

2020 RIHousing Fair Housing Policy Report

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Introduction

In accordance with section 42-55-22.2, this annual report submitted to the General Assembly details the measures that RIHousing has taken to affirmatively further the policies of Chapter 37 of title 34 (Rhode Island Fair Housing Practices Act).

Recognizing the importance of affirmatively furthering fair housing, RIHousing plays a leadership role in increasing the rate of minority homeownership and ensuring that minority households and other protected classes have fair access to all affordable homeownership and rental housing programs. RIHousing has an Affirmative Action Plan in which its goals for elevating minority participation in fair housing programs, as well as contracts for goods, services, and housing development, are detailed.

Described in the remainder of this report are agency efforts that further the policies of the Fair Housing Act, such as: developing strategies that affirmatively further fair housing; prioritizing the development of homes in areas of opportunity; ensuring equal access to housing for persons with disabilities; and increasing access to education and information about fair housing.

Fair Housing Objectives

Although minority groups comprise only 31.3% of the state's population,¹ minority residents tend to be more highly concentrated in lower-income areas with a predomination of renter-occupied housing options than do non-minority residents. As a result, rental subsidy programs traditionally see greater rates of minority participation in Rhode Island than do homeownership programs. RIHousing continuously strives to improve homeownership opportunities for low- and moderate-income households in a safe and supportive lending environment through its commitment to affirmatively further fair housing. In doing so, the agency affirms its goal to provide equal opportunities for accessible subsidized housing for all eligible Rhode Islanders, among other goals, which are further defined in the state's 2020 – 2024 Consolidated Plan, such as:

- Develop and preserve existing stock of affordable housing through new construction and rehabilitation for homeowners and renters,
- Prevent and end homelessness by increasing opportunities for access to affordable housing that meets residents' needs,
- Improve health, safety, and efficiency of all homes by providing safety improvements, energy efficiency improvements, access modifications, or treatment of lead or other home hazards for owner- and renter-occupied housing units,

¹ Based on United States Census Bureau 2020 Decennial Census data.

- Enhance publicly owned facilities and infrastructure, and increasing economic stability through improved access to jobs, training and education, health and wellness, and more.

Additionally, RIHousing continues to pursue programs that address the impediments described in the State’s 2020 Analysis of Impediments to Fair Housing (AI). Such impediments identified in the AI include:

- An inadequate supply of affordable housing that: is accessible to persons with disabilities, provides a healthy home environment, and is located in higher opportunity areas,
- An inadequate level of public transportation to efficiently connect people with employment and other important community assets,
- Public opposition to new affordable housing developments,
- An inadequate level of funding to address affordable housing throughout Rhode Island,
- Discriminatory behavior toward members of the protected classes in their search for housing and their attempts to maintain their housing.

These goals and areas identified for improvement consistently coincide with RIHousing’s ongoing efforts to affirmatively further fair housing, as described throughout this report.

2020 Housing Background

Since the beginning of the COVID-19 pandemic in March 2020, economic markets everywhere were severely impacted as unemployment rates increased and policy interventions began to take effect. Low-income hourly workers were significantly more likely to see changes in their employment status as these employees more frequently worked in industries reliant on person-to-person contact and were thus more heavily impacted by the effects of the pandemic. Early evidence suggested that a disproportionate number of those who became unemployed in the United States were renters, rather than homeowners.² The Centers for Disease Control and Prevention (CDC) implemented a moratorium on evictions in September 2020 and created numerous programs to further alleviate the housing concerns facing at-risk populations at the state and federal levels.

² Goodman, Laurie, and Dan Madger. “Avoiding a COVID-19 Disaster for Renters and the Housing Market.” Housing Finance Policy Center. Urban Institute, April 2020. https://www.urban.org/sites/default/files/publication/102013/avoiding-a-covid-19-disaster-for-renters-and-the-housing-market_1.pdf.

To assist those severely affected by the pandemic in 2020, Rhode Island implemented programs aiming to deconcentrate homeless shelters by relocating shelter residents into hotels and into private housing, as well as programs to provide rent and utility assistance for renters impacted by the pandemic. An estimated 66% of minority households in the state reside in renter-occupied housing units, compared to about 32% of White, non-Hispanic households. Thus, achieving high rates of minority participation in such COVID-19 relief programs was a high priority for the state.

