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Helping Rhode Islanders

Rhode Island Housing works diligently to tackle the issues and rebuild the economic and housing foundation of the state on many levels. We take a broad perspective by addressing housing needs through three distinct, yet complementary, avenues by:

1. *Providing safe loans, grants and services to help Rhode Islanders build, buy, rent and keep a home;*
2. *Helping Rhode Islanders who are having housing trouble; and*
3. *Creating a better, stronger future for Rhode Island by building healthy, vibrant communities with safe, affordable homes for all Rhode Islanders.*

Reading Between the Numbers

Some people are calling it the “Great Recession.” Without a doubt, most of us will look back on the past 2-3 years as some of our most challenging times. Surging unemployment, a rising tide of foreclosures, recent flood-waters and declining state and local revenues have left our families and communities struggling to make ends meet. And while some economists predict that we are finally on a gradual slope to recovery, many Rhode Islanders – most of whom have been impacted by these crises – will continue to need help through what will undoubtedly be a long recovery process.

Rhode Island has been particularly hard hit by both the overall economic crisis and the housing crisis, as history once again reminds us that homes and the economy are inextricably linked. Rhode Island’s unemployment remains at a record high level – which is not surprising considering that one out of every 10 jobs in Rhode Island is related to real estate or construction, and the production of homes is dramatically down. And few will disagree that good jobs and good homes that are affordable to working Rhode Islanders are essential for long-term economic growth and stability.

Before the recession hit, Rhode Island suffered a stifling shortage of affordable homes. In 2005, our state suffered a staggering deficit of 13,000 homes that were affordable to the average working family. In 2008 and 2009, only about 2,000 new homes were permitted – and those numbers included high-end homes. With foreclosures in the state continuing at a record-high pace, some people assume that the gap is narrowing between the number of healthy, affordable homes that are available and the number of healthy, affordable homes that are needed. Experts are looking for hard data on what is happening in our housing markets. But to truly understand what is happening, we need to look between the numbers.

Whenever a residence is foreclosed, at least one family is left without a home. Last year approximately 10,000 Rhode Island residential properties were in foreclosure and 30 percent of these contained more than one home. And what happened to those homes that were driven into foreclosure? Many quickly deteriorated, becoming uninhabitable or at least requiring major repair work. Too often, a foreclosed home is left in deteriorating condition and abandoned. Many of those that can be restored will be priced out of the affordable-home market unless government subsidies are employed. Furthermore, there is a significant level of expertise and high degrees of patience and tenacity that are needed to purchase and rehabilitate a foreclosed home. Without special guidance many first-time homebuyers, or even experienced ones, find such a venture too daunting.

While there are signs that Rhode Island has lost some of its former residents, the greater loss of homes due to foreclosure means that we continue to suffer a severe shortage of homes that are affordable to average wage earners. Compounded by the second highest gap in the country between what people earn and what they need to rent a home, it is clear Rhode Island needs more affordable homes and more good jobs.

Federal Stimulus Dollars at Work in Rhode Island

In 2009, federal recovery measures provided much-needed funding for home construction. Those resources were put to work quickly and effectively. But, many of the funds were used to reactivate previously stalled development initiatives, halted by the collapse of the credit markets and the disappearance of real estate investors, rather than increase production levels.

Although we have seen a glimmer of hope by putting these funds to work rebuilding communities, our state's housing and employment needs remain critical and the lion's share of federal funding, programs and incentives are already committed or spent. With government deficits on the rise, the likelihood of new or even sustained funding has dimmed.

■ Tax Credit Exchange Program (TCEP)

- \$36,891,061 of housing credits awarded
- An additional \$67 million leveraged
- 370 affordable apartments financed

■ Tax Credit Assistance Program (TCAP)

- \$11,933,403 awarded
- An additional \$22 million leveraged
- 212 affordable apartments financed

■ National Foreclosure Mitigation Counseling (NFMC)

- \$1.5 million awarded to Rhode Island Housing's HelpCenter since 2008
- 14 counselors and support staff currently being funded through NFMC
- 3,492 homeowners have received counseling through the Rhode Island Housing HelpCenter

■ Neighborhood Stabilization Program (NSP 1)

- \$19.6 million committed
- 100 new homebuyers purchased and restored previously foreclosed properties
- 165 foreclosed properties acquired for non-profit developers to be restored as affordable homes
- 20 previously boarded properties on Smith Hill are the heart of a new neighborhood recovery effort that will create 52 new homes

Reading Between the Numbers, *continued*

Building homes that are safe, attractive and affordable to the average Rhode Islander not only addresses the income-to-housing gap, it puts people to work and families of workers into safe homes. Good jobs and affordable homes strengthen the fiber of communities, helping to restore neighborhoods that have been hard hit by the foreclosure crisis and generating local spending that is critical to economic sustainability.

