

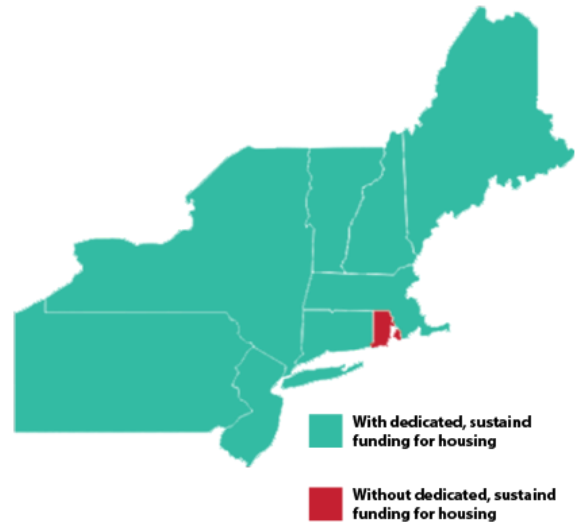
RHODE ISLAND NEEDS A DEDICATED FUNDING STREAM FOR HOUSING

BIG PICTURE

Rhode Island has an urgent housing shortage: the supply is not keeping up with demand and the cost of housing is outpacing wages. Governor Raimondo's FY21 proposed budget includes, for the first time in Rhode Island history, a dedicated funding stream for housing. We want this funding stream to support safe, healthy, affordable homes in thriving communities.

THE NEED

- Rhode Island has the lowest rental vacancy rate in New England
- Rhode Island housing production is down significantly from historical averages
- Rhode Island is the only state in New England that does not have a dedicated revenue stream for housing--NY, PA, and NJ also have dedicated revenue



WHO BENEFITS

These funds will support new and rehabilitated homes for Rhode Island residents, including families, seniors, people with disabilities, and working people. A subset of the funds will also be used to expand housing-related resources for cities and towns. It is crucial for these funds to support the creation and preservation of affordable homes for low- and moderate-income households.

DETAILS

The funds will come from a real-estate conveyance tax increase on property sales above \$500,000 -11% of statewide sales. This is the most common revenue tool used nationally and in the Northeast.

ABOUT HOMES RI

Homes RI is a coalition of organizations working together to increase the supply of safe, healthy and affordable homes throughout Rhode Island. We believe Rhode Island can and should be a state where all residents are able to live in safe, healthy and sustainable homes in thriving communities.

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Frequently Asked Questions:

Dedicated Funding for Housing Production

Big Picture: Rhode Island needs dedicated funding for housing production. The state has an urgent housing shortage, and supply is not keeping up with demand.

Q: Rhode Island has a housing shortage?

A: Yes. Rhode Island's total annual housing production is down significantly from historical averages, and the state now has a tight homeownership market and the lowest rental vacancy rate in New England.

Q: Why does Rhode Island need dedicated funding for housing production?

A: Rhode Island has an urgent housing shortage, yet significantly underinvests in housing production compared to our peer states. We are the last state in New England without a dedicated revenue stream for this purpose. Permanent, stable funding will enable us to narrow this investment gap and build much-needed homes.

Q: Where will dedicated funds come from?

A: A dedicated, sustainable funding stream can be created from a real estate conveyance tax increase on the portion of property sales that exceed half a million dollars.

Q: Why the conveyance tax?

A: The conveyance tax is the most common revenue tool for housing production, both nationally and within the Northeast.

Q: How will the change affect the market?

A: The change is modest and only affects the portion of a property sale above \$500,000. In FY19, only 11.2% of statewide sales fell into that category. The seller of a \$700,000 property, for example, pays an additional \$920.

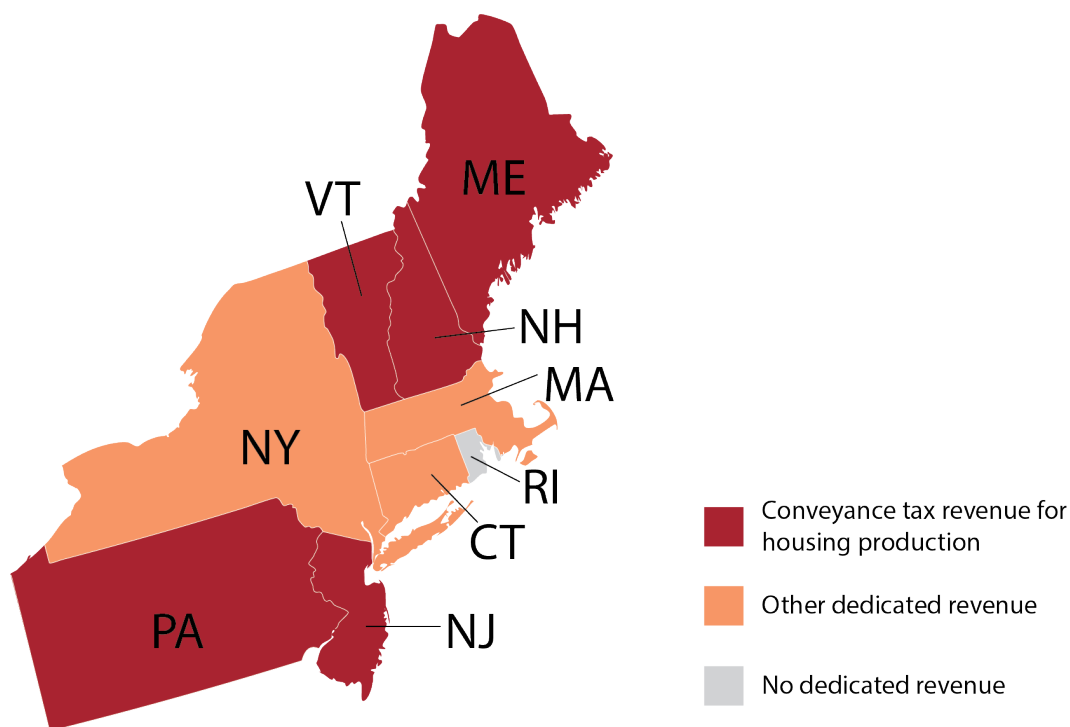
Q: Will a dedicated funding stream replace Rhode Island's housing bonds?

A: No. A dedicated funding stream builds on the baseline investment provided by housing bonds.

Q: How will new funding be used?

A: New funds will be used to build and rehabilitate homes for workers, families, seniors, and special needs populations. A subset will also be used to expand housing-related resources for cities and towns.

Rhode Island lacks revenue for housing production



Home prices climb as supply decreases

