



RHODE ISLAND
Executive Office of Commerce
317 Iron Horse Way, Suite 203
Providence, Rhode Island 02908

March 16, 2022

Chair June Speakman
Low and Moderate Income Commission
Rhode Island General Assembly
82 Smith Street, Providence, RI 02903

Dear Chair Speakman:

It was my pleasure to testify before the Low and Moderate Income Commission meeting on February 15, 2022. Please find below my responses to the outstanding questions/requests from Commission members.

Q: How did you arrive at the \$17,500 for the proposed down-payment assistance money?

A: The proposed down-payment assistance program increases the maximum amount of down payment assistance from \$10,000 to \$17,500. This 75% increase is in line with the increase in sales price of single-family homes demonstrated through most metrics. For example, the RI Housing Price Index shows an approximately 45% in the past five years.¹ RIHousing also anticipates that with mortgage interest rates expected to rise, the increased assistance will help preserve the buying power of participating first time homebuyers. Additionally, the new program is structured as a grant. This is a departure from RIHousing's existing downpayment assistance (10KDPA), which is structured as a 0% interest loan of up to \$10,000 with the full principal amount to be repaid at sale, transfer, or when borrower no longer occupies the home as primary residence. With the proposed \$50M allocation, the new program will grant money for down payment and closing cost assistance to over 2,500 households over the next three years. Participating households must have incomes no higher than the income limits set by RIHousing's Mortgage Revenue Bond (currently \$99,730 for a 1-2 person household or \$114,689 for a 3+ person household).

Below is an *illustrative* example for a homebuyer purchasing a home for \$300k:

Sales Price: \$300,000

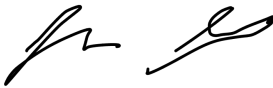
¹ <https://fred.stlouisfed.org/series/RISTHPI> [fred.stlouisfed.org]

Minimum Down Payment (FHA- 3.5%): \$10,500
Est. Closing Costs, Escrows, and Prepays: \$10,000
Total Costs at Closing: \$20,500
Downpayment Assistance Grant: \$17,500
Cash from borrower (out of pocket) at closing: \$3,000
Estimated Monthly Payment 4% interest rate: \$1,587²
Estimated Monthly Payment at 5% interest rate: \$1,759

Q: Please provide an organizational chart of Commerce showing where housing fits within Commerce and its relationship to the housing-related work at other entities or agencies.

A: Please find attached herewith Exhibit A, submitted in response to this request.

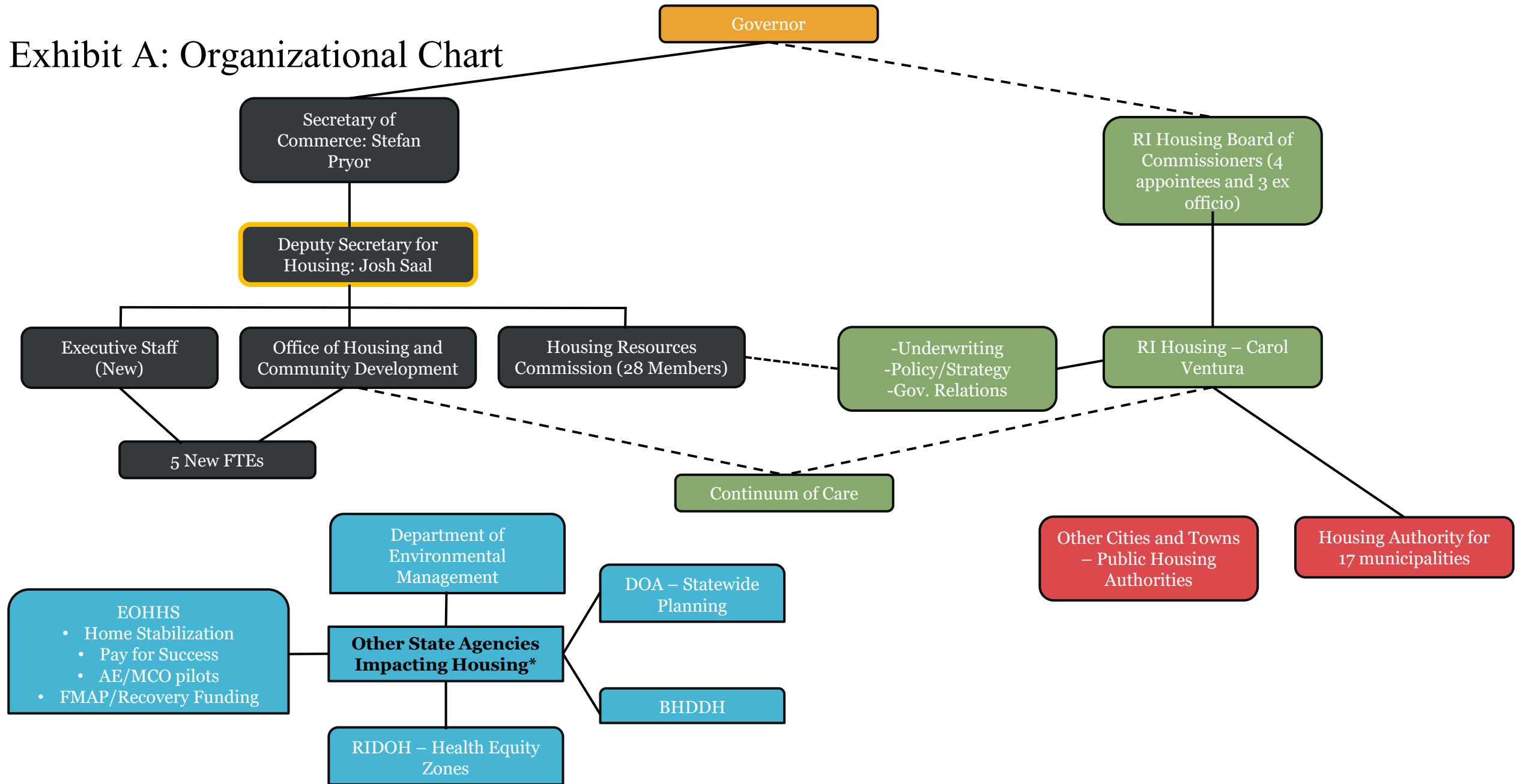
Sincerely,



Josh Saal
Rhode Island State Deputy Secretary for Housing

² Estimates do not factor real estate taxes, which vary from municipality to municipality.

Exhibit A: Organizational Chart



*These agencies are currently identified as having overlapping programs/policies related to housing. Deputy Secretary will also coordinate, per R.I.G.L. §§ 42-64.19-3 (a)(4)(iv), "with all agencies directly related to any housing initiatives including, but not limited to, the Rhode Island housing and mortgage finance corporation, coastal resources management council (CRMC), and state departments including, but not limited to: the department of environmental management (DEM), the department of business regulation (DBR), the department of transportation (DOT) and statewide planning."