At the new dawn of economic recovery, we have a convergence of factors, including increased real estate activity due to federal incentives, low-interest rates and prices, and newfound, but cautious, optimism. But with state and federal budget deficits mounting, and many longstanding housing programs at risk, we may lack financial resources to build on the progress that has been made by programs like Neighborhood Opportunities Program (NOP) and the Housing Bond – Building Homes Rhode Island (BHRI).

Rhode Island can anticipate slow but steady economic growth over the next decade – if we find ways to continue to build momentum and facilitate positive, long-term change. In the pages of this report, Rhode Island Housing provides the data to support and understand the need to create homes and construction-related jobs, and for more support at the state and local levels. In order to steadily move forward, we must wisely use the resources we have and apply new opportunities quickly, where they are needed the most.

With Rhode Island's great potential, we can create a place where there is an adequate supply of good jobs and healthy affordable homes. We must find a way to capitalize on our opportunity and work together to create a promising, sustainable future for our fine state.

Richard Godfrey

Executive Director, Rhode Island Housing

Rhode Island: At the Moment

Population

1990:	1,003,464*
2000:	1,048,319*
2008:	1,050,788*

* U.S. Census Bureau

After two decades of slow but steady growth, Rhode Island's population has leveled off. Some postulate that it may even be dipping. Data from the 2010 decennial census will not be available for a couple of years but annual population estimates through the census and school enrollment are down somewhat from earlier in the decade. This indicates that our overall population may be dropping. Population decline is likely a symptom of broader issues, including the shortage of good-paying jobs and healthy homes that working families can afford.

Jobs

Rhode Island unemployment rate:

Dec 2005:	5.1 percent*
Dec 2008:	9.4 percent*
Dec 2009:	12.9 percent* (rank 2nd)**

* Rhode Island Department of Labor and Training
** U.S. Bureau of Labor Statistics

At year end, Rhode Island's unemployment rate was the second highest in the nation. With so many homeowners already experiencing declining incomes, struggling to make their mortgage payments, and facing possible foreclosure, the prospect of losing a job in the face of these statistics is nothing short of devastating. Unlike victims of predatory lending practices, many of the remaining homeowners received well under-written mortgages that they could afford at the time of their purchase.

The pain associated with the loss of a job and a home goes well beyond the personal loss and turmoil involved. This situation also jeopardizes the well-being of entire families and communities.

Rising unemployment is also increasing the cost burden on Rhode Island's renters. For those who still have jobs, Rhode Island has the second highest gap in the country between income levels and the income needed to afford the average rent. Therefore most Rhode Islanders need overtime or a second job to help pay rent. Yet many Rhode Islanders have lost the extra pay of overtime and second jobs due to declining economic conditions.

With mortgage payments and rents remaining high, families with reduced incomes are also forced to reduce or sacrifice essential family purchases.

Rhode Island: At the Moment, *continued*

Existing single family home sales

Median number of home sales

2005:**	9,711*
2008:	6,662*
2009:	7,720*

* Rhode Island Association of Realtors

Although home sales are up a little from 2008, they remain weak. Perhaps as much as 34 percent of property sales in 2009 involved distressed properties. Distressed transactions generate fewer benefits to the economy and lower property values throughout the community. Since the seller of a distressed property is generally not buying another one, the positive economic ripple effect of that sale, which involves sellers purchasing new homes, services and furnishings, is reduced.

The building and selling of homes is a huge economic driver. Those directly engaged in the real estate business – real estate agents, lawyers, home inspectors, movers – have been severely impacted by the current housing crisis. The decline in home sales also impacts retailers, remodelers and other businesses.

Unfortunately, even with low interest rates and low home prices, consumers' ability to purchase a single family home is being impacted by the economy. Loans are harder to come by. Credit terms are much more conservative as lenders have become more prudent. Generally, only those with a stable, well-paying job and good credit can qualify for a mortgage.

