RIPEC

Comments on Your Government

A SPECIAL PUBLICATION OF THE RHODE ISLAND PUBLIC EXPENDITURE COUNCIL

Analysis of Rhode Island's Debt Position and the 2006 Bond Referenda

Introduction

With voters being asked to consider six bond questions that would authorize $229.3 million in new general obligation debt, this issue of RIPEC Comments summarizes the proposed referenda and key facts concerning public debt in the Ocean State. This report compares Rhode Island's debt level and bond ratings to those in other states as well as national mean and median levels. It also comments on measures of affordability and discusses the six bond questions that will be put before the voters on November 7, 2006.

RIPEC has traditionally not taken positions on bond referenda questions. However, RIPEC encourages taxpayers to consider the following questions when deciding whether to authorize new debt in November:

- Which projects will result in investments that will strengthen the State's economy and help grow and retain jobs?
- Do some of the proposed projects represent higher priorities than others given finite resources?
- Do the benefits outweigh the costs of the project when interest costs are taken into account?
- What is the "opportunity cost" of these projects if they are not approved?
- What impact will new capital projects have on the cost of operating state government?

Rhode Island has made significant progress in managing its debt over the past 20 years as a result of conservative debt management practices. For example, the State paid-off the DEPCO debt twenty-two years ahead of schedule - eliminating a considerable portion of the State's debt burden. The State allocated $295.6 million of the net tobacco proceeds to defease existing, non-callable general obligation debt – thereby freeing up approximately $343.5 million in net debt service payments through FY 2012.

The State created a pay-as-you-go asset protection program to preserve the State's public infrastructure without incurring additional debt. While a growing portion of the Rhode Island Capital Plan Fund is used to support debt service, progress has been made to use the balance for capital projects.

October, 2006

To monitor the State's progress, the Rhode Island Public Finance Management Board (PFMB) adopted guidelines for managing certain elements of the State's debt. The PFMB recommended that annual debt as a percentage of personal income should be no greater than a range of 5.0 to 6.0 percent. In addition, annual debt service for tax-supported debt should not exceed 7.5 percent of general revenues.

According to State Budget documents, in FY 2007, net tax-supported debt as a percent of personal income is projected to be 3.9% and to decline to 3.4% by FY 2011. In addition, debt service as a percentage of general revenues is projected to be 5.3% percent in FY 2007 and to decline to 4.6% through the end of the decade. Anticipated debt levels demonstrate that the State is projected to remain within the PFMB's guidelines over the next five years.

However, data comparing Rhode Island to other states show that while Rhode Island's tax-supported debt is estimated to be within the guidelines adopted by the PFMB, the Ocean State's debt per capita ranks 11th highest in the Nation and debt in relation to personal income ranks 16th highest in the country.

Rhode Island's Capital Budget

Overview – The FY 2007-2011 Capital Budget includes nearly $2.2 billion in capital expenditures over the five year period. This level of capital investment reflects expenditures from all sources of funds, including general obligation bond proceeds, higher education resources, Federal funds and third party funding. The financing plan includes approximately $745 million in General obligation debt issuances (assuming all referenda are approved), including the referenda proposed this November as well as those scheduled November 2008.

State Debt - Bond rating agencies consider a number of issues when analyzing the State's overall debt position, including the State's total net tax supported debt. Net tax supported debt refers to all debt in the State that requires an appropriation.

As of June 30, 2006, Rhode Island had a net tax supported debt of $1,535 million (see Table 1), representing a 10.5% increase from June 30, 2005 ($1,389 million). Net tax supported debt currently includes the following:

<u>Direct debt:</u> Direct debt is debt supported by the State's general fund for which the State has pledged its full faith and credit. It consists of general obligation bonds and notes issued in anticipation thereof. This type of debt requires approval by the voters. As of June 30, 2006 Rhode Island had $842.5 million in outstanding direct debt.

