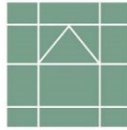


H O U S I N G



N E T W O R K

May 7, 2026

The Honorable Louis DiPalma  
Chair, Senate Finance Committee  
Rhode Island State House, 82 Smith Street, Providence, RI 02903

**Re: In Support of S-2681 – State-Funded Rental Subsidy**

Dear Chair DiPalma and Members of the Senate Finance Committee:

I am writing today **in strong support of Senate Bill 2681** which establishes a State-Funded Rental Subsidy Program. The Housing Network of Rhode Island (HNRI) is a statewide alliance of members and partners serving low-income Rhode Islanders, who share the vision that all Rhode Islanders live in safe, healthy, affordable homes in thriving communities. Our alliance includes 19 nonprofit housing developers who own and operate more than 7,500 rental homes for low- and moderate-income Rhode Islanders, as well as organizations who provide support and other services to the more than 2,500 Rhode Islanders who are experiencing homelessness.

Rhode Island's housing challenges are well-documented. At their core is a persistent structural issue: there is simply not enough housing that is affordable for our lowest-income residents. According to the National Low Income Housing Coalition, there are only 54 affordable and available rental homes for every 100 extremely low-income households in Rhode Island. This shortage leaves thousands of people without access to stable housing, even when they are connected to services, employed, or actively seeking housing as an exit from homelessness.

At the same time, Rhode Island's homeless response system relies heavily on federal funding. These resources are essential, but they are not guaranteed. In 2025, HUD proposed a policy change that would have capped permanent housing funding and reduced Rhode Island's Continuum of Care resources, which support permanent housing and services for people experiencing homelessness, by more than \$10 million. This proposed change threatened the housing stability of over 1,000 Rhode Islanders.

S-2681 addresses multiple gaps within the system by establishing a state-funded rental subsidy program that 1) creates the deeply affordable housing that is needed for our lowest-income and most vulnerable residents and 2) ensures the state has a tool at its disposal to mitigate vulnerabilities created by an over-reliance on increasingly volatile federal funding sources. This bill establishes a \$25 million investment in project-based rental assistance for permanent supportive housing, ensuring that tenant contributions are limited to no more than 30% of household income. The standard for housing affordability is 30% of household income for rent and utility expenses. However, for impoverished households earning well below the area median income – some earning as low as \$12,000 a year – that affordability standard is nearly impossible to meet without a rental subsidy. The state-funded rental subsidy remedies this by creating a reliable resource to fill the gap between what an extremely low-income tenant can pay, and what rent costs. This provides a sustainable and predictable pathway to housing stability for

people who otherwise would be likely to languish in our overburdened homelessness system or cycle in and out of other institutions. Secondly, it creates a reliable source of funding that affordable housing providers can leverage to serve the lowest-income households.

Importantly, this legislation is designed to align with and strengthen Rhode Island's existing homeless response system and ensure that resources are directed to those with the highest barriers to housing stability. This includes people experiencing chronic homelessness, individuals with disabilities, and those cycling in and out of expensive institutional settings—such as hospitals, behavioral health systems, and correctional facilities—because they lack access to a stable housing subsidy. These systems are designed for crisis response and not as a source of housing for people, but unfortunately, these settings often become de facto residences for individuals who have extremely limited resources and very little support within the system. These outcomes are not only detrimental to individual health and well-being, but they also place significant strain on public systems and taxpayers. **S-2681 offers a proactive, cost-effective solution by creating a pathway into stable housing that reduces reliance on emergency interventions over time.**

Rhode Island is not the first state to pursue this approach. Several states, including Massachusetts, Connecticut, New Jersey, Minnesota, Maine, and California—have implemented state-funded rental subsidy programs or similar tools to complement federal resources and strengthen their housing systems. Several neighboring states have recently increased these investments in response to federal funding uncertainty, recognizing the importance of maintaining stability in their housing infrastructure. S-2681 represents Rhode Island's opportunity to do the same.

In addition to contributing to better health outcomes and reduced crisis system costs, this bill represents a strategic investment in Rhode Island's housing infrastructure. As previously stated, the use of project-based rental assistance provides affordable housing developers with a reliable operating subsidy that can be leveraged to finance, develop, and sustain housing that serves extremely low-income households. This approach strengthens the state's ability to produce and preserve deeply affordable housing aligned with community need.

The General Assembly has demonstrated a strong commitment to addressing Rhode Island's housing challenges through recent investments in housing production, preservation, and homelessness response. S-2681 builds on that momentum by establishing a critical, missing piece of the housing continuum. It creates a durable, state-level tool that complements federal resources, increases flexibility, and allows Rhode Island to better meet the needs of its most vulnerable residents.

We are grateful to Senator Murray for introducing this critical bill and appreciate the work of this Committee and the General Assembly to advance housing solutions to meet the needs of Rhode Islanders. We respectfully urge the Committee to support the passage of S-2681.

Respectfully,



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