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# NELLIE GORBEA

FOR GOVERNOR



## AFFORDABLE HOUSING: Building a Strong Foundation for Rhode Island's Future





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**To make ours a state where all Rhode Islanders can thrive, we need to ensure that everyone has a place to call home.**

My roots lie in our state's movement for better and more affordable housing. In the mid 1990s, I started as the first community economic development program officer at The Rhode Island Foundation. At that time, the affordable housing problem was one centered on low-income families; the following decade, as executive director of HousingWorks RI, I led a coalition of diverse stakeholders to create funding and policies that would make housing available to thousands of Rhode Islanders. Those efforts led to the passage of bond issues, a line item in the Governor's budget and – almost thirty years later – other changes currently being considered for passage at the General Assembly. **As governor, I will take our state further and create the housing we need for the 21st Century.**

**My housing plan will increase the supply of homes that are affordable to a variety of incomes and needs.** Rhode Island needs more family housing, senior housing, Single Room Occupancy housing, and supportive housing for people with special behavioral or physical challenges. To do this, we need greater cooperation between the State and local municipalities to build more homes for the benefit of all Rhode Islanders and to use land and energy more efficiently.

Housing is the foundation for growing and strengthening our economy. Rhode Islanders' employment opportunities, educational outcomes, and the overall health of our community require safe, accessible, and truly affordable homes regardless of zip code or income:

- We must boost investments in education – but a child who is forced to move multiple times in a school year and build new relationships with friends, teachers, and education support services is not able to catch up with peers, no matter how wonderful a school they are able to attend.
- We must improve access to health care – but high rental prices force too many Rhode Islanders to choose between their prescriptions or the roof over their head.
- We must improve care for seniors – but without a variety of housing options in our communities, older Rhode Islanders are unable to downsize, which then keeps younger families from buying their homes.
- We must combat climate change and preserve what makes Rhode Island life special – but we cannot do that with an aging and outdated housing stock that represents over 20 percent of our state's greenhouse gas emissions.<sup>1</sup>
- We must create more and better jobs – but without good housing for families of all income levels, companies won't want to expand and grow here and workers won't be able to live here.



Addressing our housing crisis means we must:

- 1. Build More Homes for All Rhode Islanders** - at price-levels affordable at all incomes and in all regions of our state.
- 2. Rehabilitate Our Aging Housing Stock** - and put underutilized land and buildings into productive use.
- 3. House the Unhoused** - treating the homelessness emergency gripping our state with the urgency that is required by providing permanent supportive housing.

Key to ensuring we move on these important actions is having leaders whose daily focus is to solve our housing crisis. I will be that kind of leader as governor - and I will empower **a new Secretary of Housing and Community Development who reports directly to me as governor, to address our state's housing crisis.** The Secretary of Housing and Community Development will work with municipalities to eliminate burdensome housing policies. I will appoint an individual with an extensive history working in housing development in Rhode Island. The Secretary will work with those on the ground - nonprofits, home builders, municipal leadership and our own state agencies - to leverage and complement the resources and actions necessary. As governor, this is a priority area for me and I will take an active, leading role, working with the General Assembly and all community stakeholders to coordinate housing policy and increase production.

Doing all this will require leadership. It will require know-how and experience. And, of course, it will require resources. That's why my plan details how I will fund my commitments beyond the one time use of ARPA money to which our state is entitled thanks to President Joe Biden.



Creating new housing and supportive services may require additional funds beyond what the federal government has provided as part of the COVID relief plan. Prior to the pandemic, Rhode Island had a decades-long structural budget deficit. All candidates in this race should be honest about how they hope to address any upcoming budget gap. If we need new tax revenues to pay for the housing our people need, those taxes shouldn't come from families working hard in Rhode Island to make ends meet. **Any additional state funds required to make sure Rhode Islanders have homes should be raised through additional taxes on big corporations to make sure the wealthy pay their fair share. We must ensure we have the housing our families deserve.**

For too long, our leadership has failed us. The status quo is not acceptable, and I will bring renewed energy and vision to our efforts to ensure every Rhode Islander has an opportunity to find an affordable home.

I will work with Rhode Island's for-profit and nonprofit homebuilders, community development corporations, financial and charitable institutions, and our community leaders to develop a plan to produce housing that is affordable to Rhode Islanders at every income level and in all parts of the state. I believe these partnerships are essential to our success, and I want to bring everyone to the table.