Rhode Island Housing's homebuyer loan programs, like FirstHomes100 and FirstHomes100+ for rehab loans, further buoyed by federal supports, have been able to fill some of the mortgage void left by retrenching lenders.

New home construction

Rhode Island building permits:

Jan - Dec 2005:**	2,836*
Jan - Dec 2008:	1,058*
Jan - Dec 2009:	958*

* U.S. Census

Going into the housing collapse, Rhode Island had a shortage of 13,000 affordable homes. With about 2,000 new homes permitted over the past two years and thousands of homes being lost to foreclosure and abandonment, Rhode Island still has a severe housing shortage.

Lack of homebuilding can stifle an economy on many levels. Conversely, new homebuilding can spark an economic recovery. According to the National Association of Homebuilders, the development of 100 homes creates on average 324 local jobs and generates over \$20 million in local income. Those new workers further fuel the need for affordable homes. Homebuilding can be a critical component of Rhode Island's economic recovery if we strategically target available resources and design planning and permitting processes that promote both a vibrant economy and healthy communities.

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Treasury Buys \$193 Million in Federal Bond Funds from Rhode Island Housing

Tax-exempt housing bonds are the primary tools used by Housing Finance Agencies (HFAs), like Rhode Island Housing, to offer low-interest mortgages to first-time homebuyers and to finance the development of affordable apartments. Unfortunately, like the rest of the financial market, over the past two years the financing system for bonds has been deeply damaged, making it more difficult for Rhode Island Housing and other HFAs to provide this assistance.

Recognizing the important role that HFAs throughout the nation are playing in the nation's recovery efforts, the U.S. Department of the Treasury recently announced the purchase of \$13.9 billion in housing bonds from 50 HFAs. This allowed us to boost lending to first-time homebuyers and jump-start the construction of reasonably priced apartments.

To get the bond proceeds, state HFAs must sell another \$7.7 billion in housing bonds to private investors. The end result will allow eligible HFAs to finance more than 200,000 affordable homes across the country, while generating jobs and tax revenue for the economy, providing first-time homebuyer mortgages and financing safe rental housing. Rhode Island Housing has already sold some of the required matching bonds to private investors, making us one of the first in the nation to qualify for the federal money. More bond sales are planned for 2010.

By leveraging the Treasury purchase program, Rhode Island Housing will raise a total of \$306 million to finance new homes. These funds have already helped about 700 Rhode Island families buy homes and are expected to help about 1,000 more. It will also help us finance more than 1,800 new or refurbished healthy rental homes, which will remain affordable for tenants for decades to come and will help breathe immediate life into our job market.

New home construction, *continued*

Rhode Island has a limited amount of valuable and fragile open space and watersheds. The development of these natural lands is not sustainable. Spending resources wisely and for long-term success involves promoting growth and home building within boundaries defined by existing infrastructure. This is less costly to the taxpayers, allows more consumers to share the costs of infrastructure and creates vibrant, livable communities. While Rhode Island has some competitive advantages at the moment because of its existing rail and bus systems, the rest of the country is investing in transportation resources.

By quickly engaging federal housing stimulus programs, Rhode Island Housing was able to finance the construction start of several hundred new homes in Rhode Island last year and will keep priming the construction industry in 2010 as new funds become available.

Home values

A shortage of homes and easy credit fueled Rhode Island's extreme home cost appreciation from 1990 through 2007, inflating home prices well above their values. Since then, the tightening of credit coupled with the foreclosure crisis and job and income losses have caused home values to drop 25 percent. While this depression of prices seems to make more homes within reach for the average Rhode Islander, for those impacted by reduced incomes, job losses and tighter credit, a home may

Median home prices

2005:**	\$282,900*
2008:	\$234,700*
2009:	\$199,900*

* Rhode Island Association of Realtors

still be out of reach. Loans are harder to come by. Credit terms are much more conservative as lenders have become more prudent. Generally, only those with a stable, well-paying job and good credit can qualify for a mortgage. Rhode Island Housing's homebuyer loan programs, like FirstHomes100 and FirstHomes100+ for rehab loans have been able to fill some of the mortgage void left by retrenching lenders.

Meanwhile, with homes valued less than the debt owed, people cannot sell, losing mobility as well as wealth. And as some of those homes enter into foreclosure, families are displaced and a community is often left with a boarded up or dilapidated property.

