

Rhode Island Housing Proposed 2011 Legislative Priorities

The Legislative Committee of the Board of Commissioners of Rhode Island Housing met on February 15, 2011 at 1 P.M. at the offices of Rhode Island Housing. In attendance were committee members Denise Barge, Perry Clough, and Mark Noble. Staff attending were Susan Bodington, Amy Rainone, and Jessica Buhler.

The Legislative Committee of the Board recommends to the full Board the adoption of the following positions on the broad policy areas outlined below. The Committee may need to meet again as new bill introductions are posted to analyze individual pieces of legislation that address these policy areas and any other bills that may impact the agency.

I. Rhode Island Housing

In the fall of 2009 through the spring of 2010 Rhode Island Housing was asked to present a complete overview of the agency's operations at a series of hearings of the House Government Oversight Committee. The presentation included questions about our scope of work, how Rhode Island Housing's programs impact for-profit lenders, and the agency's policies for hiring local Rhode Island based contractors and vendors.

The hearings provided an opportunity to better educate members of the Committee and others about the role we play and the programs and services we provide. Rhode Island Housing may be asked to present in front of the committees again this year.

A bill that deals directly with Rhode Island Housing was introduced in 2009 and may be reintroduced this session. The bill would provide that the appointment of the Executive Director of Rhode Island Housing would be for a term of 3 years and would be subject to the advice and consent of the senate.

Recommendation: Oppose the bill mentioned above and monitor other bills that may be forthcoming to ensure that they do not negatively impact Rhode Island Housing's ability to fulfill its mission in a fiscally responsible manner. Continue communication with House and Senate Government Oversight Committees.

II. 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. The five-year redemption period is a major disincentive for Rhode Island Housing to purchase tax liens and has been particularly problematic when properties whose liens we have purchased end up being foreclosed upon or abandoned by their owners.

Recommendation: Support slightly amended legislation based on bills introduced from the last two years that amends the statute to allow Rhode Island Housing to foreclose the right of redemption on our lien after 1 year for foreclosed and abandoned properties and 3 years for all others, instead of the current 5 years. The bill also clarifies that municipalities may submit tax lien information to Rhode Island Housing electronically.

➤ **Foreclosure Prevention/Tenant Protections:**

Last year, Rhode Island Housing provided information and technical support for bills to reduce foreclosures and help tenants and owners stay in their homes.

This year advocacy groups may continue to push for deeper foreclosure protections that could include the establishment of a landlord/tenant relationship between the foreclosing lender and the existing tenant and bills that institute judicial foreclosure in Rhode Island.

Additional bills relating to foreclosure issues may also be introduced, including bills regarding requirements for servicers to communicate with mortgagors and seek modifications when possible, imposing a foreclosure moratorium, state preemption of municipal foreclosure ordinances, mortgage fraud, and foreclosed property maintenance.

Recommendation: Rhode Island Housing will continue to monitor and provide information and technical support for bills to reduce foreclosures and help tenants and owners stay in their homes.

III. Funding for Housing Programs

In November, Rhode Island Housing partnered with the United Way and the Rhode Island Foundation in convening Rhode Island housing and homelessness organizations to develop a coordinated plan for advocating for continued state investment in affordable homes. That group has continued to meet. The goals the group is supporting include:

- Restoring NOP funding to \$7.5 million

- Creating a permanent funding stream for homes affordable to a broad range of Rhode Islanders
- Support including a housing bond on the ballot in 2012.

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

The FY11 budget included \$1.5 million for the Neighborhood Opportunities Program for operational support. Funding for the Neighborhood Opportunities Program is crucial to support the development of housing affordable for our most vulnerable residents. The Governor has not yet submitted his FY12 budget.

Recommendation: Support funding at \$7.5 million for FY12 for NOP. Coordinate with the State Investment in Housing Working Group on efforts to support a permanent funding stream for the development of affordable homes.

➤ **Building Homes RI:**

The \$50 million in housing bond funds will be fully expended this year.

Recommendation: Coordinate with the State Investment in Housing Working Group on efforts to support a permanent funding stream for the development of affordable homes. Support including a housing bond on the ballot in 2012.

➤ **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 Governor has not yet submitted his FY12 budget.

Recommendation: Support level funding for HRC programs.

➤ **Level Fund the Thresholds Program:**

The Thresholds Program provides funding to be used to develop housing for people with serious and persistent mental illness, and developmental disabilities. The Department of Behavioral Health, Developmental Disabilities and Hospitals (BHDDH), FY11 budget included \$500,000 for Thresholds.

Recommendation: Support level funding for the Thresholds Program.

