

U.S. Senate Testimony of Rhode Island House Speaker K. Joseph Shekarchi  
Before the United States Senate Committee on the Budget  
“The Costs of Inaction: Economic Risks from Housing Unaffordability”  
Wednesday, September 25 – 10:00am

Good morning, and thank you to the Senate Budget Committee Chair, my Senator, Sheldon Whitehouse, for inviting me to speak before you today. Thank you also to Ranking Member Senator Chuck Grassley, as well as all of the distinguished Senate Budget Committee members.

I appreciate all of you taking the time to consider the critical issue of housing.

My name is Joseph Shekarchi; I am the Speaker of the Rhode Island House of Representatives, and I am passionate about housing.

Serving in the legislature of a small state is very hands-on. You become deeply aware of the wide variety of complex problems that your constituents face. You eventually realize that many of the solutions to these problems are tightly interwoven and interconnected.

During my time in the legislature, I have recognized a fundamental truth: Housing is THE core issue. In fact, the housing crisis complicates almost all other challenges facing our communities.

If we don't solve the housing crisis, how can we improve our educational outcomes or shore up the job market? How can we ensure a proper healthcare workforce, grow our economy, or lift our families out of poverty?

Very simply: We can do all the policy programming we want, but if a child doesn't have a safe place to sleep at night, what does all it mean?

When I became Speaker in 2021, I pledged to make housing my top priority.

Let me quickly paint the Rhode Island housing picture for you:

- Rhode Island is the smallest state in the nation, but we are very densely populated, with just over one million residents living in about 1,500 square miles of land.
- We have some of the oldest housing stock in the country. And for too many years, Rhode Island has ranked dead last in the nation for new housing starts.
- Rhode Island is the midst of an “age wave” –
  - Over 31 percent of Rhode Island residents are age 55 or older – higher than the national average
  - By 2030, it is estimated that one in four Rhode Islanders will be 65 or older
- One in ten Rhode Island residents are college students. Our population of college and graduate students require housing options beyond dorms, and if we want students to stay in-state after graduation, we need to ensure there are affordable housing options for entry-level workers.

- The price of a single-family home in Rhode Island has nearly doubled in just five years. In 2019, the median home price in Rhode Island was about \$250,000. This year, the median price was \$494,000.

These factors have created a perfect storm, bringing us to where we are now: in the midst of a severe housing shortage. It took many years to get to where we are, and I am acutely aware of the scale and duration of effort required to get to a remedy.

Rhode Island is not standing still. I am passionate about housing, and I have made it my top legislative priority.

Over the last four years, working with my colleagues in state government, we have passed almost 50 new housing laws.

As a foundation to our legislative work, we created two year-round study commissions comprised of legislators, housing advocates, planners, builders, and other stakeholders.

The work of these commissions has shaped much of our legislation. We are listening to the experts, following the data, and making real, sustained progress.

I am incredibly proud that each of the four comprehensive packages of housing legislation we have passed have enjoyed bi-partisan support.

In terms of legislative housing policy, my mantra has been PRODUCTION, PRODUCTION, AND MORE PRODUCTION!

The legislation we've passed has focused on reducing barriers to development, eliminating red tape and redundancy with the goal of increasing housing production:

- We created Rhode Island's first-ever permanent revenue stream for the development of affordable housing.
- We created and committed funding for a new, cabinet-level position for a Secretary of Housing, as well as a new state Department of Housing to coordinate and focus all of our efforts.
- We created a dedicated court calendar for housing appeals. Developers complained that some communities were using the appeals process as a stalling mechanism. For developers, time is money. Cases were being delayed indefinitely, sometimes for years. Reducing the backlog of pending appeals has already had a significant impact. We are not changing the rules for development; we are making the process clearer, more consistent, and more streamlined.

We are also looking at new and innovative solutions:

- We passed legislation making it easier for homeowners to develop Accessory Dwelling Units (or ADUs). Also known as "in-law apartments," ADUs are a great option for seniors wishing to age in place, for recent graduates looking for cost-effective housing, and for disabled individuals to live independently in proximity to family members. ADUs offer "gentle density" by adding additional housing units to existing blueprints without

changing the character of a neighborhood. Rhode Island’s legislation allows ADUs by right when meeting certain requirements, eliminating zoning approval and additional costs. I am incredibly proud of this legislation, which was a top priority for AARP nationally.

- Like ADUs, manufactured housing is another option with a lesser lead-time and lower cost. Rhode Island passed legislation to expand land available for siting manufactured homes.
- I am intrigued by the Montgomery County Maryland model for public housing. We invited Maryland officials to present before our commissions, and we are working to determine how that model could work here. Additionally, we have appropriated \$10 million for a pilot program.
- Rhode Island also enacted a first-time homebuyer program, which was funded using State Fiscal Recovery Funds, and included assistance for down payment and closing costs. It was a success, resulting in the participation of 1,672 homebuyers, 46 percent of whom are minorities and 47 percent of whom are female-headed households.

Housing issues are not unique to Rhode Island: At a recent National Governors Meeting, every single state listed housing as its top issue, and HUD estimates that the national shortage of housing units is more than six million homes.

There are many misunderstandings about what “affordable housing” is and what it looks like. Housing is considered affordable when it costs no more than 30 percent of an individual or family’s gross income.

When housing costs soar, people at the lower end of the income spectrum are disproportionately impacted.

The reality today is that working families are priced out of the housing market, not just for homeownership, but also for renting.

In Rhode Island, a household earning our state’s median income of about \$74,000 would not be able to buy a home affordably in any of our cities and towns.

These families include our teachers, nurses, firefighters, health care aides. These workers are the backbone of our community. They should be able to afford to live in the communities they serve.

I respectfully request that Congress provide states with greater funding mechanisms and grant opportunities to develop more housing and to foster public private partnerships.

I would also like to see further expansion of financial assistance for renters, like rental vouchers, as well as down payment support for first-time homebuyers.

Senator Whitehouse’s proposed legislation, The Affordable Housing Construction Act of 2024, would leverage federal tax credits to encourage investment in housing.

Rhode Island's small size makes us the ideal partner for the federal government on housing issues. We are a nimble state and have shown that we can quickly move housing legislation. I stand before you because we are ready in Rhode Island to act on this offer: we could become an incubator to pilot innovative, creative housing programs.

As long as I am in office as the Speaker of the House, I pledge that affordable housing will continue to be a core mission for me. I will bring my unshakeable passion to the development of modern policy that ensures every Rhode Islander has reliable access to a safe place to live.

I sincerely thank you for your time and consideration.

I am happy to take any questions.