Financing Affordable Housing

September 15, 2021
RIHousing: who we are, what we do

• Self-sustaining, quasi-public agency that receives no state funding for operations.

• Works to ensure that all people who live in RI can afford a healthy home that meets their needs.

• Services include: mortgage origination, homeowner and rental assistance, lead hazard remediation, development financing and the preservation of affordable housing.

• Every dollar generates is invested back into helping Rhode Islanders and enhancing the capacity of the corporation to fulfill our mission.

• 2020 investments sent $801 million into the local economy, including almost $200 million in development activity.
What is Affordable Housing?

- Housing costs are restricted to be affordable to low- and moderate-income households

  **Rental**  80% of Area Median Income (AMI rental)
  about $62,300 for a family of 3 in most parts of the state

  **Homeownership**  120% of AMI
  about $93,400 for a family of 3 in most parts of the state

- Deed restricted to remain affordable over time, generally for at least 30 years
What do we finance?

• **New affordable housing development**
  - Includes rehabilitation of vacant and abandoned properties and conversion of mills to affordable apartments

• **Preserving the affordable housing we have**
  - Approximately 37,000 units
  - Deed restrictions for 39% of existing affordable units will expire over the next 10 years

• **Homes for sale and apartments**

• **Permanent supportive apartments** for the homeless as well as ‘workforce’ housing and single-family homes
It’s Complicated…

Ashton Village, Cumberland

Total Development Cost

$14,519,903
Federal Funds: approx. $88 M annually

- **Low Income Housing Tax Credit equity:** Development and preservation of affordable apartments (~$66.1 M)
- **HOME:** Development and preservation of single-family homes and apartments ($3.6 M)
- **Housing Trust Fund:** Development and preservation of housing for very low-income households ($3.1 M)
- **Capital Magnet Fund:** Development and preservation of affordable apartments ($6 M)
- **Continuum of Care:** Primarily supports existing housing and rental assistance for the homeless ($8.1 M)
- **Lead Hazard Reduction Funds:** Remediate lead hazards in apartments and single-family homes ($1 M)
$190M in housing bonds approved through four bonds since 2006
About $13M annually when funds available
Administer in collaboration with HRC

<table>
<thead>
<tr>
<th>State Funds: Housing Bonds</th>
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<tbody>
<tr>
<td><strong>BHRI I</strong></td>
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<tr>
<td>• Approved by voters in 2006</td>
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<tr>
<td>• $50M for affordable housing production &amp; preservation</td>
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<td><strong>BHRI II</strong></td>
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<td>• Approved by voters in 2012</td>
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<td>• $25M for affordable housing production &amp; preservation</td>
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<td><strong>BHRI III + ARP</strong></td>
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<td>• Approved by voters in 2016</td>
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<td>• $40M for affordable housing production &amp; preservation</td>
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<tr>
<td>• $10M for revitalization of residential, commercial &amp; public space</td>
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<td><strong>Current Bond</strong></td>
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<td>• Approved by voters in 2021</td>
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<tr>
<td>• $65M to increase availability of affordable housing &amp; support community revitalization</td>
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• **Workforce Housing:** $5M to finance apartments for households earning up to 120% AMI

• **Homeownership Investment Fund:** $2M to finance development of affordable homes for sale

• **Preservation Loan Fund:** $13M for preservation of RIHousing-financed apartments with expiring affordability restrictions

• **Predevelopment:** Rolling awards to finance predevelopment costs

• **Land Bank:** Rolling awards for non-profit developers and municipalities to purchase vacant land and buildings for development as affordable housing while financing is secured

• **Community Development:** $570,000 for activities that support homeowners, renters and affordable developments

• **Digital Equity Initiative:** $450,000 to increase access to affordable Internet in affordable housing

• **Neighborhood Development Fund:** $300,000 to build capacity of nonprofit developers

• **ZEOS:** $500,000 to develop net zero homes for low-income homebuyers

• **Rent Subsidies:** $1.4M in rental assistance

**RIHousing Funds: Over $23M annually**
## Challenges & Opportunities

### Challenges
- Adequate capital resources
- Aligning/coordinating multiple funding sources
- Rising cost of construction
- Availability of operating subsidies for very low-income households
- Building developer capacity
- Local resistance to affordable housing development

### Opportunities
- Broad political support
- Potential for historic federal investment
- Appreciation of importance of affordable housing to health and economic recovery
- Focus on addressing social/economic inequities