For years, I've heard from countless Rhode Islanders their worries about housing costs – seniors on a fixed income that need home repairs and are facing rising property taxes, young families that can't find a starter home they can afford, new graduates contemplating moving out of state, low-income families that are one paycheck away from eviction, and school kids forced to sleep in a car because they have no other option. This issue affects everyone. We need a governor who knows how to tackle it.



# 1.

## **BUILD MORE HOMES FOR ALL RHODE ISLANDERS**

**As governor, I will direct the new Secretary of Housing and Community Development to bring together our local home building community, municipal, nonprofit, and community development leaders to implement a path that rapidly increases the scale and pace of housing construction in our state.**

This will not only help us address the State’s affordability crisis, but will also provide an economic boost and create thousands of good-paying jobs. As governor, my administration will facilitate the construction of 17,500 new homes in the next five years (3,500 a year) that are affordable to Rhode Islanders at every income level.

**Our approach is twofold:**

- 1)** create new housing opportunities with subsidies and supportive services for those that need it most—those earning less than 30% of the State’s Area Median Income.
- 2)** expand the supply of workforce and market rate housing so that every Rhode Islander that wants to stay in the Ocean State has an opportunity to do so.

This approach will help to prevent homelessness, improve education and health outcomes and bolster our economy.

The affordability crisis is, in part, a problem with supply: There aren’t enough homes that are affordable at all income levels. Years of inaction at the highest levels of government – a failure of leadership – is now compounded by increased demand for second homes and the explosion of short term rentals on internet platforms which is also taking rental units off the market.



Some facts on Rhode Island's housing crisis:

- According to data from the Rhode Island Association of Realtors, there were just 1,115 single-family homes for sale across the state in April, representing less than a two-month supply.<sup>2</sup> A healthy housing market should have at least a six-month supply of homes on the market. Because of the limited supply, the median sales price of a single-family home reached \$420,000 in April; as a result, a Rhode Islander making the state's median income would not be able to afford to purchase a median-priced home in any of the state's cities and towns.<sup>3</sup>
- The vacancy rate for rental homes was only 2.2 percent in 2021, according to HousingWorks RI. A healthy housing market would have a rental vacancy rate between five and eight percent.<sup>4</sup>
- More than a third of Rhode Islanders are considered "housing cost burdened", meaning they spend more than the recommended 30% of their income in rent or mortgage payments, and about 60,000 Rhode Islanders spend more than half of their income on housing costs.<sup>5</sup>
- There is a wide gap in the number of families that earn less than half of the State's median income and the number of available rental units that are affordable to these families. There are 20,000 more families at this income level than there are affordable rental homes, according to the National Low Income Housing Coalition.<sup>6</sup>



Our state is dead last in the permitting of new homes, even when accounting for our small population.<sup>7</sup> Whereas Connecticut built 11 new homes per 1,000 people, in Rhode Island there were just two new homes built per 1,000 people. And in Massachusetts, there were 30 new homes built per 1,000 people.<sup>8</sup> We cannot remain competitive as a state with a record like this.

Over the past five years, we've averaged only 1,300 new homes a year.<sup>9</sup> I want to more than double that number.

**We will do so while protecting our greenspaces and farms from development by focusing our efforts on redeveloping underutilized sites within our “urban footprint.”** New development will be undertaken in a smart, sustainable way. Working with municipal leadership, we will focus redevelopment on areas that are close to transit and jobs. And we will make new development energy-efficient.

As governor, **I will reduce the barriers to building homes in Rhode Island.** A recent study ranks the state as the country's third-most highly regulated construction market.<sup>10</sup> Unnecessary layers of bureaucracy and balkanization of permitting over 39 municipalities have accumulated over time, making it more expensive to build homes here. Working with municipal leadership, for profit and nonprofit builders, the environmental community, labor and the housing advocacy community, I will:

- **Streamline permitting and regulations** that hamper the development of homes, including townhomes and small rental buildings – the “missing middle” of affordable starter homes.
- Provide resources like **data tools and technical assistance to cities and towns** to find the best sites for new housing construction, and focus our efforts on areas already within our “urban footprint.” This means preserving our open space while redeveloping underutilized land that is close to transportation and jobs. I will:
  - Provide resources to cities and towns to assist in planning, zoning, and cutting red tape.
  - Work with cities to create zoning districts that encourage the construction of affordable housing.
  - Incentivize meeting the State's “10% law” that is meant to ensure that there are affordable housing opportunities in every Rhode Island community. Only six of 39 communities in the state have met this goal that is set in law. I will provide new resources to communities that show a commitment to and progress towards achieving this goal. On the other hand, if communities do not show improvement, my administration will take steps to streamline the approval of new affordable housing in those communities.