**Figures used are from 2005 when Rhode Island's last comprehensive Housing Plan was completed. Since these numbers reflect the status before the crest of the housing boom, as well as the subsequent decline, they most accurately reflect the norm.

Rhode Island: *At the Moment, continued*

Home affordability

Renting:

2008 average renter wage in RI:	\$11.61*
2008 wage needed to afford average rent in RI:	\$19.79*
2009 average renter wage in RI:	\$12.01*
2009 wage needed to afford average rent in RI:	\$18.76*

Homeownership:

2007 median RI household income:	\$53,568**
2008 Income needed to afford a median priced home:	\$74,536***
2008 median RI household income:	\$55,701**
2009 Income needed to afford a median priced home:	\$55,140***

With declining home prices, it would seem many homes are now within reach for Rhode Islanders. Yet job losses and economic insecurity are discouraging people from buying, and lenders are much more conservative when it comes to loaning money. Credit scores are declining as the unemployment and foreclosure numbers rise. And it takes good credit to qualify for a safe mortgage.

Price declines have not impacted all homes equally. The high volume of foreclosed properties on the market has skewed prices considerably. When distressed sales are removed from the picture the median sales price in 2009 rises 17.5 percent to \$235,000. Buying a foreclosed property raises its own challenges. While foreclosures drive down the average cost of homes, many require the investment of a significant amount of work and money before they are habitable. Homebuyers considering purchasing a foreclosed property should always get an inspection and homebuyer counseling so that they are prepared for the unique challenges and costs associated with these properties.

All of these considerations do not change the fact that this is a good time to buy. If one has a stable job and good credit, and is prepared for the prospect of homeownership, there are safe loan products, like those offered by Rhode Island Housing, as well as free homebuyer education. It is imperative that consumers are careful to buy smart in this market.

While home prices have begun to drop, rental costs have not yet followed suit. Nationally, Rhode Island still has the second biggest gap between what people earn and the cost to rent a home. According to the American Community Survey, in 2008 almost 25 percent of renters in Rhode Island were spending more than 50 percent of their income to pay their rent.

* Out of Reach

**U.S. Census Bureau

***Rhode Island Housing calculation; assumes 3 percent down payment and mortgage-rate interest of 5 percent.

Foreclosures and condition of homes

Foreclosures

Dec 2005:

.45 percent (42nd in U.S.)*

Dec 2008:

3.49 percent (10th in U.S.)*

Dec 2009:

3.97 percent (13th in U.S.)*

*Mortgage Bankers Association National Delinquency Survey

vandalized properties. Adding to the issue, those who purchased property when values were high tend to have less income and incentive to maintain their properties. Meanwhile, others continue to be abandoned, leaving many neighborhoods severely blighted, negatively impacting the whole community. The depressed values endanger the sale or refinancing of other investment properties and surrounding homes.

While those in danger of losing their homes are offered help through Rhode Island Housing's HelpCenter, only with reinvestment in our homes and neighborhoods by individuals and government can Rhode Island communities recover from the damage inflicted by the foreclosure crisis and economic downturn. Lending capital can help families invest in homes that need repair. But those who are not real estate investors may not have the expertise needed to do so safely. Homebuyer education is critical in teaching them about what to expect, the need for thorough inspections, and how to secure financing for purchase and repair up front so that they can afford to keep and revitalize their home.

Cities and towns can also help slow the tide of deterioration by having code enforcement work hand-in-hand with loans for repairs and re-investment. Only by rebuilding and reviving abandoned homes can we return our communities to healthy, thriving places.

Rhode Island has the highest foreclosure rate in New England and our foreclosures continue to climb at a pace that is devastating to families and communities. While the problem remains, the cause and location of foreclosure activity is beginning to change. The primary cause of foreclosures is now shifting from unsound lending practices to job losses among those who made good borrowing choices based on the information available to them at the time of their purchase. Following that shift, the areas of the state impacted by foreclosures are expanding from urban communities that experienced the greatest concentration of subprime loan activity, to surrounding suburban and rural communities. Adding to the issue, those who purchased property when values were high now have less income to maintain their properties. Families with income and job losses may be doubling up to share rents, which also accelerates property deterioration.