Table 1
Rhode Island's Net Tax Supported Debt
(thousands)

	2004	2005	2006
Direct Debt			
Various Purpose Bonds Outstanding	$737,772	$778,250	$822,881
Variable Rate General Obligations	24,865	22,665	19,665
Subtotal	$762,637	$800,915	$842,546
Guaranteed Debt			
Narragansett Bay District Commission Bonds	$11,266	$0	$0
Subtotal	$11,266	$0	$0
Other Debt Subject to Annual Appropriation			
RI Refunding Bond Authority - Direct	$0	$0	$0
RI Refunding Bond Authority - Narragansett Bay Commission	0	0	0
Convention Center Authority Outstanding	302,320	202,855	287,185
Economic Development - Transportation (motor fuel)	47,405	42,255	79,156
Master Equipment Lease (2)	5,180	9,505	7,580
Public Buildings Authority Lease Rental Bonds	84,730	74,615	60,320
Certificates of Participation - Vehicle Leases			4,514
Certificates of Participation - Intake Center	15,285	13,025	10,655
Certificates of Participation - Attorney General	2,795	2,795	2,795
Certificates of Participation - Pastore Steam Plant	23,440	23,440	23,440
Certificates of Participation - DLT Howard Complex	19,345	18,275	17,150
Certificates of Participation - Shepards Building	26,410	25,080	23,655
Certificates of Participation - Training School	0	51,985	50,205
Certificates of Participation - Kent County Courthouse	0	58,910	56,685
Certificates of Participation - Tribunal Court Complex	0	21,565	20,765
Rhode Island Housing/Travelers Aid	12,550	13,060	18,756
Economic Development - URI Power Plant	14,134	13,514	12,869
Economic Development - Dow Chemicals Corp	25,000	24,542	23,572
Economic Development - Fidelity Building	22,487	21,847	21,154
Economic Development - Alpha Beta Corporation	0	0	0
Economic Development - McCoy Stadium	7,080	6,180	5,245
Economic Development - Fleet	10,190	10,015	9,830
Economic Development - Fidelity II	10,000	10,000	10,000
Subtotal	$628,351	$643,463	$745,531
Gross Debt	$1,402,254	$1,444,378	$1,588,077
Less: Adjustments for Agency Payments	(67,441)	(54,976)	(53,234)
Net Tax Supported Debt	$1,334,813	$1,389,402	$1,534,843

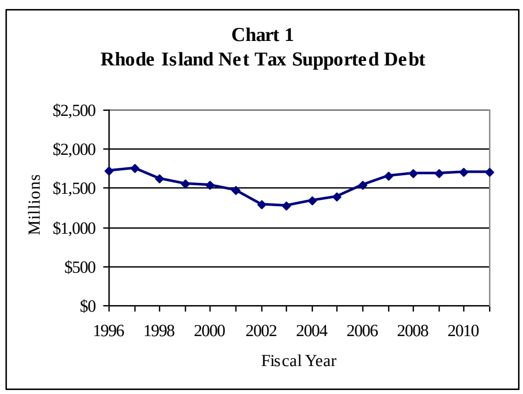
Notes:
(1) Statement excludes contract for Providence Place Mall.

Source: Rhode Island State Budget Office - Capital Budget

As of June 30, 2006 Rhode Island had $745.5 million in this type of outstanding long-term debt. Of this amount, nearly half ($287.2 million) was debt related to the Rhode Island Convention Center. Recently, another component of other long-term debt has been DEPCO debt obligations. The State has repaid all DEPCO debt obligations as of August 2000. It should be noted that this is a significant reduction in the State's debt levels - at one point, the State had approximately $510.0 million in DEPCO debt.

Chart 1 displays a projection of Rhode Island's net state tax supported debt from FY 1996 through FY 2011. Net tax supported debt is projected to increase by 2.5% from FY 2007 to FY 2011. Net debt used on these projections assumes current outstanding obligations and new debt programmed in the State's Capital Budget.

