July 7, 2020

The Honorable William J. Conley Jr.
Chair, Senate Committee on Finance
Rhode Island State House
Providence, RI 02903

Re: Support for Budget Article 12 (Section 5)

Dear Chairman Conley and Members of the Senate Committee on Finance:

The Economic Progress Institute writes in strong support of Budget Article 12 (Section 5). This proposal would create a dedicated funding stream to increase the supply of safe and healthy homes for Rhode Islanders.

As an organization committed to achieving economic security for Rhode Islanders, we are acutely aware of how important affordable housing is to that goal. Our biennial report, the RI Standard of Need, documents that it costs a single parent family with a toddler and school aged child $55,115 to pay for housing, healthcare, food, childcare, transportation and other basic expenses. It costs $60,300 for a two-parent family with young children, and $21,842 for a single adult. Only 67% of single-parent families, 28% of two-parent families and 43% of single households have sufficient earnings to meet basic needs. Subsidized healthcare and child care help close the gap between expenses and income, but the gapping hole is the lack of subsidized housing.

The Economic Progress Institute is a proud member of Homes RI, a coalition of organizations working together to increase and preserve the supply of safe, healthy and affordable homes throughout Rhode Island.

The global COVID-19 pandemic of course has changed our economic landscape. Prior to the pandemic, more than one-third (35%) of all Rhode Island households were cost burdened, meaning that more than 30% of their income is spent on rent or a mortgage and utilities. Now, more than 16% of Rhode Island’s population is out of work, and over 260,000 people have filed for unemployment benefits since March – reduction in wages and lost jobs have already been catastrophic.

This misalignment between wages and housing costs is a significant contributing factor to our state’s current housing challenges. We have also not kept up with creating adequate supply. Residential building permits have decreased over the last 20 years; in fact, annual permits dropped by half between 2005 and 2018. An estimated 500 plus homes are lost each year to demolition or deterioration, and we are not building diverse types of residences to meet changing demographic needs, such as our growing elder population, young workers, or families. Lack of affordable housing inventory has also hampered state efforts to ensure vulnerable neighbors who
were quarantining in hotels are not forced back onto the street or into congregate settings that increase the risk of spreading the virus.

Rhode Island desperately needs sustained investments to create and preserve safe, healthy and affordable homes for Rhode Islanders. Years of underinvesting have left us far behind our New England neighbors, who have recognized that housing is a critical economic development issue and an important social determinant of health and community wellbeing.

Funding from previous housing bonds has been vital to creating and preserving additional long-term affordable homes and we strongly support the current housing bond proposal within Article 5. Yet the fact remains that these funds are temporary. An additional, dedicated source of funding is necessary to produce housing on the scale needed in Rhode Island. The proposed method to generate this new revenue is a sound pathway to achieving this goal, and is the most common revenue tool used nationally and in the Northeast. Rhode Island is the only state in the Northeast (including NJ, NY and PA) without a dedicated funding stream that supports housing production.

As we express our support for the establishment of a dedicated and predictable funding stream for housing, we are hopeful that the Administration and General Assembly will consider the urgency and importance of targeting funds to low and moderate-income households for creation and preservation of long-term affordable homes. Investments directed to low-income households ensure that:

1) funds are going where there is the most urgent need, as over 70% of low-income households are cost-burdened;
2) there is greatest potential for impact, including cost-savings related to healthcare, and economic stability for workers and employers alike.

We believe that Rhode Island can and should be a state where all residents are able to live in safe, healthy and affordable homes in thriving communities, and reiterate our support for the sustained source of housing funding proposed in Article 12, Section 5.

Thank you to the Committee and Legislature for your careful attention this important housing proposal that will impact the quality of life of your constituents in Rhode Island.

Sincerely,

Linda Katz
Policy Director