There are many factors that are leading to the further deterioration of our neighborhoods. The combination of the foreclosure crisis and the decline of property values has led to many vacant and

A Special Product for Rehabs and Foreclosures

Rhode Island Housing's FirstHomes100 loans offer many special benefits including no money down – a rarity in today's market. Our version of 203(k) rehab loans, called FirstHomes100+, offers all the same benefits including the same low rates, and 100 percent financing, as well as all the funds to make repairs and upgrades, under the terms of a single loan. Rhode Island Housing and a HUD consultant stay with the client to ensure repairs are made and contractors are paid – similar to a construction loan but without the extra closing.

Identify the Need Early

Given the amount of available inventory in need of repairs or upgrades, rehab loans are becoming a regular part of our business. Rhode Island Housing recommends identifying the need for a FirstHomes100+ loan as early as possible since the inspection process varies from a non-rehab product. This helps the buyer get into the right loan from the start and move things along quickly and efficiently.

For more information, visit www.rhodeislandhousing.org, call 457-1234 or find us on Facebook.

Rhode Island: At the Moment, *continued*

Supply and demand

According to the state's 5-year strategic housing plan from 2005, Rhode Island had a severe shortage of 13,000 affordable homes going into this real estate crisis. With about 2,000 new homes permitted over the past two years and thousands of homes being lost to foreclosure and abandonment, Rhode Island's affordable-housing shortage remains critical.

The foreclosure and abandonment process is destroying many existing urban homes, especially multi-family ones. Before the housing crisis is resolved, Rhode Island will likely lose several thousand more. And new home construction remains very slow, putting few Rhode Islanders to work.

With government incentives and economic recovery, we will likely see renewed interest in homebuying and more people seeking apartments in which they can live independently. New construction and rehabilitation is a long process further exacerbated by multiple layers of permitting. Home construction that was started several years ago has been completed and the current pipeline is depleted. Even when the economy picks up, it will take a few years to achieve healthy home construction levels.

Lending

A global tightening of credit has resulted in many lenders retreating from the market and making loans only to top-rated borrowers, who are now more difficult than ever to find. Despite the ever-changing lending markets, Rhode Island Housing continues to make loans and to practice the same socially responsible and fiscally conservative philosophy for which we are known and respected. Local banks are also a good source of capital for homebuyers with good credit. However borrowing opportunities for speculative home building will need a long time to recover.

Rhode Island home purchase mortgages

2005: 17,061 \$3.8 billion**

2008: 6,531 \$1.1 billion*

2009: 7,453 \$1.1 billion*

* The Warren Group, Mortgage Market Share Report

**Figures used are from 2005 when Rhode Island's last comprehensive Housing Plan was completed. Since these numbers reflect the status before the crest of the housing boom, as well as the subsequent decline, they most accurately reflect the norm.

Prudent lending has allowed Rhode Island Housing to continue to provide safe, affordable loans to Rhode Islanders even during these times of restricted credit. Investors are still buying Rhode Island Housing bonds, which allow us to make loans. Our borrowing costs are low and we can pass this savings along to customers even if they have no funds for a down payment. However, if the economy is to fully recover, much more investment capital is needed. Fortunately the Treasury just purchased \$200 million in bonds from Rhode Island Housing. This will allow us to pass along low borrowing costs throughout 2010.

Even Rhode Island Housing has curtailed lending for single-family home construction until activity picks up in the real estate market. However, in

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Lending, *continued*

2009 we did make about \$150 million in capital available to apartment builders. The demand for healthy, lower-cost apartments remains strong. Rhode Island Housing plans to make a similar amount of capital available for apartment construction in 2010.

Because one in every 10 jobs in Rhode Island are in the real estate and construction sectors, the financing of home building is critical to the state's economy.

Homeless population

RI homeless population:

2008:	3,777*
2009:	3,913*

*Rhode Island Homeless Management Information System (HMIS)

Displacement resulting from foreclosures and job losses continues to increase the number of people without homes. We continue to see a trend as many people are displaced and are forced to move in with other family members, doubling or tripling up until they find work.

The population of people who are chronically homeless has long been the focus of major efforts in Rhode Island as we strive to provide the service-enhanced permanent homes that these individuals need. However, during this economic crisis the number of people who are repeatedly challenged with personal crises has been multiplied by far bigger numbers of people whose primary housing challenge is purely economic – they simply cannot earn enough to pay the mortgage or rent. This challenge can be partially addressed with larger numbers of homes that are affordable. However, boosting the number of good-paying jobs is also vitally important.

