



Affordable Housing and Homelessness

With Rhode Island experiencing chronic unemployment and one of the highest rates of foreclosure in the country, we need to ensure that our families have access to safe, steady housing now more than ever. It is absolutely unacceptable that any child in our state should ever go to school without having had a roof over their head the night before. And none of our veterans who have served our country should ever come home to Rhode Island to find themselves without access to affordable housing. Homelessness and a lack of affordable housing threatens to undermine the very stability of our communities. Despite the good work being done by so many organizations in our state, homelessness continues to grow. In 2012, there were 942 more homeless Rhode Islanders than there were in 2007.¹

And it's getting harder and harder for our families to *pay* for their housing, putting more Rhode Islanders at risk of becoming homeless. The Fair Market Rent in our state for a two-bedroom apartment is \$945. A minimum wage worker earns an hourly wage of \$7.75. In order to afford the FMR for a two-bedroom apartment, **a minimum wage earner must work 94 hours per week, 52 weeks per year**. Or a household must include 2.3 minimum wage earners working 40 hours per week year-round in order to make the two-bedroom FMR affordable.

We must address the increasing expense of housing in our state in order to put money back into people's hands and to prevent more Rhode Island citizens from slipping into homelessness. We need to grow our economy and no longer think of affordable housing as just a structure in which to live: Rather, a safe, affordable and thriving community is a platform to increase family stability and link families to opportunities through access to transportation, education, jobs and healthcare. To do this, we need meaningful changes and a comprehensive affordable housing and community develop plan that integrates innovative approaches to both development and financing. Rhode Island needs to create communities that are compact and mixed use with easy access to transit, jobs, shops schools and community centers, in order to strengthen communities, expand housing choices and promote prosperity.

As governor, I will create a strategic plan to both reduce homelessness, and ensure that our state is investing in quality, affordable housing for its low to moderate income families. Ensuring that everyone in our state has a roof over their head is not only the right thing to do; it is also an investment in our future that will result in savings for our state. A 2008 study of found that mitigating homelessness in our state can result in a savings of \$7,946 per re-housed individuals, through decreased use of government services like hospital visits, mental health services, time spent in jail/prison, shelter overnights, and emergency room visits. And increasing our stock of affordable housing will help put people to work in the building and construction trades.

Combating Homelessness

Despite recent increases in the number of homeless in Rhode Island, our state is actually already poised to significantly improve the situation. We already have a plan to end homelessness within the decade – now it's time to fund and implement that plan. "*Opening Doors Rhode Island*" is a strategic blueprint to prevent and end homelessness, developed by the Rhode Island Housing and Resources Commission in 2012 in conjunction with non-profit and service providers across our

state. As governor, my approach to homelessness will be consistent with the vision of *Opening Doors*: That no one should experience homelessness – and that no one should be without a stable, safe place to call home.

The plan calls to reduce homelessness in the next decade by:

1. Increasing the supply of and access to permanent housing that is affordable to very low income households;
2. Retool the homeless response system as a well-oiled machine;
3. Increase economic security;
4. Improve health and housing Stability; and
5. Increase leadership, collaboration, and civic engagement.

Homelessness is not a problem that can be solved by a single change in policy. Rather, it will take a strategic effort across various levels of government, utilizing new policies and creative approaches, to ensure that we are creating economic opportunity and stability for all Rhode Islanders.

It will also take a coordinated effort and significant investment. That's why as governor, I will seek to implement the vision set out in *Opening Doors* using a Social Impact Bond

Social impact bonds, also known as “pay for success” projects, are a financing model in which a government contracts with a foundation or a philanthropic organization to pay for a public project or service based on the measurable outcomes of the project or service, or achievement of specific performance targets. The philanthropic organization raises operating funds by issuing bonds, and contracts with private or non-profit service providers to deliver the services. By using a pay-for-success model, we can reduce homelessness at minimal expenses to the state, and ensure that we are laser focused on improving outcomes for those at risk of becoming homeless.

Affordable Housing

While we're combatting homelessness, we must also strive to ensure that housing in Rhode Island remains affordable and accessible for low to moderate income families. Again, this is not only the right thing to do; it is also an economic imperative. When housing costs outpace wages, our families have fewer dollars to spend on food, necessities, education, and their own care. If we can make housing more affordable, we can put more money in Rhode Islander's pockets, helping to generate economic activity, while also preventing homelessness and ensuring that our communities are thriving. As governor, I will work to ensure that housing in Rhode Island remains affordable and accessible to low-to-middle income families, by:

