

New England States' Investments in Housing & Emergency Homelessness Response: How Rhode Island Compares

Rhode Island is facing persistent and intensifying housing affordability challenges, driven by both rising costs and limited housing availability. In response, the state has taken critical steps in recent years, including approving its largest affordable housing bond to date and establishing a state low-income housing tax credit. These initiatives signal growing recognition of the scale of the crisis—but how does Rhode Island's level of investment in state dollars compare to that of its regional peers?

This brief presents research conducted by HousingWorks RI exclusively examining state budget investments in housing and emergency homelessness response across the six New England states. By reviewing capital and operating appropriations over multiple fiscal years, the analysis places Rhode Island's efforts in a regional context. Despite recent progress, the findings show that Rhode Island continues to underinvest in housing and homelessness relative to neighboring states and—perhaps most critically—lacks consistent, predictable capital funding for affordable housing development and resources for addressing homelessness. Understanding these gaps is crucial to informing future policy and budget decisions aimed at addressing the state's housing needs.

METHODOLOGY

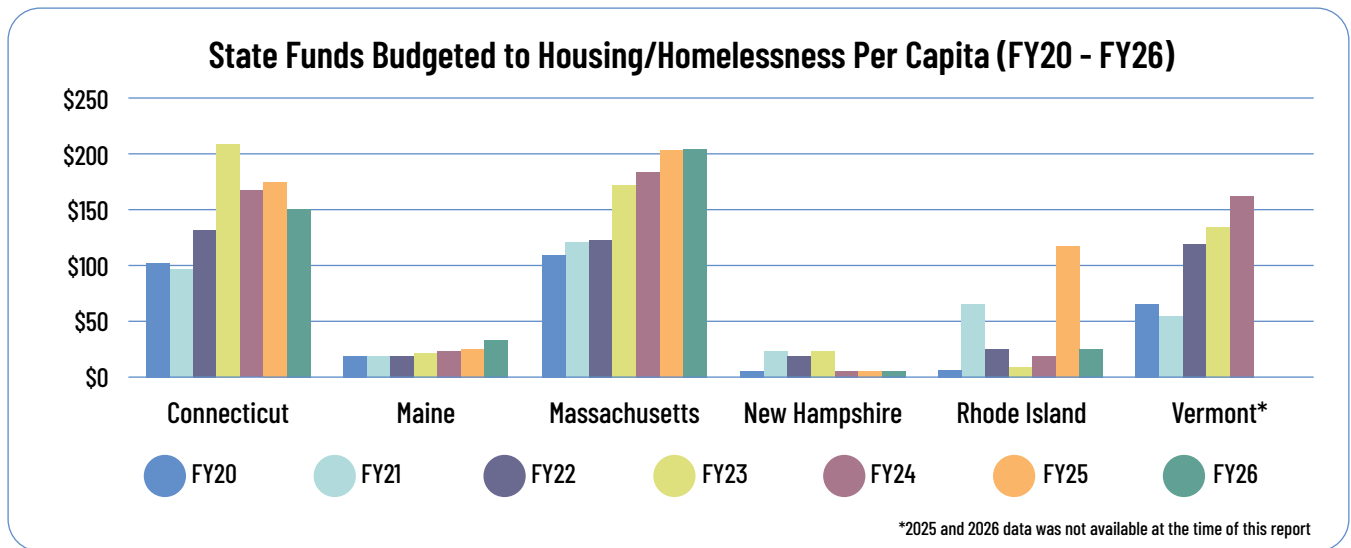
The following analysis was developed through a combination of public budget documentation review and outreach to state officials. Budget line items were identified that provided capital or operating funding for housing development or homelessness shelter/response. The identified funds are limited to line items devoted solely to these purposes. This analysis presents budgeted funds, not disbursed funds, demonstrating yearly policy priorities for housing and homelessness, not implementation. General infrastructure funding or economic development funding line items were not included. While some of those funds can be used for housing development, the amount is not defined in the budgeting process.

Additionally, federal funds are not included in this analysis. Programs excluded from the analysis include LIHTC, CDBG, HOPWA, ESG, CoC, and COVID-19 response funding from the CARES Act or the American Rescue Plan Act. While states had discretion over some of these funds, those related to the pandemic represent one-time emergency response funding from the federal government and did not meet the criteria for analysis.¹ The intention of this project is to measure state government's resourcing for housing and homelessness, not apportioned federal funding.

