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Voters ok \$25 million housing bond issue

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Rhode Island voters approved Question 7, the \$25 million housing bond issue, on November 6, and leaders of the Rhode Island Builders Association hailed the event as a much-needed boost for potential homeowners and the housing market.

"It was a good decision by the voters, and a move that will help the housing market and the economy. It will pay for itself as did the 2006 housing bond. There's no downside," said RIBA president Felix Carlone. "It's good for business and good for housing."

The benefits to the market and the industry will take time to manifest, however. The bonds must be issued and sold, and the fine print about developments and contractors has yet to be written.

The \$25 million worth of bonds will be sold to investors and institutions over two years, HousingWorks RI executive director Nellie Gorbea recently explained to The Rhode Island Builder Report.

"With the money raised, there will be two disbursements of \$12.5 million each through the Rhode Island Housing Resources Commission (HRC). This agency then will issue a request for proposals (RFP), saying 'we have this much money for affordable housing projects,'" Gorbea said.

"Developers and builders - for profit and not-for-profit - can then submit proposals for projects that include affordable units, asking for whatever amount they need for the project. Judging by the 2006 housing bond program, this procedure worked really well."

All applications will be reviewed by the HRC in collaboration with Rhode Island Housing. Once reviewed, applications will go to a bond funds distribution committee at HRC, a public/private body that includes a representative from RIBA (currently Albert Valliere of Nation Wide Construction Corp.) The committee then will prioritize the applications, based on a number of factors included in the RFP. HRC has the final vote on each application.

HousingWorks RI has a wealth of information about the state's housing market in its 2012 HousingWorks Fact Book, available online at www.HOUSINGWORKSRI.org. The 2011 HousingWorks Fact Book, available in the news-events section of the same site, has a description of the housing bond process.

"We've studied the \$50 million housing bond of 2006 and its effects in-depth, and we've proven that its positive effects multiplied through the economy nearly 16 times, generating a total of \$800 million in overall economic activity. It produced 30 percent more homes than originally anticipated. We had originally thought that the \$50 million would allow us to build 1,000 affordable, long-term homes. In fact, it provided over 1,300 homes in 30 communities," Gorbea reported.

Watch The Rhode Island Builder Report for more information as the bond process unfolds.

Paul Eno is the owner and editor-in-chief of New River Press, Woonsocket and is the editor of the monthly RIBA newsletter, The Rhode Island Builder Report.