**My administration will double down on investments in new housing.** Rhode Island spends less per capita on new housing than any other New England state. In fact, Rhode Island spends less than half of the next-lowest state, Maine, and less than one-quarter that of Massachusetts.<sup>11</sup>

As governor, I will have the opportunity to propose the dollar amount for housing included in the next bond measure, and I will use that opportunity to **double our commitment to affordable housing with a \$130 million housing bond measure.** This level of borrowing is affordable and within our financial capacity to pay, according to the state agency responsible for monitoring state borrowing, the Public Finance Management Board.

My administration will use every tool there is to **open the door to homeownership** for families that are being shut out by the market. Home prices are rising, with the median home price now 20% higher than just one year prior. Interest rates are rising quickly, as well, making mortgages less affordable. Families may be stymied from accessing a loan because of a low credit score, despite making good incomes and having little debt. Still other families find that they earn too much money to qualify for first-time homebuyer grants for down payments, despite barely making enough to afford a modestly-priced home. I will:

- Review and update Rhode Island Housing's portfolio of loan products to ensure access to mortgages for those with **low credit scores, but steady incomes.**
- **Extend financing to unconventional housing types,** such as duplexes, small condos, co-ops, and manufactured homes (mobile homes).
- **Continue to support efforts that would allow a homeowner to construct a small rental unit on their property,** as long as it is respectful of the surrounding neighborhood (for example, does not require off-street parking).
- **Expand eligibility for first-time homebuyer assistance.** Too many Rhode Islanders find that they earn too much money to qualify, even though they have no affordable options.



## 2.

### REHABILITATE OUR AGING HOUSING STOCK

Rhode Island's building stock is old, and many homes are in need of rehabilitation to make them safe, energy-efficient, and accessible to seniors and people with disabilities. Three-quarters of all homes in Rhode Island were built before 1979, and 30% were built before 1939. Older homes contain hazards such as lead paint and pipes, as well as asbestos, and may harbor mold and other indoor sources of indoor pollution that lead to childhood and adult asthma.

As governor, I will direct the new Secretary of Housing and Community Development to create or amend programs to help rehabilitate our housing stock:

- **Increase funding for the state's Historic Preservation Tax Credit Program.** The program is currently capped and according to the RI Division of Taxation there is a waitlist of \$78 million in projects that are shovel ready. With \$50 million we could immediately increase the number of homes available in historic properties.
- I will **pursue reforms to state and federal weatherization program rules** to increase the number of families with access to home retrofits.
- Build on our past efforts to **eliminate lead in our aging housing stock.** Lead poisoning in children is a major health problem with long-term impact on their educational attainment and life trajectory. Rhode Island Housing's Lead Safe program provides forgivable loans to property owners who have lead in their homes. This type of program along with replacing lead pipes in our water systems are key programs that I will look to expand.
- **Preserve existing affordable housing** and address expiring deed restrictions so affordable homes stay affordable.



# 3.

## HOUSE THE UNHOUSED

As governor, I will address homelessness as the crisis that it is. In addition to building more housing at all income levels, I will invest in emergency measures to get homeless individuals and families into shelter and transitional housing,

There were approximately 1,500 Rhode Islanders experiencing homelessness as of last January. Just a few months earlier, the Point-In-Time Count of homelessness found 662 people sleeping outdoors or in their cars, the largest number in modern history.<sup>12</sup> Another 12 percent of renter households live in overcrowded conditions, doubled up with friends or family.<sup>13</sup>

One-third of homeless Rhode Islanders are families, including 317 children under the age of 18.<sup>14</sup> The primary culprit is a lack of affordable housing for those earning low incomes. A minimum wage worker in Rhode Island would have to work 65 hours a week to afford an average-priced one-bedroom apartment.<sup>15</sup> Many Rhode Islanders are only one missed paycheck away from getting an eviction notice – on average 480 Rhode Island families are served an eviction notice every month.<sup>16</sup>

Two-thirds of homeless Rhode Islanders are individuals,<sup>17</sup> many of whom are battling mental health issues and substance abuse. The lack of shelter beds and transitional housing for those trying to get off drugs leads to a “vicious cycle” of recovery, relapse, and homelessness.

We do not have enough emergency shelter beds, but fortunately the gap is not insurmountable.

As governor, **I will pursue a multi-pronged strategy to prevent and address homelessness, including preventing evictions, providing mental health services, and ensuring that there are adequate shelter facilities.**



It begins with using resources from the Department of Human Services more effectively to address behavioral issues in the homeless population. We also need to better leverage the use of federal funds that can help our unhoused Rhode Islanders.