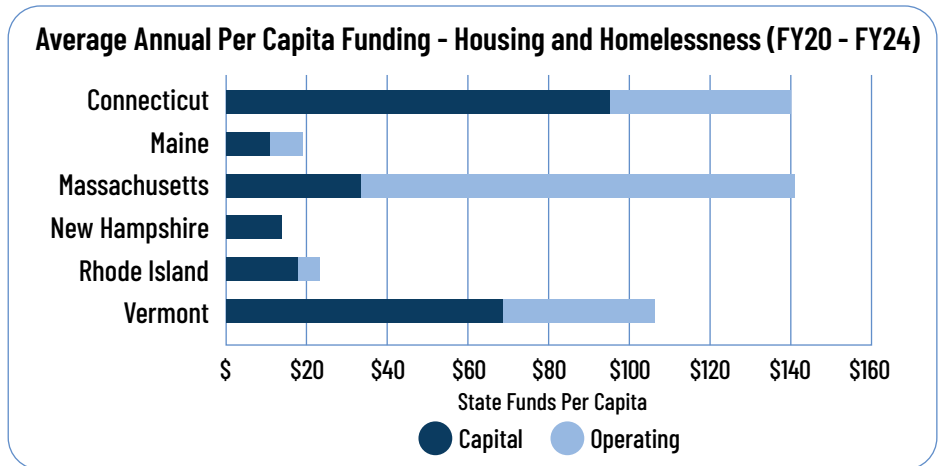
A major challenge for this project was the lack of robust publicly available state budget information. Rhode Island presents its annual budget as seven separate PDF documents with over a thousand pages collectively. This makes the identification of housing and homelessness funding challenging, especially as those funds are budgeted across several agencies and split between the operating and capital budgets. Massachusetts and Connecticut offer alternative presentations that are much more user-friendly. Both states have web clients, allowing users to identify and aggregate funding totals for specific line items, agencies, or usages. In order to ensure that information was correct, relevant state staff were contacted for review and feedback. While Vermont does not have an online portal, the state's Department of Housing and Community Development publishes an annual report detailing Vermont's housing budget and investments specifically. Maine and New Hampshire have more limited available information and are also less relevant to Rhode Island due to differences in market conditions and policies.²

KEY FINDINGS

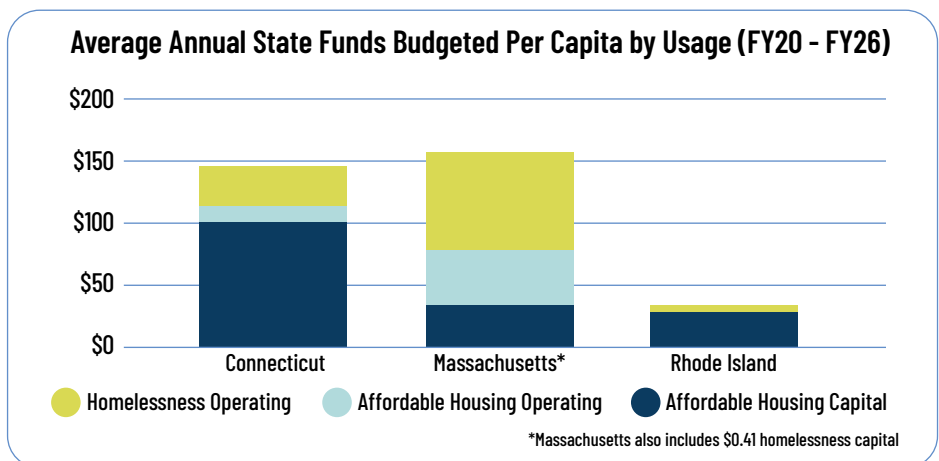
- 1 For each of the last six years, Rhode Island lags behind neighboring states (Massachusetts and Connecticut) in state funds budgeted for housing and homelessness emergency response, when weighted on a per capita basis.



- 2 On average, from FY20 to FY24, Rhode Island committed the greatest share of its housing and homelessness funds to capital rather than operating out of all the New England states. Operating funding is used both for homelessness shelter operations and affordable housing building maintenance, the latter of which is an often forgotten but necessary resource in the current housing system.³ However, the majority of Massachusetts' operating funds are for deeply affordable rental homes and homelessness, including a substantial state rental assistance voucher program (average of \$169M per year from FY20 to FY26) and homelessness shelter funds (average of \$243M per year from FY20 to FY26).