COVID-19 Support Programs

Utilizing federal CARES Act funds, RIHousing implemented, or partnered with other organizations to implement, several programs in 2020 to provide financial assistance to households struggling to pay for rent, mortgage, or utilities due to the COVID-19 pandemic, including the *Safe Harbor*, *HousingHelpRI*, and *HomeSafe* initiatives. Throughout 2020, \$11,582,258 was disbursed between these three programs, with about 45% of households awarded funding identifying as either Black, Native American, Asian, or belonging to another racial minority group. Payments averaged \$4,169 per paid applicant, resulting in an estimated \$5.2 million disbursed to about 1,268 applicants identifying as minority individuals. 39% of paid applicants resided in Providence, where an estimated 64% of households participating in these three programs lived in renter-occupied units.³

Throughout the year, RIHousing also dispersed about \$1.4 million in *Hardest Hit Fund* loans to prevent the foreclosure of residents' homes, 57.3% of which was issued to racial or ethnic minority households. Between 2019 and 2020, the share of *Hardest Hit Fund* recipients identifying as Hispanic increased by 26.5 percentage-points and the total share of recipients identifying as racial or ethnic minorities increased by about 24.8 percentage-points.

Additionally, RIHousing utilized Coronavirus Aid, Relief, and Economic Security (CARES) Act funds to acquire two properties for immediate use as homeless shelters at a time when existing congregate shelters were operating at reduced capacity to meet public health concerns. Over the long term, these properties will be converted to permanent supportive housing. Together, these new units are providing 55 beds across 16 living spaces.

Homeownership Programs

Currently, Rhode Island ranks 48th in the United States in terms of minority homeownership with a rate of 33.8%, compared to an average minority homeownership rate of 47% across the country. Through the many first-time homebuyer assistance programs administered by RIHousing, the agency continues to provide the resources necessary to

³ Based on Census ACS 2019 5-year estimates (Table B25003)

bridge the homeownership gap that disproportionately burdens lower-income residents and residents belonging to protected classes. With the average minority family in the United States possessing about 12.5% as much wealth as the average White, non-Hispanic family, barriers to homeownership are significantly more prevalent among households from protected classes.⁴ Having access to stable, high-quality housing is essential for families to access better opportunities for employment, education, and positive health outcomes. However, minority applicants face significantly more barriers to meeting minimum eligibility criteria than do non-minority applications, including difficulty meeting minimum required credit scores and debt-to-income (DTI) ratios, or saving for a down payment. Research by the Urban Institute also suggests that Black households are significantly less likely to receive alternative forms of down payment assistance, including parental loans. This makes the prospects of becoming a homeowner, particularly at a younger age, increasingly arduous, which risks broadening the wealth gap in the absence of intervention.⁵

In 2020, RIHousing continued its efforts to reduce the disparate effects of these barriers for protected classes in part by elevating minority participation in its *First Homes*, *Extra Assistance*, *Spring 7500*, and *10k DPA* programs. During the year, more than half of the *First Homes* (50.2%), *Spring 7500* (55.3%), and *10k DPA* (55.6%) down payment assistance loans were issued to racial or ethnic minorities, as were 45% of the *Extra Assistance* loans. While the *10k DPA* program began initially in 2020, RIHousing saw an average 2.6 percentage-point increase in the share of minority participants across the other homeownership loan programs administered compared to the previous year. Further, RIHousing issued 46 more *First Homes* loans to households comprised of racial or ethnic minorities, for a total increase of \$29,970,447 over 2019 totals.

The share of *Mortgage Credit Certificate* (MCC) recipients belonging to racial or ethnic minority groups was about 25.4% during 2020, a 10.7 percent increase over 2019 with the greatest change being among Hispanic residents (6.7 percentage-points). Historically, lower minority participation in the state's MCC program has been attributable to federal regulations that bar mortgage credit certificates from being combined with FHA loans, which provide affordable mortgage rates to low- and moderate-income borrowers. Mortgage credit certificates are also offered to first-time homebuyers across the state, regardless of lender, which means that various demographics are served based on eligibility alone and such outcomes are not directly influenced by RIHousing's AFFH efforts.

⁴ Kunjukunju, Sam. "A Hand Up with a Down Payment." *American Bankers Association.ABA Banking Journal* 113, no. 3 (May, 2021): 40. <https://www.proquest.com/scholarly-journals/hand-up-with-down-payment/docview/2528887620/se-2?accountid=9758>.

⁵ Stegman, Michael, and Mike Loftin. "An Essential Role for Down Payment Assistance in Closing America's Racial Homeownership and Wealth Gaps." Housing Finance Policy Center. Urban Institute, April 2021. https://www.urban.org/sites/default/files/publication/104134/an-essential-role-for-down-payment-assistance-in-closing-americas-racial-homeownership-and-wealth-gaps_0.pdf.