Other Long-term debt: Other long-term debt includes State obligations related to revenue bonds from State agencies or commissions, third party financing arrangements and other contracts entered into by the State. Examples include capital leases with the Rhode Island Refunding Bond Authority (formally the Rhode Island Public Buildings Authority), master equipment lease agreements with financial institutions, revenue bonds issued by the Economic Development Corporation and certificates of participation.



How Rhode Island's Debt Level Compares

The following provides an overview of the Ocean State's debt levels as compared to other states using debt per capita and debt as a percentage of personal income. It should be noted that debt ratios only provide a general picture of where the State's relative debt position stands. Economic, administrative and structural factors often provide information regarding the overall financial condition of the State, therefore illuminating issues related to debt capacities and burdens.

Debt Per Capita - Tax supported debt per capita is determined by dividing the State's tax supported debt by the estimated population. It should be noted that Moody's Investors Service calculation of debt per capita has a time-lag in the data. For example, to determine 2006 debt per capita, 2006 tax supported debt was divided by 2005 population estimates. Over time, this measure is affected by changes in population among the states and by changes in the amount of tax supported debt in each state.

Net tax supported debt per capita in Rhode Island ranked 11th highest in the United States according to Moody's. Among the New England States, Massachusetts (ranking 1st) and Connecticut (ranking 3rd) both ranked above Rhode Island.

As shown on Table 2, Rhode Island's 2006 net tax-supported debt per capita was $1,402. This level of per capita debt for every man, woman and child exceeds the United States median ($754) by $648. As a result, the Ocean State's per capita debt burden was 86.0% percent higher than the U.S. median. A portion of this level of debt may be explained in part by having Rhode Island fund some capital projects that might be funded locally in other states as well as the age of the State's infrastructure.

Debt Per $1,000 of Personal Income - Another indicator prepared by Moody's is net tax-supported debt as a percentage of personal income. Tax supported debt as a percentage of personal income is determined by dividing the net tax supported debt by total personal income. There is also a lag in the data used by Moody's in this calculation. For example, to determine the 2006 ratio of debt to personal income, the 2006 tax supported debt is divided by 2004 personal income.

As shown on Table 2, Rhode Island's net tax-supported debt as a percentage of personal income ranks 16th highest in 2006. In the Ocean State, the debt level equals 4.1 percent of personal income compared to the U.S. median of 2.5 percent. Among the New England states, Massachusetts (ranking 2nd) and Connecticut (ranking 3rd) ranked above the Ocean State.

Rhode Island's 1990 net tax-supported debt as a percent of personal income was 4.6 percent. As a result of DEPCO and the Rhode Island Convention Center project, that ratio jumped to 8.9 percent in FY 1994. The decline in debt burden since 1997 was due in part to growth in personal income, the

Table 2
Net Tax Supported State Debt

State	Per Capita 2000	Per Capita 2006	Per $1,000 2000	Per $1,000 2006
U.S. Median	$541	$754	2.2%	2.5%
Connecticut	3,037	3,624	8.1%	8.0%
Maine	487	606	2.1%	2.0%
Massachusetts	2,957	4,128	8.0%	9.8%
New Hampshire	463	514	2.0%	1.4%
Rhode Island	**1,497**	**1,402**	**6.2%**	**4.1%**
Vermont	828	707	3.8%	2.2%
RI Rank within U.S.	7	11	5	16

Source: Moody's Investors Service

policy to repay DEPCO debt early, and the defeasance of debt through the use of tobacco securitization proceeds.

State Bond Ratings – Bond ratings provide a picture of how each state's debt capacity and debt management practices impact the relative costs and risk associated with their bonds. There are several rating agencies, such as Moody's Investors Service, Standard and Poor's and Fitch Investors Service. Each evaluates the economy, state debt capacity and management practices to determine the level of risk involved in purchasing bonds.

As Table 3 shows, 46 of the 50 states currently have a bond rating from Moody's Investors Service. Four states do not have general obligation debt bond ratings. These states typically use pay-as-you-go financing or other methods of funding capital projects. The States are sorted from the highest bond rating of Aaa to Baa1. Rhode Island is among 12 states that have a rating of Aa3.