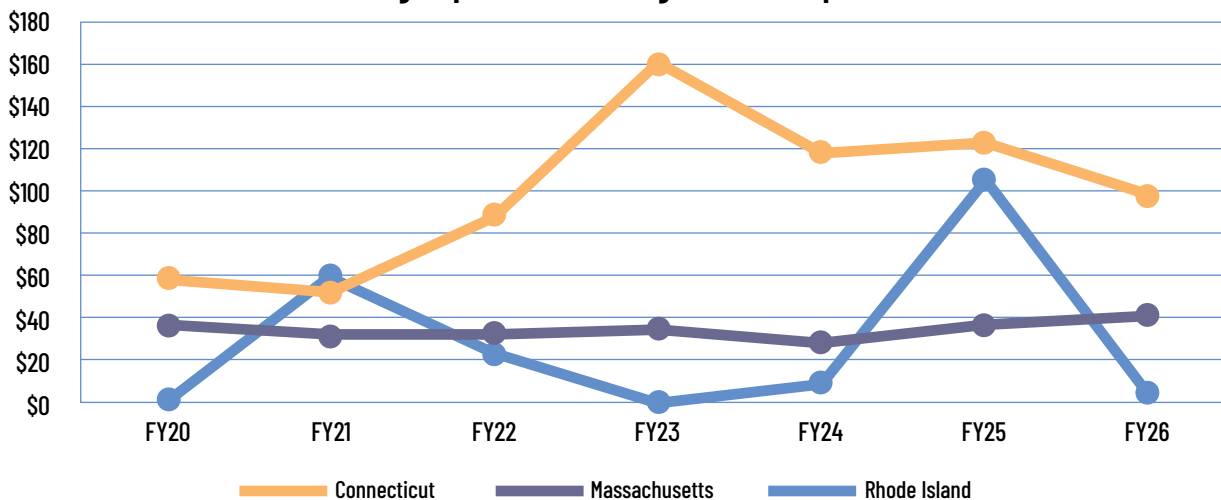


- 3 In Southern New England states, only Massachusetts provides any funding for homelessness capital in their budget. The gap between Rhode Island and its neighbors is most pronounced in homelessness operating and affordable housing operating.



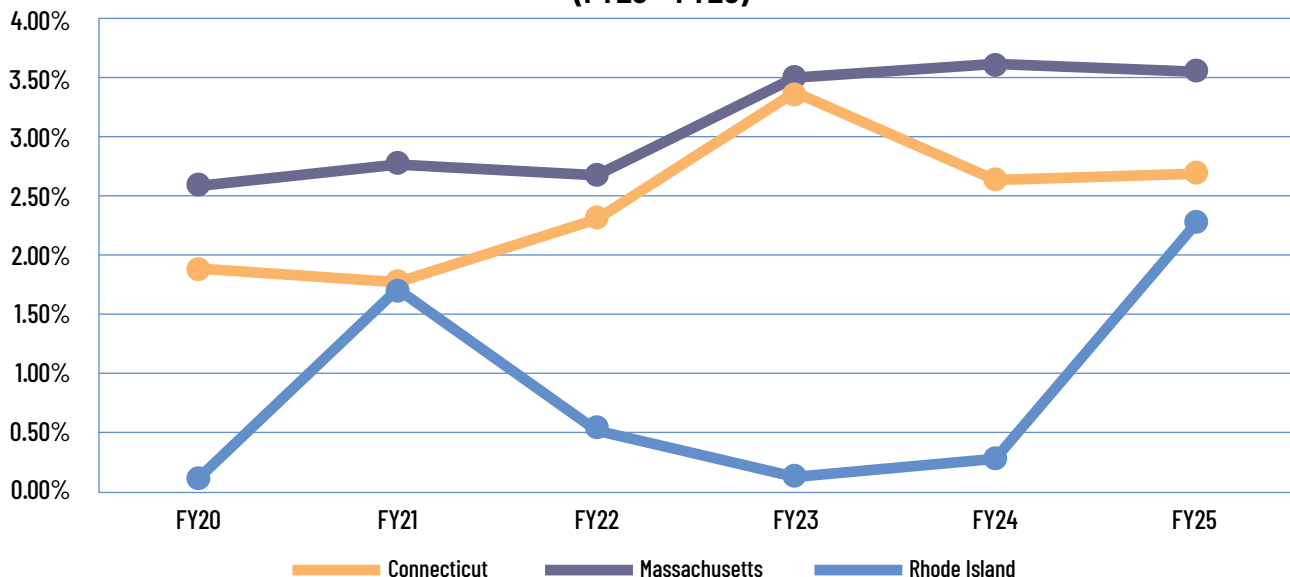
4 Housing costs across much of New England continue to grow, exacerbating the existing need for long-term affordable housing. The current system relies upon housing developers to build new affordable housing and they in turn rely upon public subsidy for that construction. **Especially for non-profit affordable housing developers, consistent access to public subsidy for projects is essential to sustained operation.** In Rhode Island, the primary source of state-funded subsidy comes from affordable housing bond funds. The first affordable housing bond in Rhode Island was approved in 2006, with additional bonds approved in 2012, 2016, 2021, and 2024. Rhode Island bond ballot initiatives are restricted to every two years, which leads to a discontinuity in funding. While Massachusetts offers less than Rhode Island's peak years (FY21 and FY25), it provides a consistent amount of funding that exceeds Rhode Island's in all other years.