Agencies that serve people who are homeless are being doubly challenged now, with more people in need and reductions in funding from government and philanthropic sources. Rhode Island Housing's RoadHome Emergency Housing Assistance Program provides temporary financial assistance to eligible residents of the State of Rhode Island for short-term emergency housing needs. Over the last year we have seen a significant increase in the number of Rhode Islanders seeking assistance through the program. We estimate that by the end of this fiscal year, the program will serve approximately 2,000 households – an increase of 26 percent from last year. Fortunately, the state has received \$7 million in funding through the Federal Homelessness Prevention and Rapid Re-Housing Program (HPRP) which will help to address the needs of the growing number of Rhode Islanders facing the threat of homelessness.

This summary of the state of Homes and the Economy in Rhode Island is intended to provide an "at the moment" picture of the landscape of the state and some context as of the close of 2009.

Three Avenues to Homes and A Better Future

For more than 35 years, Rhode Island Housing has been making it easier for all people who live and work here to have a safe, healthy home. We approach housing from a broad perspective along three distinct, yet complementary, avenues.

1. Providing safe loans, grants and services to help Rhode Islanders build, buy, rent and keep a home:

Simply put, for over two decades, Rhode Island has not had enough homes for our workers and residents. The problem is two-fold: the significant gap between what Rhode Islanders earn and the average cost to build, rent or buy a home; and the age and deteriorating condition of much of the inventory of homes in Rhode Island. This scenario, in combination with Rhode Island's high rate of unemployment, exposes Rhode Islanders to financial struggles, unsafe living conditions, and homelessness.

Rhode Island Housing attracts extensive private investment to finance and create better homes and communities; brings federal funds through initiatives such as the Section 8, HOME and Housing Credit programs; plus it uses its own resources for programs such as the Land Bank, KeepSpace and RoadHome.

Through these programs and many others, we collaborate with cities and towns, developers and community-based organizations to help build a better Rhode Island. We focus on efforts that not only increase Rhode Island's stock of safe, affordable homes, but also take a more collaborative and holistic approach to community building.

Rhode Islanders benefit directly from our extensive loans and grants as they look to buy, rent or maintain their home. Our highly successful and innovative FirstHomes100 line provides safe home loans with low rates and extra support such as 100 percent financing, 100 percent local service and 100 percent support for

the life of the loan. At a time when many homes on the market are in need of significant repairs and renovations, we have had tremendous response to our FirstHomes100+ loans, which include the funds to purchase and renovate the home with one safe, low-interest loan – along with all the benefits of our FirstHomes100 mortgages.

We also provide useful, unbiased information on how to maintain a safe, healthy home, and provide loans for existing homeowners to repair and maintain their homes, including our LeadSafe program. Renters come to us for helpful information on how to rent safe. We provide straightforward information on rental assistance and on making the transition from renting to owning a home. When Rhode Islanders are trying to decide whether renting or buying a home is right for them – especially now when the difference between average rents and mortgages is shrinking – we offer free counseling and can even help them find a home through HomeLocatorRI.net – a free online directory of available homes to rent or buy.

Through our loans and grants, education, advocacy and consumer counseling, we have helped thousands of Rhode Islanders find and keep safe, healthy homes. In addition, through Rhode Island Housing's BuySmart, BorrowSmart and RentSafe public service campaigns, we continue to better educate Rhode Islanders on how to make sound, informed decisions that make sense for their own families, and find the resources they need to support those decisions.

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2. Helping Rhode Islanders who are having housing trouble:

Through our HelpCenter and foreclosure workshops with Congressmen Patrick Kennedy and Jim Langevin, Rhode Island Housing has, since November 2007, fielded more than 7,000 calls and helped more than 3,000 Rhode Islanders negotiate with their lenders, avoid foreclosure, or find a safe, healthy home that they can afford.

Rhode Island Housing also administers programs that provide assistance to individuals and families who are in crisis. Each year the agency provides \$7 million to help Rhode Islanders who are homeless, prevent others from becoming homeless, and to support the work of critical partner agencies – which is of particular significance as our partners who provide important services to Rhode Islanders are facing the added challenges of increasing needs and reduced funding.

