



Report of the Legislative Committee

The Legislative Committee of the Board of Commissioners of Rhode Island Housing met on January 29, 2009 at 9:30 A.M. at the offices of Rhode Island Housing. In attendance were committee members Kevin Flynn, Perry Clough and Denise Barge. Staff attending were Richard Godfrey, Amy Rainone and Jessica Buhler. Also in attendance was Meredith Pickering, Rhode Island Senate Fiscal Office.

The Committee recommended that Rhode Island Housing adopt the following positions on the broad policy areas outlined below. The Committee will meet again after the deadline for bill submissions to analyze individual pieces of legislation that address these policy areas and any other bills that may impact the agency.

I. Foreclosure/Tax Liens

➤ **Madeline Walker Act:**

The Madeline Walker Act of 2006 was named after an 81-year-old Providence woman who was evicted from her home in December 2005 because she had unknowingly failed to pay a sewer bill of \$496. Under the law, which was effective January 1, 2007, cities, towns, and other taxing authorities are required to notify Rhode Island Housing of delinquent liens prior to tax sale, and Rhode Island Housing is given a right of first refusal to purchase the lien on any owner-occupied 1-3 unit property. Under the statute, Rhode Island Housing may not file a petition for foreclosure of redemption for the tax liens it acquires for five years, as opposed to the one year redemption period allowed for all other purchasers of tax liens. Rhode Island Housing should have the same rights as other tax lien purchasers. This has been particularly problematic when properties whose liens we have purchased end up being foreclosed upon or abandoned by their owners. Rhode Island Housing has the first lien but is powerless to act even on abandoned property.

Recommendation: Introduce legislation to amend the statute to allow Rhode Island Housing to redeem our lien after 1 year instead of the current 5 years and clarify that municipalities may submit tax lien information to Rhode Island Housing electronically.

➤ **Foreclosure Prevention/Tenant Protections:**

Last year Rhode Island Housing played a lead role in supporting legislation that would give advance notice to residents of the possibility of foreclosure; adequate notice to tenants post-foreclosure before eviction proceedings can begin; and ensures that essential services to tenants that had been provided by the foreclosed owner continue to be provided during the

post-foreclosure notice period. The Mortgage Bankers Association lobbied extensively against such legislation. No bill resulted.

This year many advocacy groups have already begun to push for deeper protections that may include the establishment of a landlord/tenant relationship between the foreclosing lender and the existing tenant.

Additional bills relating to foreclosure issues will most likely be introduced, including bills regarding certification of foreclosure counselors, efforts to impose a foreclosure moratorium, and foreclosed property maintenance bills.

Recommendations:

- Support enactment of tenant protections.
- Support efforts that encourage lenders to modify their loans, but not blanket moratorium proposals.
- Support efforts to improve consumer protections.
- Support efforts that improve the reporting and tracking of foreclosures.

II. Funding for Housing Programs

➤ **Neighborhood Opportunities Program (NOP):**

The FY09 budget included \$2.5 million for the Neighborhood Opportunities Program. We had supported funding at the full \$7.5 million level. Funding for the Neighborhood Opportunities Program is crucial to providing the operating support needed to support the development of housing affordable to our most vulnerable residents. The Governor has not yet released his FY10 budget.

Recommendation: Support funding at a minimum of \$2.5 million.

➤ **Building Homes RI:**

The first \$25 million in housing bond funds has been awarded. Current law calls for the remaining \$25 million of the \$50 million bond to be released in \$12.5 million installments over the next 2 years. Releasing the full \$25 million in FY10 would help jumpstart Rhode Island's economy.

Recommendation: Support release of \$25 million in bond funds in FY10.

➤ **Level fund the Housing Resources Commission (HRC):**

Funding for HRC includes funding for the State Lead Hazard Reduction Program and for critical homeless programs like Housing First and First Step.

The HRC was level funded in FY09. The Governor has not yet released his FY10 budget.

Recommendation: Support level funding for HRC programs.

III. Development:

➤ **State property sales and development (\$16m purchase):**

As a means to close the budget gap in the FY09 Supplemental budget the Governor has proposed selling \$16 million in state land to Rhode Island Housing, or another entity, to be further developed and leased back to the state.

Recommendation: Monitor and provide information as needed

➤ **Historic Preservation Tax Credits:**

Last year the General Assembly first rolled back and then discontinued the state historic preservation tax credit program. This program provided state tax credits to support the redevelopment of historic properties for commercial or residential use. However in recent years the cost of the program has far exceeded initial projections. We expect an effort to reestablish a modified historic tax credit program in the current session.

Recommendation: Do not support new historic tax credit program without significant changes to address concerns about accountability, cost, and prioritization of affordable housing in participating residential developments.

➤ **Prevailing Wage Requirements:**

Over the last few years legislation has been regularly introduced to expand the scope of state prevailing wage requirements. Some versions of this legislation would have required that any property assisted under any Rhode Island Housing program would have to be undertaken at prevailing wage.

Recommendation: Monitor bill action. Oppose changes to prevailing wage requirements which would significantly increase the cost of developing affordable housing.

IV. Lending:

➤ **Predatory Lending Revisited (SAFE act implementation):**

In 2006 the General Assembly passed the Home Loan Protection Act, making Rhode Island the 32nd state in the nation to enact legislation protecting borrowers from predatory mortgage lending and limiting abusive mortgage lending practices. A report on the status of this law from the Department of Business Regulations is due to come out shortly. In

addition, new federal laws passed as part of the Housing and Economic Recovery Act (HERA) may require additional changes to state law.

Recommendation: Work with DBR in support of legislation that may be introduced to further strengthen consumer protections and/or bring Rhode Island law into compliance with Federal regulations.

V. Green Building/Renewable Energy:

➤ **Green Building/ Renewable Energy:**

Last year the newly formed chapter of the RI Green Building Council supported a bill in the House that would have required the LEED silver standard for “green building” in all projects funded with state dollars. The bill did not pass, but the House ordered a commission to study the issue. The commission has not yet been formed. We anticipate that this bill and potentially others promoting the use of green/energy efficient/renewable energy building practices will be introduced again this year.

Recommendation: Support promoting and incentivizing “green” standards that can be incorporated in affordable housing development in a cost effective way. With a moderate climate, Rhode Island has the lowest per capita energy use of any state. Therefore the payback period for energy enhancements is much longer than other parts of the country.

VI. Other:

➤ **Medicaid Waiver/Assisted Living:**

Last year the Department of Human Services initiated an effort to transform the state’s Medicaid system by applying for a “Global Waiver” through the federal government. Rhode Island Housing was successful in gaining protections for the assisted living facilities that were funded and made affordable through the use of Rhode Island Housing’s assisted living waiver program.

The Global Waiver came into affect in mid January and the General Assembly is crafting language to have more influence over the decisions that are made at DHS regarding the implementation of the waiver.

Recommendation: Monitor specifically for provisions related to and work to protect the viability of assisted living facilities financed by Rhode Island Housing.