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Affordable housing is key driver of economic growth

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As Rhode Island's economic comeback gets underway, building and preserving housing will be a key part of the plan to grow our economy and add jobs. In 2014, Rhode Island Housing had an impact of \$375 million on the local economy - making our agency a key driver of job creation and economic growth. But I know that we can do even more to boost our recovery.

Rhode Island Housing is working with Gov. Gina Raimondo and Stefan Pryor's team at the Commerce Corp. to make Rhode Island a better place to live, work and raise a family. Rhode Island Housing invests millions of dollars in the local economy by financing the development of affordable homes. We also make investments to ensure that the dream of homeownership remains within reach of Rhode Island families - even for those families with household incomes in excess of \$100,000 annually. By addressing foreclosures, providing counseling to struggling homeowners, and making key investments in neighborhoods, Rhode Island Housing helps build the kinds of vibrant communities where people want to live. In addition, we are working to prevent homelessness and connect our most vulnerable residents with the supportive services they need to thrive.

In order to grow jobs, we must have enough housing available for our current and future workforce. Affordable housing - housing that costs less than 30% of a worker's income - is in short supply in Rhode Island. In 2000, about one third of renters in Rhode Island spent more than 30% of their income on housing. In 2011 - the most recent year we have comprehensive data for - nearly one half of renters in Rhode Island across all income levels exceeded that threshold.

We are fortunate to have a governor in Rhode Island who is laser-focused on economic growth. Gov. Raimondo understands that investing in housing is a strategic piece of any comprehensive economic strategy. In addition to a number of aggressive development tools included in the budget recently passed by the General Assembly, the governor proposed and the General Assembly approved a \$3 million Affordable Housing Fund to leverage existing federal resources and finance the development of 200 to 300 affordable homes. These funds will not only create much-needed housing but will also create good paying construction jobs.

The Affordable Housing Fund will be administered by our team here at Rhode Island Housing. It will be used in conjunction with federal 4% Low Income Housing Tax Credits (LIHTC). Over the past 30 years, Rhode Island Housing has financed more than 10,000 apartments through the LIHTC program - revitalizing neighborhoods, creating affordable housing in communities across the state, and leveraging hundreds of millions of dollars in private investment. The LIHTC program is the principal federal program used for the construction and rehabilitation of rental apartments. Rhode Island Housing competitively awards the tax credits to developers who then sell the credits to investors, attracting private capital to invest in affordable homes.

While the LIHTC program plays a major role in the development of housing, it is a resource that is currently underutilized. Without sufficient state resources, we have been unable to use all of the

available federal LIHTC. The federal tax credits are just sitting there. Meanwhile, there are existing proposals for housing developments that could raise private equity, but are on hold because of financing gaps. With the Affordable Housing Fund, we will be able to close those gaps, put Rhode Islanders to work, and build and preserve homes for Rhode Island's workforce.

The \$3 million investment is expected to leverage \$12 million in private financing. We estimate that the associated development activity will create hundreds of construction jobs, and millions in taxes and other revenue for the state and local governments.

The Affordable Housing Fund is just one example of the kind of solutions that we need in Rhode Island. The federal budget is not growing, putting more pressure on states to innovate and think creatively about how to address housing needs. Rhode Island is a small state. Because of that, I believe there are a lot of opportunities here. State and local leaders are accessible. We are able to come to the table with developers and investors, find common ground and make projects successful.

Rhode Island Housing is committed to working with the state leadership and partners in the non-profit, government, and the private sectors to achieve our shared goals. Together, we are building stronger, more resilient communities where Rhode Islanders can live, work and raise a family.

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