- **Utilizing the fair-share requirements for affordable housing** and ensuring that new housing developments incorporate a portion of affordable units. Rhode Island passed its fair-share law in 1991 and reaffirmed its commitment with the Low and Moderate Income Housing Act of 2004, which requires every municipality, by 2025 to ensure that at least a certain percentage of its housing stock is affordable to people with low and moderate incomes. However, these mandates are sometimes underutilized and lack the flexibility needed to ensure that municipalities can reach their mandate. To make meeting similar mandate's objectives possible, Massachusetts passed legislation that encourages all local governments to ensure that at least 10 percent of the housing in their community is affordable by applying more flexible and streamlined review standards to development projects with an affordable component in communities where the 10 percent threshold has not been met.
- **Supporting redevelopment of vacant and abandoned properties**, by removing barriers that hinder redevelopment efforts and assisting local redevelopment authorities we can use

existing building to increase the number of affordable homes in our communities. Rehabilitation is a major resource for meeting the State's affordable housing needs but the process can be more challenging than new construction because the rehab process is far less predictable and there are institutional and regulatory barriers. Abandoned buildings often prevent or hinder comprehensive urban redevelopment by depressing property values, reducing tax revenues, and discouraging development. The state government needs to work with city and community development experts to get rid of the exclusionary land use regulation at the local level and work to find incentives that favor redevelopment and rehabilitation, including favoring applications for rehab for low-income housing tax-credits.

- **Encouraging local governments to permit more multi-family and higher density housing** and utilizing state aid to encourage local governments to permit more construction of higher density and multi-family housing near transit, jobs, and retail.
- **Helping owners convert market-rate affordable units into committed affordable units.** Converting existing home into affordable units could help municipalities meet the 10% mandate without building new units. Policies can include:
 - working with local communities to identify types of homes that should be targeted for conversion, identifying potential funding sources and forming strategic partnerships to provide outreach to target households.
 - supporting tax incentives and public funding for energy-efficient upgrades in exchange for a commitment to continue a unit's affordability for a specific period of time.
- **Promoting supportive regulatory practices** and encouraging the use of zoning to facilitate development of lower-cost housing. Similar to efforts to bolster rehab of homes, we can support this by adopting expedited permitting and review policies and ensuring zoning policies allow a diversity of housing types.
- **Expanding supportive housing programs** because they have proven to be effective in moving individuals out of chronic homelessness. Rhode Island's Housing First program found a 90% success rate.ⁱⁱ We need supportive housing programs that help with transitional housing to assist with the adjustment to independent living, permanent housing with appropriate support services designed to maximize independent living, innovative projects to meet the immediate and long-term needs of homeless individuals and families, and safe haven for homeless individuals with serious mental illness.ⁱⁱⁱ Home Buying Programs, can include:
 - *Neighborhood Home Ownership Centers* providing, in one physical location, all the services and training needed to shop for, purchase, rehabilitate, insure, and maintain a home. Customers will include current renters, first-time homebuyers, and homeowners in need of affordable financing for rehab or repair.
 - *Settlement Assistance Grants* offering low- and middle-income home buyers down payment and closing cost assistance, and new mortgages for buying one-to-four family homes.
 - *Innovative Partnerships and Financing Mechanisms* to assist low and moderate income families to buy homes through flexible, nontraditional underwriting standards; mortgage risk pools among consortia of investors/lenders; and mortgage assistance and financial counseling for the borrowers. The city should expand

partnerships with non-profits and lenders to provide a range of financing opportunities to prospective middle class home buyers, such as

- *Housing Funds* – mortgage pools of several lenders that provide financing for purchase and rehab of vacant, abandoned or properties in need of repair through first, and even second, mortgages with low down-payments and at lower rates than would be possible on the traditional market.
- *Lease to Purchase Programs* in which buyers attend courses, lease for a period of time, then may assume a mortgage from a partnership of lenders that share the risk. Lease payments are partially set aside for down payment requirements.
- *Home Ownership Limited Partnerships*, which permit homebuyers to partner with a limited partnership for financing to buy the house, reducing the up-front costs and monthly payments for the buyer.
- *Neighborhood Partnerships* in which churches, community organizations and neighborhood businesses take a stake in maintaining owner occupied homes in their own neighborhoods.
- *Investing in Naturally Occurring Retirement Communities* – creating incentives for neighborhoods where people have lived all of their lives to transition into retirement communities, enabling residents who reach old age to remain in these communities and still have access to basic services like health care, transportation, grocery stores, and the like.
- **Supporting rental assistance programs** that provide monthly rent subsidies as well as budgeting and counseling support for up to two years to help participants successfully transition into and maintain permanent affordable housing.
- **Keeping property taxes for affordable housing low** so that tenants and landlords can afford to keep housing affordable.

ⁱ<http://www.rihomeless.org/AboutHomelessness/HomelessnessStatistics/tabid/248/Default.aspx>

ⁱⁱ <http://www.rihomeless.org/AboutHomelessness/Solutions/tabid/266/Default.aspx>

ⁱⁱⁱ<https://www.cfda.gov/index?s=program&mode=form&tab=core&id=794a10b97fe129d5cfb22ec17a508bda>