Debt as a Percent of Personal Income – The Public Finance Management Board set a guideline that net tax supported debt levels should not exceed 5.0 to 6.0 percent of personal income. Tax supported debt as a percentage of personal income is projected to decline over the next five fiscal years. This is largely due to the defeasance of general obligation bonds through the use of tobacco-securitized bond proceeds and projected growth in personal income as forecast by the State Budget Office.

It should be noted that this projection is calculated differently than Moody's analysis noted earlier in the report. There is no lag in the data used. For example, FY 2006 debt as a percent of personal income is based on debt as of June 30, 2006 and estimated personal income in calendar year 2006.

Table 3
General Obligation Bond Ratings

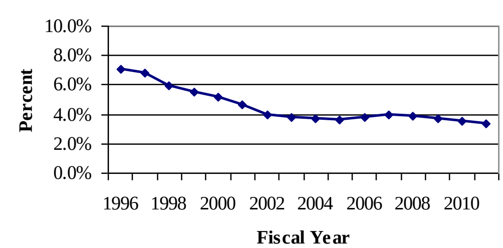
State	Rating	State	Rating
Delaware	Aaa	Arizona	Aa3
Georgia	Aaa	Connecticut	Aa3
Maryland	Aaa	Illinois	Aa3
Missouri	Aaa	Maine	Aa3
South Carolina	Aaa	Mississippi	Aa3
Utah	Aaa	Montana	Aa3
Virginia	Aaa	New Jersey	Aa3
		New York	Aa3
Florida	Aa1	Oklahoma	Aa3
Indiana	Aa1	Oregon	Aa3
Iowa	Aa1	**Rhode Island**	**Aa3**
Kansas	Aa1	West Virginia	Aa3
Minnesota	Aa1	Wisconsin	Aa3
Nevada	Aa1		
New Mexico	Aa1	California	A2
North Carolina	Aa1	Louisiana	A2
Ohio	Aa1		
Texas	Aa1	Colorado	NA
Vermont	Aa1	Nebraska	NA
Washington	Aa1	South Dakota	NA
		Wyoming	NA
Alabama	Aa2		
Alaska	Aa2		
Arkansas	Aa2		
Hawaii	Aa2		
Idaho	Aa2		
Kentucky	Aa2		
Massachusetts	Aa2		
Michigan	Aa2		
New Hampshire	Aa2		
North Dakota	Aa2		
Pennsylvania	Aa2		
Tennessee	Aa2		

Ratings in Order of Highest to Lowest = Aaa, Aa1,Aa,Aa2,Aa3, A1,A2 (NA=No GO Debt)

Source: Moodys Investors Service - 2006 State Debt Medians

Debt Service and General Revenue - Based on the Capital Budget, debt service as a percentage of general revenues is projected to decrease from 5.3% in FY 2007 to 4.6% by FY 2011. Net debt service obligations are projected to increase from $177.5 million in FY 2007 to $197.6 million in FY 2011 – an 11.3% increase during this period.

Chart 2
Net Tax Supported Debt as a Percent of Personal Income



November 2006 General Obligation Bond Proposals

Voters will be asked to approve up to $229.3 million in new general obligation bond authority on November 7, 2006. According to the 2006 Voter Information Handbook published by the Secretary of State's Office, principal and interest payments for all proposed projects are estimated to total $399.8 million over the 20-year payback period. The estimates are based on a 6.0 percent interest rate on the bonds, and assume that the State issues all the bonds at once (which it never does – the debt is issued as the projects progress). This figure includes the total amount to be borrowed if all bond proposals are approved ($229.3 million) and the interest on the amount borrowed ($170.5 million).

RIPEC has traditionally not taken positions on specific bond questions. Therefore, the following highlights each bond referendum placed on the ballot and provides examples of questions taxpayers might consider when voting.

Higher Education – The State has proposed $72.8 million in State general obligation bonds to construct a new building to house the College of Pharmacy at the University of Rhode Island and to renovate facilities at Rhode Island College.

