landlords to house homeless individuals and families with a rental voucher
 - As of today: 80 units pledged by 65 unique landlords

**GOT
APARTMENT
UNITS
FOR RENT?**

Housing NOW
RI REALTORS
2-1-1
Get Connected. Get Help.
United Way
United Way of Rhode Island

CALL 211

FY21 Governor Raimondo Housing Proposal

- Multi-component strategy to revitalize and sustain the market
 1. Maintain the baseline investment provided by affordable housing bonds
 2. Create a new, dedicated funding stream
 3. Partner with cities and towns to incentivize production
 4. Modernize an outdated state governance system



Affordable Housing Bond

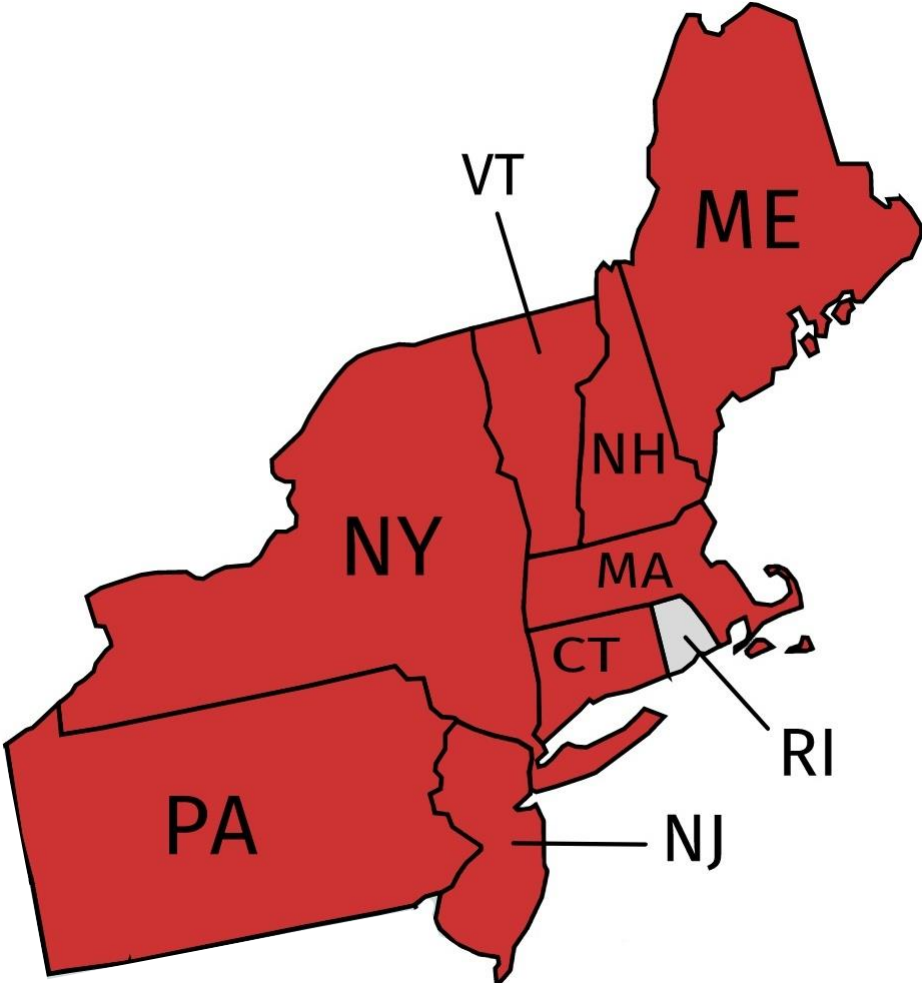
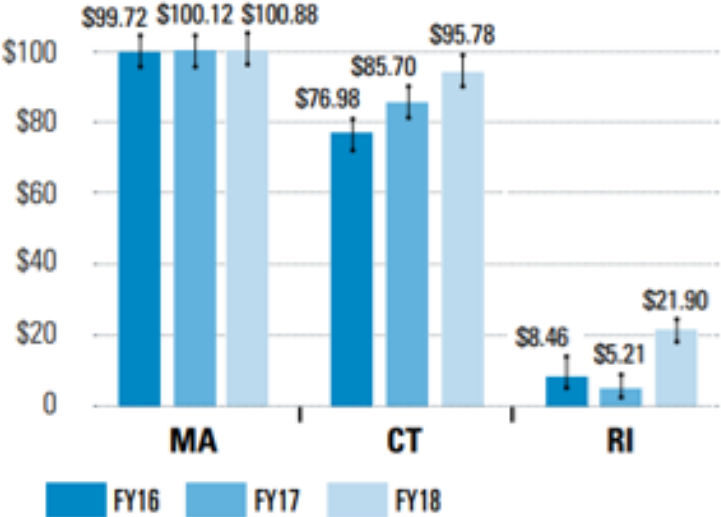
- \$25 million deployed over two years
- Continue the success of past bonds (Building Homes Rhode Island)
 - Affordable rental opportunities (0-80% AMI)
 - Affordable homeownership opportunities (0-120% AMI)
 - Subset for special populations
- Maintain baseline state investment



Closing the Investment Gap

- Rhode Island lags peer states in both investment scale and consistency

Per Capita Spending on Housing in New England, FY2016-FY2018



■ Dedicated annual revenue for housing production
■ No dedicated revenue

Dedicated Funding Stream for Production

- Housing production fund
 - \$8 million/year in a new restricted receipt account
 - Incorporate community, cross-agency input
 - Flexible parameters to follow evolving production opportunities, need
 - Support initiatives including affordable housing, workforce housing, and technical assistance for municipalities to increase production



