

CONCISE EXPLANATORY STATEMENT

In accordance with the Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.6, the following is a concise explanatory statement:

AGENCY: Governor's Commission on Disabilities

RULE IDENTIFIER: 525-RICR-20-00-3

RULE TITLE: Rhode Island Livable Home Modifications

REASON FOR RULEMAKING: To increase the maximum Livable Home Modification Grant awards from \$4,000 to \$4,500 to offset the increased cost of residential construction.

ANY FINDING REQUIRED BY LAW AS A PREREQUISITE TO THE EFFECTIVENESS OF THE RULE: No

TESTIMONY AND COMMENTS: No public comments received.

CHANGE TO TEXT OF THE RULE: No changes from the proposed rule.

REGULATORY ANALYSIS:

To increase the maximum Livable Home Modification Grant awards from \$4,000 to \$4,500 to offset the increased cost of residential construction.

“According to the latest Producer Price Index (PPI) report released by the Bureau of Labor Statistics, the prices of goods used in residential construction ex-energy (not seasonally adjusted) climbed 1.4% in March, following an upwardly revised increase of 2.2% in February and 4.1% in January. This adds up to an 8% jump in building materials prices since the start of 2022.

Building materials prices increased 20.4% year over year and have risen 33% since the start of the pandemic.

The price index of services inputs to residential construction registered even steeper increases, rising 3.2% in March, 5.1% in February and 6.2% in January. As a result, the price index of services used in home building (including trade services, transportation and warehousing) went up 15.2% since the start of the year. The index increased 18.5% year over year.

Since the start of the pandemic, services prices are now 39% higher.

Here's how PPI for individual materials have shifted during this timeframe:

- Softwood lumber increased 6% (seasonally adjusted) in March following a 2.6% increase in February and 25.6% jump in January. As a result, the index increased 36.7% over the first three months of 2022. Since reaching its most recent trough in September 2021, prices have almost doubled, rising 90.4%.
- Gypsum products increased 1.6% (seasonally adjusted) in March. Gypsum products prices are 20.8% higher year over year.

- Ready-mix concrete came down 0.6% (seasonally in March but remains elevated after climbing over the prior 13 months. It is 9% higher compared to the January 2021 reading.
- Steel products, in contrast, declined 4.9% (not seasonally adjusted) in March – the third consecutive monthly decrease after record-breaking increases over the prior 15 months. Although the first three months of 2022 have been good months for the cost of derivative steel products, the price index more than doubled since the start of the pandemic.”

Source: Building Materials Prices Start 2022 with 8% Increase - NAHB