➤ **State property sales and development:**

The FY10 Supplemental Budget included a provision to sell state land (“Old Training School”) to Rhode Island Housing, or another entity. Due to the results

of an appraisal that placed the value of the property at less than the cost to make it reusable, the sale did not occur.

Recommendation: Monitor and provide information as needed.

IV. Development

➤ **Comprehensive Planning Act Amendments:**

The Department of Planning is recommending changes to the Comprehensive Planning and Land Use Act to make it consistent with the more recently adopted Rhode Island State Land Use Policy and Plan (Land Use 2025) and other planning and land use policies.

Recommendation: Support and provide information as needed.

➤ **Low and Moderate Income Housing Act Amendments:**

Legislation that expands the definition of “low and moderate income housing” that can be included in determining if municipalities have met the 10% low and moderate housing goal may be introduced again this year. Last year the Low and Moderate Income Housing Act Oversight Commission was again reestablished as a means to bring all parties together to evaluate if changes to the Act are needed. Members of the Oversight Commission include Rhode Island Housing and representatives from municipalities and housing advocacy groups.

Recommendation: Transfer all related legislation to the Oversight Commission for review.

➤ **Real Estate Transfer Fees:**

The bill is intended to prevent sellers unhappy with the price they are getting for property from including re-sale kickers into contracts and cashing-in down the road on equity gained by others. However, monitoring agents of deed restricted affordable housing properties are also allowed to charge a fee for administrative costs associated with ensuring that the sales price is appropriate, the next buyer is income eligible and is properly educated as to the restrictions on the property.

Recommendation: Support with modification to language that will exempt properties determined affordable under RIGL 45-53.

Status:

H5062 (Gallison): Heard in House Judiciary and held for further study.

➤ **Green Building/Renewable Energy:**

Legislation may be introduced that requires higher green building and energy efficiency standards or creates new programs for individuals and agencies to increase “green” efforts.

Recommendation: Rhode Island Housing will monitor bills that may impact the financial feasibility of affordable housing developments or may offer greater opportunities to build “green”. Oppose or modify legislation that holds affordable housing to a higher standard than other developments or requires Rhode Island Housing to develop programs that are financially infeasible.

➤ **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.

V. **Homelessness**

➤ **Interagency Council on Homelessness:**

Chairman Tassoni has held a series of hearings on the growing homelessness problem and has indicated that he will be forming a working group to discuss solutions, including statutory changes. At the first hearing Richard Godfrey and Susan Bodington were asked to testify and Susan identified the need for the state’s Interagency Council on Homelessness to be reconvened.

Recommendation: If introduced, support legislation to reconvene the Interagency Council on Homelessness.

➤ **HEARTH Act:**

In 2009, Congress enacted changes to Federal Homelessness programs to streamline administration and improve outcomes. The regulations implementing those changes are expected to be released soon. In preparation, Rhode Island Housing staff is leading a subcommittee of the HRC’s Office of Homelessness that will be reviewing the state’s Continuum of Care structure and 10-year plan to end homelessness. Rhode Island Housing currently administers the state’s Continuum of Care.

Recommendation: If statutory changes are needed to conform Rhode Island's Continuum of Care with the HEARTH Act, support those changes.

VI. Other

➤ **Global Medicaid Waiver/Assisted Living:**

Three years ago 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.

Last year DHS approved a daily rate increase of \$5.84 for assisted living facilities; including those under Rhode Island Housing's Assisted Living Waiver Program. The new rate of \$42.16 was effective July 1, 2010.

However, the rates are still inadequate to cover operational costs. There has been a consultant hired by DHS that is looking at a potential payment reimbursement program based upon services provided to residents that require additional care. The consultant's report is expected to be submitted to DHS soon.

Recommendation: Support increased rates for the Rhode Island Housing Assisted Living Program facilities.

➤ **Charitable Donations:**

Legislation has been introduced in the past that would prohibit quasi public corporations of the state from making charitable donations or grants.

Recommendation: If introduced, amend this bill to tighten the definition of a grant to ensure that it does not impact the broad range of programs we administer in keeping with our mission.

➤ **Consultants:**

Legislation has been introduced in the past that would prohibit the hiring of consultants by state departments, agencies, public corporations, quasi-public corporations or entities.

Recommendation: Oppose.

➤ **Labor**

Legislation has been submitted that would authorize the labor board to certify and recognize union representatives of public and quasi-public employees and

not require a representation election if at least seventy percent (70%) of its eligible employee members submit authorization cards.

Recommendation: Monitor

Status: H5134 (Blazejewski): Heard in House Labor and held for further study.

➤ **“Making RI Better for Business”**

Last year bills were introduced to encourage a business friendly environment in Rhode Island. These bills include provisions to prioritize selection of Rhode Island based businesses for state contracts.

Recommendation: Monitor.