The State has proposed that $65.0 million of this bond be allocated to construct a building to house a new college of pharmacy at the University of Rhode Island. The State projects that the building would be completed by 2010.

The building would be nearly 150,000 square feet. Of this amount, approximately 45% of space will be dedicated to research, 35% for teaching space, and the balance for administrative, student and clinical space.

The facility is envisioned to house laboratories and classrooms as well as administrative and faculty space. Existing facilities (Fogarty Health Sciences Building) were built in 1964 and provide approximately 65,000 square feet of space.

Table 4
Total Estimated Bond Referenda Costs

Project	Principal	Interest	Total
Higher Education - College of Pharmacy	$72,790,000	$54,133,278	$126,923,278
Transportation	88,500,000	65,816,666	154,316,666
Roger Williams Zoo	11,000,000	8,180,602	19,180,602
Fort Adams State Park	4,000,000	2,974,764	6,974,764
Department of Environmental Management	3,000,000	2,231,073	5,231,073
Affordable Housing	50,000,000	37,184,557	87,184,557
Total Cost	$229,290,000	$170,520,940	$399,810,940

Principal and Interest include cost of issuance.
Interest is based on a rate of 6.0 percent over 20 Years (May vary when issued)

Source: 2006 Voter Information Handbook, Secretary of State

The University of Rhode Island will be responsible for the operational and maintenance costs associated with the new building.

The University graduates approximately 90 students per year from the Pharmacy College. The College recently went from a five-year B.S. program to a six year Doctor of Pharmacy Program. The University expects the new facility to enable the College to support nearly 125 students per year. In addition, there is an expanding graduate program at the College, with approximately 70 students currently enrolled. As part of the initiative, the College would develop a four-year B.S. in Pharmaceutical Sciences, with a targeted class size of nearly 40 students.

The University is targeting to raise an additional $15.0 to $18.0 million in private donations to support the development of the new facility, such as the purchase of equipment, computers and other furnishings.

Approximately $7.8 million of the proposed $72.8 million bond would be used to renovate existing facilities at Rhode Island College as well as invest in selected site improvements. The Governor had originally recommended that this project be funded using the State's pay-as-you-go capital program. Renovations would be completed by 2009. This proposal represents Phase III of the 1999 Campus Master Plan, which include continued facility renovations of the former DCYF buildings on the East Campus of Rhode Island College.

Renovations will occur for approximately 30,000 square feet of building space. Renovations will be focused on buildings 2, 3 and 7, which are currently vacant. Plans include locating the Sherlock Center on Disabilities, academic offices and classrooms and a student support office (financial aid) into the renovated facilities. Additional investments include landscaping and road improvements and realignments to address a number of safety, traffic circulation and parking concerns regarding the East Campus.

- What will be the impact on the facility should the university fail to achieve the private donation target of $15.0 million?

- What would be the impact on the University and its students if this initiative were rejected by the voters?

- Can renovations and site improvements at RIC be funded using the State's pay-as-you-go capital program?

Transportation - The State has proposed $88.5 million in State general obligation bonds for transportation-related expenditures. Of this amount, $80.0 million would be allocated to match Federal funds for various road and bridge improvements throughout the State.

Approximately $7.0 million would be used to match Federal funding for the development of commuter rail. These funds will match Federal funding that will support a $96.5 million program to construct stations, tracks, purchase right-of-way rights, trains and other rail infrastructure to support a passenger rail service.

The $1.5 million balance would be used for improvements to the RIPTA bus fleet. This is part of a multi-year program to replace 135 buses.

The State has a $1.8 billion highway improvement program (FY 2007 – FY 2011). Activities under this program include, but are not limited to the pavement management program, the bridge improvement and interstate program, and the highway projects program. The State's general obligation bonds serve as the State's match to receive the Federal funding.

- How will the State finance scheduled projects if funds are not approved and made available to match Federal dollars?
- What impact has the GARVEE financing initiative had on the completion dates of the five projects funded using these resources?
- Will the State achieve the anticipated cost savings by advancing the schedules of these GARVEE-financed projects?