Homebuyer Education and Homeowner Counseling
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Evidence suggests that homeowner education counseling administered early in the homebuying process has the potential to yield numerous positive outcomes for prospective homeowners, including more secure mortgages, lower housing costs, improved credit scores, and decreased likelihood of delinquency or foreclosure.⁶ In order to prepare Rhode Islanders to successfully engage in the homebuying process, first-time homebuyers seeking to receive a RIHousing mortgage are required to participate in homebuyer education classes either online or in person prior to closing on their loans. Due to the COVID-19 pandemic, in-person classes were suspended in March. Online courses in both English and Spanish remained available during the year through RIHousing’s *eHomeAmerica* homebuyer education platform and the option to participate in virtual classes became available in October. Please see the table below for details regarding the demographics of attendees across the three modes of instruction during the year, as well as the rates of participation in Spanish and English courses, where available.

	In-Person Courses (Jan. - March)	<i>eHomeAmerica</i> Online Courses (Jan. - Dec.)	Virtual Courses (Oct. - Dec.)
Total Number Enrolled	407	992	224
% White, Non-Hispanic	22.9%	41.5%	25.9%
Total % Racial or Ethnic Minority	77.1%	58.5%	74.1%
% Hispanic (of any race)	23.6%	35.0%	20.1%
Number of English Course Participants	366	932	224
% of Total Enrolled in English Courses	89.9%	94.0%	100.0%
Number of Spanish Course Participants	41	60	N/A
% of Total Enrolled in Spanish Courses	10.1%	6.0%	N/A

⁶ Sackett, Chase. “The Evidence on Homeownership Education and Counseling.” Evidence Matters. HUD User, Office of Policy Development and Research, 2016. <https://www.huduser.gov/portal/periodicals/em/spring16/highlight2.html>.

RIHousing has been offering confidential HUD-approved counseling to struggling homeowners since November 2007 through its HelpCenter services. The HelpCenter specializes in helping Rhode Islanders avoid foreclosure by providing individualized guidance on finding an affordable mortgage or modifying an existing mortgage, budgeting, developing repayment plans, or connecting with RI Legal Services. In 2020, 156 households were supported through HelpCenter counseling, with 30.8% of the 143 who reported on their race and ethnicity (44 households) identifying as racial or ethnic minorities. The HelpCenter also served residents from diverse age groups, with more than half of those reporting their age being senior citizens. 27.6% of those counseled during the year were reportedly above 60 years old and 30.3% were aged between 50 and 59. These efforts to prepare Rhode Islanders to engage in the homebuying process and to prevent foreclosure, particularly for members of protected classes, continued in 2020 to align with RIHousing's mission to affirmatively further fair housing.

Home Repair Programs

RIHousing's home repair programs not only serve to improve the quality of Rhode Island's older housing stock, but also make homebuying significantly more accessible for lower-income prospective homeowners. Homes in need of rehabilitation tend to be more affordable than newer homes and RIHousing's loans, such as the FHA 203(k) loan, help to defray the costs of any necessary repairs. 19 loans for home renovations were approved during the year, with about 36.8% provided to applicants identifying as racial or ethnic minorities. Across these 19 loans, a total of \$4,661,654 was disbursed.

During 2020, RIHousing continued to provide lead hazard remediation resources for homes constructed prior to 1978 that were finished with lead-based paint. The total number of households that were issued loans through RIHousing's *LeadSafe Homes* program in 2020 was 64, with 18.8% of homes (12 units) occupied by low-income households and 25% (16 units) occupied by very low-income households. In late 2019, Rhode Island was awarded a High Impact Neighborhoods Demonstration grant of \$7,841,160 to support lead abatement efforts in Pawtucket and Central Falls. This funding is targeted to four census tracts in Pawtucket and Central Falls with a high number of minority and low-income households and a high incidence of blood lead poisoning cases.

Rental Housing Development

Despite impediments faced as a result of the COVID-19 pandemic, Rhode Island increased its production of rental housing units beyond that of 2019. 13.7 percent more rental units were developed or preserved during 2020 (1,103 units) than in 2019 (970 units). Of these 1,103 units, 43.5 percent were occupied by families (480 units), and 36.8 percent were inhabited by seniors over the age of 55 (406 units). Housing units developed through the *HOME* and *LIHTC* programs, which aim to increase affordable housing opportunities for low- and very low-income residents, were also predominantly occupied by minority residents during the year. Across the 2,651 *HOME* units for which race and ethnicity information was available, 83.4% of occupants identified as racial or ethnic minorities, with

46.2% of occupants identifying as Hispanic. Similarly, 94.1% of the 7,001 households residing in *LIHTC*-financed developments for which demographic data was available identified as racial or ethnic minorities and 36.8% identified as Hispanic. More than half of all households residing in *LIHTC*-financed housing units were Black, or African American (54.7%).