Partner with Cities and Towns

- New housing incentives program for municipalities
 - Planning and technical assistance resources
 - School impact offset payments
 - Opt-in model (voluntary)



Modernize State Governance

- Update system to reflect state government changes since 1998
- Add leadership capacity by funding an Executive Director position
- Leverage community, stakeholder knowledge
- Promote cross-agency cohesion



TOOLS TO SUPPORT ECONOMIC RECOVERY

Requesting Sunset Extension

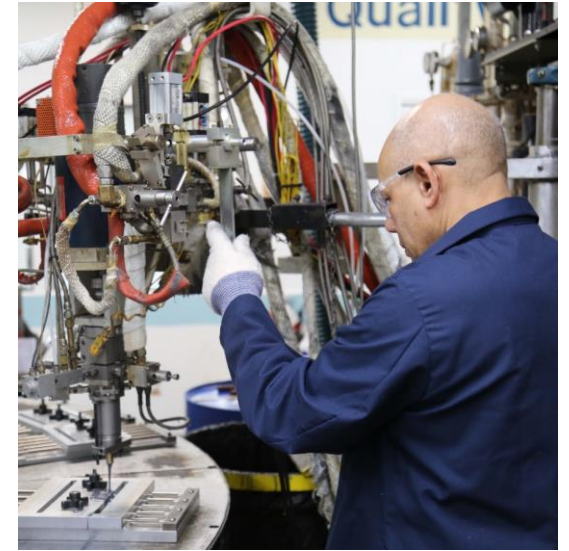
- Rhode Island Tax Increment Financing (TIF)
- Rhode Island Tax Stabilization Incentive
- Rebuild Rhode Island Tax Credit Program
- First Wave Closing Fund
- I-195 Redevelopment Project Fund
- Innovation Incentive
- Industry Cluster Grant
- P-TECH Program
- Air Service Development Fund
- Main Street Improvement Fund

Requesting Sunset Elimination

- Small Business Assistance Program

Rebuild Rhode Island Tax Credits

- Continues the program by increasing cap
- Reduces per project cap (except for historic projects and those with large infrastructure needs)



STREAMLINED REBUILD RI TAX CREDITS

The Commerce Corporation implemented streamlined applications to be used for smaller manufacturers, smaller historic rehabilitation projects, and mixed-use development.

- 20 applications
- 15 total approved projects to date
- Total awards of \$12.2MM
- Leveraging total project investment of \$111.2MM
- A mix of historic (11) and manufacturers (4)

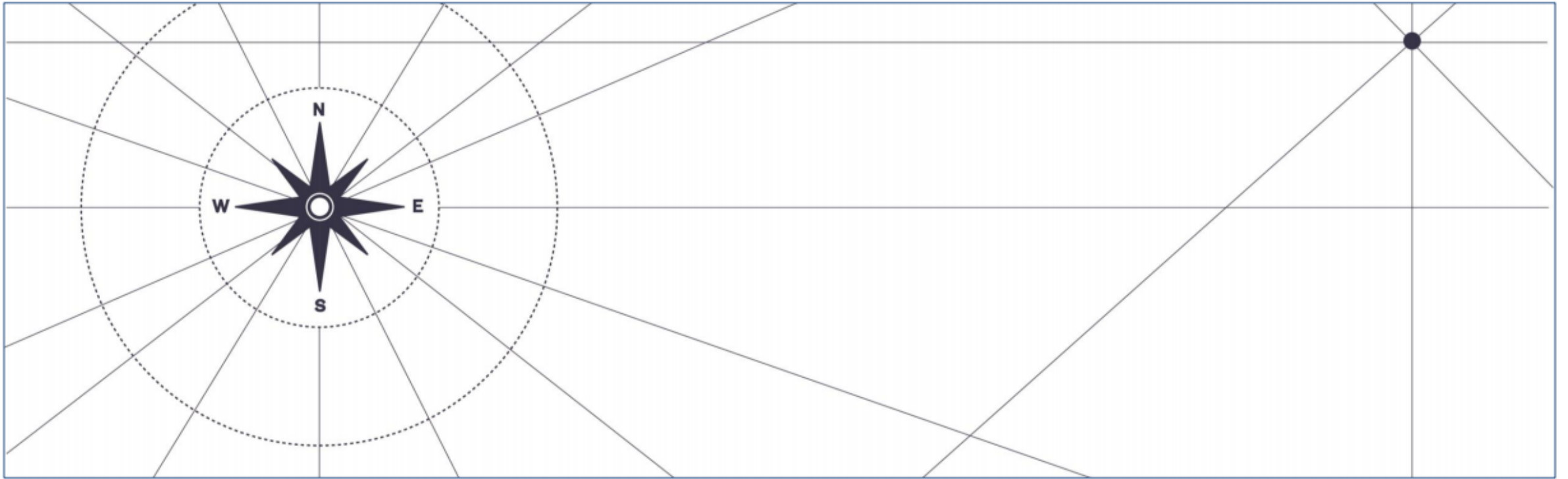


SITE READINESS, R.I INDUSTRIAL FUTURE, & MUNICIPAL PARTNERSHIPS

Rhode Island Innovates 2.0 underscores the need for increasing the capacity of cities and towns, through site assembly and staff support for economic development projects.

- **Site Readiness (Article 11)**
 - Site Readiness Partnership authorizing language
 - \$1,000,000 in Operating Dollars
 - \$21,500,000 Bond
- **Municipal Fellows: \$390,000**





QUESTIONS

RHODE
ISLAND