Roger Williams Park Zoo - The State has proposed $11.0 million in State general obligation bonds for various upgrades and the development of animal exhibits at the Roger Williams Zoo.

The Zoo has embarked on a five-year, $35.0 million capital improvement plan to modernize the Zoo's attractions and facilities. Of the $35.0 million, $20.0 million is projected to be raised through private donations as well as corporate and foundation grants. According to zoo officials, approximately $6.0 million has been raised to date. The balance is made up of the proposed $11.0 million in general obligation bonds that will be on the November 2006 ballot and $4.0 million in general obligation bonds that were approved by the voters in 2004.

The initiative will continue work already begun on the African Plains Exhibits, which include improvements to the Elephant holding facilities and yard renovations. These improvements, which include the recently completed renovations to the Giraffe exhibit total $9.9 million.

The zoo plans to use $12.5 million of the $35.0 million plan to expand the North American exhibit, which will include the return of a larger polar bear exhibit (nine times larger than the old exhibit).

The zoo will also build a vet hospital and quarantine facility on the premises, requiring $3.2 million of total capital plan. There is an additional $3.5 million planned for the development of a Children's Zoo with rebuilt wetlands boardwalk to the tune of $3.5 million. The balance of the $35.0 million would be used for a building reserve fund and miscellaneous improvements throughout the zoo.

- How will the Roger Williams Zoo finance scheduled projects if funds are not approved and made available?
- What would be the impact on the Zoo, tourism and its visitors if this initiative were rejected by the voters?

Fort Adams State Park Recreation and Restoration **–** The State has proposed $4.0 million in State general obligation bonds for improve recreation facilities at Fort Adams Sate Park as well as restoration activities of Fort Adams.

The Fort Adams State Park is a recreation facility located in Newport that receives over 500,000 visitors annually. Facilities currently available on the premises include playing fields, a public sailing center, two museums, walking and biking paths, as well as beach and boat launch facilities.
Approximately $2.0 million of the bond would be used to design and construct a facility with restrooms, storage and meeting space to support activities on the Park's recreation grounds. The facility will have to meet historic property standards, and will likely not exceed 10,000 square feet.

Restoration activity on the Fort will focus on using the $2.0 million balance to renovate the former officers quarters, which will subsequently be used to house exhibits and museum activities as well as for office space.
Under the financing structure of the program the State would reimburse the Fort Adams Trust, which is a non-profit 501c3 organization responsible for renovations at the Fort. The Trust is expected to pursue matching funds from the Federal Government as well as from private foundations to support the renovation component of this initiative.

- Given the size of the proposed bond issue, is a direct appropriation or pay-as-you-go financing more appropriate?

- If voters reject the proposal, would the project's priority enlist the use of the State's pay-as-you-go funding program?

- How would renovations be affected if matching funds fail to meet expectations?

Department of Environmental Management – Local Recreation Development - The State has proposed $3.0 million in general obligation bonds to provide funding assistance to localities to develop, acquire or renovate recreation facilities. Rhode Islanders approved $2.0 million for this program in November 2004. Since its inception, the program has provided $26.4 million in matching funds to local communities.

The Local Recreation Development Program has been in existence since 1984. It is a State-local matching program, where the State provides 50% through a grant and localities provide 50% in either in-kind or direct funding. According to the Department of Environmental Management (DEM), municipalities typically sub-contract the work out, and therefore provide the match with direct funding.

The $3.0 million in bond funding will be supplemented with nearly $300,000 in Federal funding. The DEM divides the funding into two grant programs. Approximately 20% of the funding goes into a small grant program that target recreation capital improvements of $40,000 or less, such as refurbishing basketball and tennis courts. Nearly 80% of the funds go into a large grant program that provides grants up to $300,000, which might be used to build a municipal soccer complex.

Grants are awarded on a competitive basis, ranked on a scale by a committee of nine, which includes, but is not limited to representation from DEM, city and town officials, planners, and the Urban League. The committee tends to grant funds to 50-60% of all applications submitted.