Rhode Island Housing has long supported emergency assistance for Rhode Islanders who are facing a housing crisis. In helping Rhode Islanders – particularly those who are finding themselves homeless for the first time – tap into state and federal assistance programs, and providing help

with security deposits through programs like our RoadHome initiative, we are not only helping more Rhode Islanders have a home, we are also reducing the growing burden on our shelters. In conjunction with our partners, Rhode Island Housing manages programs like Supportive Housing and Shelter Plus Care, which help Rhode Islanders in need of assistance to live as independently as possible.

Recognizing the strong connection between the health of the housing market and that of the economy, the state can continue the slow but positive economic trends of the state and local economies while stabilizing families and neighborhoods through continued support of existing Housing Resources Commission (HRC) programs. Building on the financially and socially successful Housing First model, permanent supportive housing allows Rhode Islanders who are chronically homeless to move into sustainable homes at a reduced cost to the state.

3. Creating a better, stronger future for Rhode Island by building healthy, vibrant communities with safe affordable homes for all Rhode Islanders:

If we are to help all Rhode Islanders find and keep safe, affordable homes, we must comprehensively build and strengthen whole communities. To do this, Rhode Island Housing has dedicated much of our efforts towards creating vibrant neighborhoods within our cities and towns. However, the lending and foreclosure crisis has hit these efforts hard.

One of our key immediate actions has been to partner with the state and municipalities to help neighborhoods recover. The Neighborhood Stabilization Program (NSP), funded by the U.S.

Department of Housing and Urban Development (HUD), is a step in that direction with approximately \$20 million to provide assistance to acquire and redevelop foreclosed properties in neighborhoods hardest hit by foreclosures. Many of these neighborhoods are located in Providence, Pawtucket, Central Falls and Warwick. This will help neighbors regain their home values, boost the economy, and provide much-needed homes that are affordable for our working families.

RhodeIslandHousing

2010 Homes and the Economy

Three Avenues

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Saving and rebuilding our neighborhoods is key to turning things around. While the road to recovery remains long, communities throughout the state are beginning to experience the benefits of the U.S. Government's Tax Credit Exchange Program (TCEP) and the Tax Credit Assistance Program (TCAP), totaling over \$45 million for the state. By leveraging these funds, these programs are bringing nearly \$300 million into Rhode Island communities and are creating over 600 homes and nearly 1,000 construction-related jobs. These stimulus funds are helping close the tax credit financing gap that was preventing numerous projects from moving forward and keeping many Rhode Islanders out of work.

Building more affordable homes will immediately stimulate the economy. The recession that began in 2008 has proven the power of the home-building sector and the folly of overpriced homes. Nice homes that Rhode Islanders can afford to keep and maintain will house our work force, attract the workers of tomorrow, and improve the quality of life for Rhode Islanders.

On another front, we are strategically planning for and investing in a stronger future for Rhode Island, and attempting to take advantage of low construction and materials costs while putting Rhode Islanders to work. In spite of thin budgets and a critical shortage of funding, Rhode Island Housing is diligently working with our partners, including RIDOT, RIEDC, RIDEM, LISC, GrowSmart, Statewide Planning and many others on KeepSpace: where neighbors meet, people work, children play. This groundbreaking initiative, which is inline with President Obama's Sustainable

Communities Initiative (even though KeepSpace preceded it), will help strengthen Rhode Island's economic future by creating thriving communities that embrace new energy, foster innovative technology, and attract talented, diverse, and educated people positioned for the challenges of the 21st century. In launching KeepSpace back in 2007, we knew we were onto something big for Rhode Island. For the very first time, we were bringing together partners of greatly varied interests – municipalities, community members, developers, business leaders, non-profit organizations, and state and local regulatory agencies – to change the way Rhode Island thinks about and pursues development. Since then, the KeepSpace philosophy of innovation, collaboration and cooperation is being put into practice in communities and developments throughout Rhode Island. In fact, the factors that have led to our country's current economic challenges underscore the need for collaborative, holistic community development as a sustainable economic driver.

KeepSpace is a great example of the type of innovative thinking that we need to help the state move in the direction of long-term social and financial stability. Creating concentrated, flourishing economic centers; maintaining the state's valuable natural resources and preserving the character of each area; and building good homes that Rhode Islanders can afford, are essential for Rhode Island's long-term economic recovery. Building a sustainable economy for Rhode Island requires investment in initiatives like KeepSpace that establish, maintain, and increase jobs while preserving our quality of life.



RhodeIslandHousing
working together to bring you home