There are some well-known solutions for addressing the needs of the unhoused. These solutions need to be put into action with a strategic plan to address homelessness:

- **Preventing evictions** – There has been a large influx of federal dollars to address COVID-related evictions. These emergency funds have now run out. We need to create new programs that assist low-income individuals and families to avoid evictions due to unforeseen consequences. These programs are likely to be less expensive than the cost of providing shelter and other services and are the best way to ensure that children’s lives are not disrupted by housing instability.
- **Developing New Emergency Shelter Space and Supportive Housing** – We must make housing affordable and supportive for people at the lowest income levels and those with developmental disabilities. We need to start planning for winter shelters much earlier than we have in the past.
  - As governor, I will work with our nonprofit housing organizations to **immediately support the identification of sites to locate rapidly deployable housing structures that can be easily adapted to current numbers of unhoused Rhode Islanders.**
  - My budget proposals will consistently **fund the development of supportive housing** for individuals experiencing homelessness and those who require ongoing behavioral health services.
  - I will **ensure that housing that is built addresses the needs of Rhode Islanders with developmental disabilities.**
  - **Ensure supportive temporary housing** for victims of abuse, people in recovery, or exiting incarceration.



## HOW WE WILL PAY FOR IT

As governor, I will act with the urgency required to meet our housing emergency. It is clear that efforts up to this point have not been sufficient. New leadership is needed to provide a new approach.

But I know that any good strategy also needs a plan for how to pay for it.

Today, Rhode Island has a budget surplus, buoyed by federal recovery and infrastructure funds, lower spending and higher tax receipts. While we cannot count on the budget outlook always looking this sunny, we cannot squander this opportunity to make important investments today that will pay dividends later down the road. **By investing today to address our housing crisis, we are preparing our state to be successful tomorrow.**

As governor, I will put more money towards housing, and I will pay for it by:

- **Increasing corporate taxes to provide money for new housing.**
- **Dedicating part of our state's budget surplus** to housing, including **unspent ARPA funds.**
- **Double the dollar amount of the next housing bond.**
- **Save money by creating permanent supportive housing,** which is less expensive than providing emergency shelter and other services.
- Save money on one of the biggest costs of development: the land. I will **create a public land bank of vacant and underutilized structures.**



## WHY HOUSING MATTERS

Housing is foundational to solving many of the issues our state faces, from educational and health outcomes to protecting our environment. And I know that building more homes will boost our economy by creating jobs and providing more housing opportunities to our next generation of workers, business owners, and community leaders.

- **Education** - A secure housing landscape improves education outcomes. Children need stable homes with parents who are not cost-burdened. We will strategically look at incentives that address municipal concerns that building family homes leads to rises in property taxes by rewarding our towns and cities with additional state funding in education. Studies continue to show how relocations within the school year negatively impact students' performance, while a family that is secure in their home is able to take advantage of and contribute to their school community.
- **Health** - Because much of our lives are spent in our homes, people need clean, safe housing to stay healthy. Rhode Island's housing stock is old. Thirty percent of the homes in Rhode Island were built before 1940. Building and maintaining safe homes, and addressing currently unsafe living situations, are the first steps for healthy citizens, especially our most vulnerable. In addition, we need to promote the use of safe and consistent heating methods using non-carbon sources to ensure our homes are heated dependably and efficiently.
- **Environment** - We need to build modern homes that are energy efficient, can easily use renewable energy, and are built with climate in mind. This makes for a better environment. Incentivizing the retrofitting of our existing housing to become energy efficient, and converting homes to utilize renewable energy and address climate change, will help us meet the challenges of climate change.



- **Jobs and the Economy** - By putting housing policies first, we enable every Rhode Islander to have more spendable income and meet their daily needs more effectively. Policies that focus on housing also help our state develop a construction workforce that can become a regional powerhouse. A thriving housing sector is a proven multiplier for economic growth in the Rhode Island providing opportunities for new small businesses and living wage jobs.
- **Infrastructure Improvements** - In providing cities and towns assistance to upgrade and increase their outdated sewer systems, water services, and other town financial responsibilities, Rhode Island can provide equity through infrastructure while also upgrading town services to modernize and prepare for our future. This alleviates the burdens that additional growth puts on Rhode Island. Working with Rhode Island towns and cities in this way allows them to incorporate historic preservation and town character into growth plans that anticipate the future - shifting to renewable energy and incorporating greater access to broadband.

In summary, housing is connected to many important needs in people's lives. I will be a governor who understands how affordable housing needs to be addressed if we are going to move our state forward.



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