- Given the size of the proposed bond issue, is a direct appropriation or pay-as-you-go financing more appropriate?

- Are the State general obligation bonds being used to maximize other sources of revenue, to include private and Federal resources?

- How will the State prioritize recreation initiatives throughout the State?

Affordable Housing - The State has proposed $50.0 million in State general obligation bonds for affordable housing initiatives, allocating $12.5 million a year for four years. Of the $50.0 million, $40.0 million would be allocated to create affordable rental units and $10.0 million would be used to create homeownership programs.

According to Rhode Island Housing officials, the Rhode Island Housing Resource Commission will be responsible for administering, monitoring and auditing the proposed program. However, it is expected that these duties will be subcontracted to Rhode Island Housing given its experience in managing such programs. Rhode Island Housing and the State's Housing Resources Commission would develop and publish regulations and rules for the programs, holding public hearings to vet proposed rules.

The proposal will ensure that the housing created will remain "affordable" for at least 30 years. Housing officials project that the $50.0 million bond would create an additional 1,500 to 2,000 affordable housing units, the majority of which would be rental properties.

It appears that the rental units will remain affordable through a rent-control mechanism, linked to a means-tested process of identifying eligible candidates.

The proposal indicates that the funds used in the homeownership portion of the program ($10.0 million) would serve as a revolving loan fund, in that as loans are paid back to the program, the resources would be used to continue to underwrite future homeownership opportunities. These funds would be used to affect the sales price of units being built so that potential home buyers can reach the price that would otherwise be out of their financial means.

Housing officials indicate that current demand on new homes shows that building contractors will be willing to make the investment in affordable housing as part of larger market driven housing development. However, the process envisioned is to award the funds through a competitive process, using the State's affordable housing plan as a principle guide. Officials from Rhode Island Housing indicate that they will have an urban focus and target proposals that offer a mixed income perspective.

Those advocating for the bond referendum have suggested that the development of an additional unit of housing represents an average cost of $250,000. With a proposed target of 2,000 additional housing units, this would require $500.0 million in total investment. Therefore, the advocates of this proposal are suggesting that of the $500.0 million in necessary investment to create 2,000 housing units, $50.0 million would come in the form of the proposed bond funding and the $450.0 million balance would come from private and Federal funds.

It should be noted that there are approximately 425,600 housing units in the State, of which 170,200 are rental units (40.0%). Adding 2,000 housing units would increase total supply by less than 1.0%. If one assumes that 80% (1,600) of the units added are rental units, this would represent a 1.0% increase in available rental housing stock.

According to U.S. Census data (2005), approximately 45.3% of Rhode Island renter-occupied housing units were spending 30% or more of household income on rent and utilities, ranking the State 14th highest in the Nation. This was slightly below the National average of 45.7%. The same data indicated that the median monthly housing costs for renter-occupied housing units in Rhode Island totaled $775 per month. This ranked Rhode Island 15th highest in the Nation, and was 6.5% higher than the National average. Massachusetts, New Hampshire and Connecticut all ranked higher than the Ocean State, with Massachusetts nearly 16.0% higher than Rhode Island.

The median housing value for an owner occupied housing unit in 2005 in Rhode Island was estimated at $281,300, which ranked 7th highest in the Nation. This was nearly 70% higher than the National median. Massachusetts was the only New England State that ranked higher, with a median housing value of $361,500. Approximately 62.7% of the occupied housing units are owner occupied in Rhode Island, ranking it 46th in the Nation and was 6.3% below the national percentage.

The median monthly housing costs for owner occupied housing in Rhode Island of $1,585 ranked 8th highest in the nation and was 22.4% higher than the National median. Both Massachusetts and Connecticut ranked higher.

- How will underwriting the price of homes impact local property tax administration?

- How will the eligibility criteria affect the potential pool of candidates for such housing, and what are the determining factors to award limited units to a potential larger eligibility pool?

- If voters reject the initiative, how will this impact Rhode Islanders seeking affordable housing in the future?