Affordable Housing Capital Funds Budgeted Per Capita (FY20 - FY26)



5 Rhode Island lags behind neighboring states in terms of state investment in housing and homelessness when comparing the share of those funds from the total general revenue budget.

State Housing and Homelessness Funds as a Share of General Revenue Budgeted Funds (FY20 - FY25)



CONCLUSION

The Rhode Island legislature has passed a large volume of housing-related legislation over the past four years. Zoning and tax reform in particular offer expanded opportunities for decreasing housing costs and increasing available housing supply. Rhode Island voters approved the state's largest affordable housing bond in 2024, an important step in providing needed capital for development. However, Rhode Island continues to lag behind neighboring New England states in state funding for housing and homelessness, particularly in funding for affordable housing and homelessness services operations. Consistent state attention and financial support are required to address existing homelessness and ensure that households have affordable housing.

After reviewing other New England state budgets, three key takeaways become clear.

- 1 Consistency of capital for affordable housing development:** Developers will struggle to operate in Rhode Island when the public funding landscape is unclear year to year. Having designated funds out of general revenue that are dependably available could attract new affordable housing developers and retain the existing network.
- 2 State rental subsidy for deeply affordable low-income rental subsidy:** In Massachusetts, this takes the form of the Massachusetts Rental Voucher Program. Operating in conjunction with the federally funded Housing Choice Voucher Program, this state program helps low-income households access rental housing by subsidizing the gap between what they can pay and the fair-market rent. Connecticut has a smaller scale program operating with the same model.
- 3 Supportive housing funding:** Recent research from the Urban Institute found that Denver, Colorado's large investment in supportive housing meaningfully reduced homelessness and public costs due to the high rate of public safety and health services used by chronically homeless individuals.⁴ Connecticut, Massachusetts, and Vermont all commit a small but consistent amount of general funds towards supportive housing. This source of funds is necessary to make new supportive housing developments financially feasible.

1 According to the National Low-Income Housing Database of State Local Fiscal Recovery Funds, Rhode Island ranked last in SLFRF funds allocated per capita for housing and homelessness of any New England state. Available at: <https://bit.ly/SLFRF-database>.

2 Public online sources for budgets for Connecticut, Massachusetts, and Vermont, are:

<https://openbudget.ct.gov/#!/year/default>

<https://massbudget.org/budget-browser/>

<https://budget.digital.mass.gov/capital/fy21/policy-area/>

<https://accd.vermont.gov/housing/plans-data-rules/vermont-housing-budget-and-investment-report>

3 Jayachandran, Priya. "In the Rush to Build, Existing Affordable Housing Is Falling Apart," Shelterforce (May 9, 2024).

Available at: <https://shelterforce.org/2024/05/09/in-the-rush-to-build-existing-affordable-housing-is-falling-apart/>.

4 Urban Institute. Denver Supportive Housing Social Impact Bond Initiative project, Mary Cunningham and Mike Pergamit, Principal Investigators.

Available at: <https://www.urban.org/policy-centers/metropolitan-housing-and-communities-policy-center/projects/denver-supportive-housing-social-impact-bond-initiative>.