



April 7, 2022
Senate Finance Committee
Testimony in Support of H7123, Article 1 Section 16
Linda Katz, JD, Policy Director

The Economic Progress Institute writes in support of H-7123, Article 1 Section 16 appropriating \$250M for affordable housing over the lifetime of the ARPA funds. However, we urge the Committee to both increase the amount of ARPA funds devoted to affordable housing and to ensure that equity guides the investment of these funds. We understand that the proposed funding for Fiscal Years 2024 – 2026 are not fixed appropriations for those years, but agree that it is helpful to set out the broad plan for investments of these once-in-a-generation funds.

Rhode Island has underinvested in affordable housing for decades and now has the opportunity to appropriate funds to make housing more affordable for home-owners and renters, provide funds for supportive housing and temporary housing to end the scourge of homelessness, improve the safety and health of existing housing and address the structural barriers to creating sufficient housing stock to meet Rhode Islanders' needs. It is the moment for Rhode Island to address the impact of historic inequalities that pre-dated COVID-19 and were exacerbated by the pandemic.

The Economic Progress Institute urges the Committee to realign investments in accordance with the recommendations in the Make It Happen Report¹, developed by a diverse 15-member steering committee that reviewed information from hundreds of Rhode Islanders, state agencies, and impacted communities. The Make It Happen Report (MIH Report) recommends an investment of **\$405M** of ARPA funds to expand and preserve affordable rental housing (\$200M); develop 500 units of permanent supportive housing and temporary housing for targeted populations (\$50M); forgivable loans for first time homebuyers (\$50M); eliminating lead hazards and providing forgivable loans for low-income homeowners and landlords to bring units up to code (\$100M) and funds for a strategic plan and streamlining the pre-development process (\$5M).

As the report explains:

This is an historic opportunity to address and counter the disparate public health and economic impacts of the coronavirus pandemic, which reflect long-standing inequities

¹ <https://rifoundation.org/community-investments/make-it-happen-investing-in-rhode-islands-future>

based on systemic racism, gender, and disability. And, to ensure that investment of these funds supports a genuine recovery that is broad and inclusive...

We note the following differences between the Make It Happen report and the proposed appropriations in the Governor's budget and urge the Committee to adjust appropriations to more closely follow the MIH recommendations. These include

- Increase the investment for affordable rental housing and preservation to \$200 from \$90M.
- Increase the investment in supportive and transitional housing to \$50M from the \$21.5M.
- Increase the investment for lead-free and healthy homes to \$100M from \$25M and authorize the use of these funds for forgivable loans for low-income homeowners and landlords.
- Increase the amount of the forgivable loan for first-time home-buyers from \$17,500 to \$50,000. The proposed \$17,500 is not sufficient to allow low-income Rhode Islanders and people of color who have face historic barriers to homeownership to take advantage of the program. As explained in the MIH Report:

We recommend that RI expand RI Housing's first-time home buyer programs to offer forgivable loans of up to \$50,000, forgivable over five years for 1,000 residents. This assistance should be targeted to residents of Qualified Census Tracts to remove the primary barrier to home ownership for Blacks, Latinx, and other underserved and marginalized populations, and in communities disproportionately impacted by COVID-19. Qualified individuals could combine this assistance with other down payment assistance programs.

Homeownership is one way for families to build wealth; however, Rhode Island's Black and Latinx populations have not participated in homeownership to the extent of their White peers. Black residents have a 33 percent homeownership rate while White residents have a 67 percent rate of homeownership. Nationally, the Black homeownership rate of 41 percent is higher than the rate for Rhode Island. When looking at Rhode Island's Latinx population, the homeownership rate of 29 percent is the lowest of all racial and ethnic categories and significantly lower than the national Latinx homeownership rate of 45 percent.

We understand the complexity of determining investments that will move Rhode Island forward in meeting the varied needs for affordable housing and access across communities. We note the proposal from Homes RI's calling for a \$500M investment of ARPA funds that outlines a comprehensive set of initiatives to produce, protect and preserve long-term affordable homes, promote housing access and stability for the lowest-income Rhode Islanders,

and support cities and towns with resources to increase capacity and improve conditions and quality of existing homes.

In conclusion, we urge the Committee to appropriate significantly more of the ARPA funds to address the crisis of affordable housing as recommended by both MIH and HOMES RI. Further, the Committee should ensure that investments are used to remedy historic inequities and enable historically marginalized populations and those that have suffered disproportionately from COVID-19 to have safe, affordable homes.