Many of Rhode Island's cities and towns remain highly segregated by race and ethnicity despite increasing resident diversity in recent years. People of color, regardless of income, are significantly more likely to live in areas of concentrated poverty or neighborhoods that otherwise offer few of the amenities that are typically associated with opportunity. RIHousing is committed to expanding housing opportunities in communities throughout the state, particularly in rural and suburban communities where affordable housing options are limited. 97 of the 1,103 units developed or rehabilitated in 2020 were completed in Warwick and 133 were developed in Cranston, which were identified in the 2020 Analysis of Impediments as being among Rhode Island municipalities with the highest opportunity scores in education, labor force engagement, environmental health, and low concentrations of poverty. Increasing the stock of rental units in cities and towns with greater opportunities for economic mobility is essential for continuing to enable upward mobility for the state's disadvantaged populations. Additionally, 96 developments were completed in East Greenwich and 151 were completed in Westerly, which are two of the 27 municipalities in Rhode Island that have not yet met the state's requirement that at least 10% of the supply of housing be classified as affordable.

To further equal opportunities for disadvantaged groups, RIHousing requires that all contractors and suppliers of goods and services sign contracts containing an Equal Opportunity Clause, in accordance with Rhode Island General Law 28-5.1. Additionally, RIHousing makes every effort to solicit bids from Minority Business Enterprises and Women's Business Enterprises (MWBE). This mission includes the execution of housing construction contracts, where all multi-family contracts aspire to utilize MWBE firms for a minimum of 10% of the total number of contractors involved and 10% of the total work hours employed. In Fiscal Year 2020, 17.2% of all contracts active during Fiscal Year 2020 (July 1, 2019 – June 30, 2020) were dedicated to MWBE firms. 56.9% (282,335.6 hours) of the work hours used on all developments during the year, as well, were completed by minority contractors and about 1% (4,255.5 hours) were completed by female contractors.

Rental Assistance and Homelessness Prevention Programs

RIHousing continued in 2020 to assist disadvantaged residents through the administration of various rental assistance programs, including the *Housing Choice Voucher Program* (HCVP), as well as sponsor-based programs such as *Road Home* and the *RI Continuum of Care* (RiCoC). These programs aid those who qualify in avoiding homelessness and accessing housing subsidies and supportive services.

The table below details the racial and ethnic compositions of households in the *HCVP*, *Road Home*, and *RiCoC* programs, which are targeted specifically towards lower-income renter households. Note that percentages in this table may not add up to 100% as respondents

may select more than one option for race/ethnicity. Calculations of participation rates are based on the respondents who provided information on their race and/or ethnicity; thus, excluded from this analysis are participants who declined to report their race/ethnicity.

	<i>HCVP</i>	<i>Road Home</i>	<i>Continuum of Care</i>
Total Number of Vouchers Issued	1,567	42	259
% White, Non-Hispanic	40%	54.8%	62.5%
Total % Racial or Ethnic Minority	60%	45.2%	37.5%
% Black	21.6%	38.1%	25.1%
% Hispanic (of any race)	36.6%	4.8%	8.1%
% Other Racial or Ethnic Minority ⁷	9.9%	4.8%	7.3%

RIHousing also continued to administer the *Family Self-Sufficiency Program (FSS)* in 2020, which links HCVP participants with resources aimed to help them avoid future housing insecurity. Such resources may be provided by private and public agencies and include job training, education, and other services that improve access to stable employment and financial independence. In 2020, RIHousing newly enrolled 45 families in the FSS program and had a total of 149 families enrolled by the end of the year. 2019, by comparison, saw 39 new enrollees and a total of 146 enrolled by the end of the year. The total amount of FSS escrow funds disbursed in 2020 increased by 20.7% (\$235,387) compared to 2019 (\$194,997). 26 families graduated from the FSS program in 2020, as well.

RIHousing Diversity Initiatives

In tandem with its mission to affirmatively further housing opportunities for Rhode Island residents, RIHousing is also dedicated to promoting a diverse staff by employing qualified members of both protected and non-protected groups. The agency also sets forth a yearly Affirmative Action Plan, through which it details its initiatives for outreach, recruitment, training, and other similar programs seeking to increase RIHousing employment opportunities for underrepresented groups. In 2020, RIHousing continued to achieve positive outcomes through its affirmative employment efforts. Black and Hispanic

⁷ Other Racial or Ethnic Minorities may include participants who reported their race as Asian or American Indian, or who reported their ethnicity as Hispanic, but declined to report their race.

applicants made up 12% and 19% of all new hires, respectively, and 87% of RIHousing employees who received promotions during the year identified as Hispanic. RIHousing also established an Equal Employment Opportunity Action Committee (EEOAC) to address diversity and inclusion within the agency and took several measures to increase the diversity of its applicant pool, including highlighting its diversity statement in all job descriptions and postings, encouraging participation in the Employee Referral Program, and celebrating diversity and inclusion on the RIHousing website through employee testimonials. Of the 216 employees that were active by the end of 2020, 24.5% (53 employees) identified as Hispanic and another 9.3% (20 employees) identified as non-Hispanic racial minorities.